

M&G Investment Funds (2)

**Annual report and audited financial statements
for the year ended 31 May 2024**

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Authorised Corporate Director's Report

The Authorised Corporate Director (ACD) of M&G Investment Funds (2) presents its annual report and audited financial statements for the year ended 31 May 2024.

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

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

Company information

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

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

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

As at 31 May 2024 none of the funds held shares of the other funds within this OEIC.

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

Fund managers

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

M&G Gilt & Fixed Interest Income Fund

Miles Tym

M&G Global High Yield Bond Fund

Stefan Isaacs & Luke Coha

Please note that effective from 15 January 2024, Luke Coha replaced James Tomlins as co-fund manager.

M&G Index-Linked Bond Fund

Miles Tym

M&G Index Tracker Fund

Natalie Kedgley*

* An employee of BlackRock Investment Management (UK) Limited. Please note that effective from 12 December 2023, BlackRock Investment Management (UK) Limited was appointed as Sub-Investment Manager.

Please note that prior to 12 December 2023 Richard O'Connor was fund manager and employee of M&G Securities Limited.

M&G Short Dated Corporate Bond Fund

Matthew Russell & Ben Lord

Please note that effective from 5 February 2024, Ben Lord was appointed as co-fund manager.

M&G UK Income Distribution Fund

Elina Symon

M&G UK Sustain Paris Aligned Fund

Rory Alexander

ACD

M&G Securities Limited,
10 Fenchurch Avenue, London EC3M 5AG, UK
Telephone: 0800 390 390 (UK only)
(Authorised and regulated by the Financial Conduct

Authorised Corporate Director's Report

Authority. M&G Securities Limited is a member of the Investment Association and of The Investing and Saving Alliance)

Directors of the ACD

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

Investment manager

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

Registrar

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

Depositary

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

Independent auditor

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

Annual value assessment

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

Climate-related Financial Disclosures (TCFD)

We have produced TCFD reports in compliance with the FCA's rules on climate-related financial disclosures. The TCFD fund reports are designed to help you understand the impact these funds have on the climate and equally how climate change could influence the performance of these funds. The reports will also give you the ability to compare a range of climate metrics with other funds. To understand the governance, strategy and risk management that M&G has in place to manage the risks and opportunities related to climate change, please refer to the M&G Investments Management TCFD report.

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

Important information

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

With effect from 12 December 2023, BlackRock Investment Management (UK) Limited was appointed as Sub-Investment Manager of the M&G Index Tracker Fund.

With effect from 15 January 2024, Luke Coha replaced James Tomlins as co-fund manager of the M&G Global High Yield Bond Fund.

With effect from 5 February 2024, Ben Lord was appointed as co-fund manager of the M&G Short Dated Corporate Bond Fund.

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

Authorised Corporate Director's Report

Investor information

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

Customer services and administration for UK clients:

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

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

Telephone: 0800 390 390 (UK only)

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

Authorised Corporate Director's Report

Authorised Corporate Director's Responsibilities

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

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

Directors' statement

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

M&G Securities Limited
1 August 2024

Depository's Responsibilities and Report

Statement of the Depository's Responsibilities and Report of the Depository to the Shareholders of M&G Investment Funds (2) ('the Company') for the year ended 31 May 2024

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

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

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

The Depository must ensure that:

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

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

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

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

Edinburgh
1 August 2024

NatWest Trustee and
Depository Services Limited

Independent Auditor's Report

Independent Auditor's Report to the shareholders of M&G Investment Funds (2)

Opinion

We have audited the financial statements of M&G Investment Funds (2) ("the Company") comprising each of its sub-funds for the year ended 31 May 2024, which comprise the Statement of Total Return, the Statement of Change in Net Assets Attributable to Shareholders, the Balance Sheet, the related notes and the Distribution Tables, and the accounting policies of the Company, which include a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Company comprising each of its sub-funds as at 31 May 2024, and of the net revenue and the net capital gains/(losses) on the scheme property of the Company comprising each of its sub-funds for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Basis for opinion

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

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

Conclusions relating to going concern

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

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

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

Other information

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

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

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

Independent Auditor's Report

We have nothing to report in this regard.

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

In our opinion:

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

Matters on which we are required to report by exception

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

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

Responsibilities of the ACD

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

Independent Auditor's Report

Our approach was as follows:

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

capabilities to identify non-compliance with the applicable laws and regulations.

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

Use of our report

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

Edinburgh
1 August 2024

Ernst & Young LLP
Statutory Auditor

Financial statements and notes

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

Notes to the financial statements

1 Statement of compliance

The financial statements of M&G Investment Funds (2) have been prepared in compliance with UK Financial Reporting Standard 102 (FRS 102) and in accordance with the Statement of Recommended Practice (SORP) for Authorised Funds issued by the Investment Association in May 2014 and amended in June 2017, except in relation to the separate disclosure in note 13.

2 Summary of significant accounting policies

a. Basis of preparation

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

The financial statements of M&G Investment Funds (2) are prepared on a going concern basis, under the historical cost convention as modified by the revaluation of certain financial assets and liabilities measured at fair value through profit or loss.

b. Functional and presentational currency

The functional and presentational currency of M&G Investment Funds (2) is UK sterling.

c. Exchange rates

Transactions in currencies other than each fund's functional currency are translated at the rate of exchange ruling on the date of the transaction and where applicable assets and liabilities are translated into the fund's functional currency at the rate of exchange ruling as at 12 noon on 31 May 2024 being the last business day of the accounting period.

d. Investments – recognition and valuation

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

At the end of the reporting period all investments have been measured at their fair value using the prices and the portfolio holdings determined at 12 noon on 31 May 2024, being the last valuation point of the accounting period, as this is not materially different from a valuation carried out at close of business on the balance sheet date.

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

- Equities and debt securities which are traded on an active market are included at the quoted price, which is normally the bid price, excluding any accrued interest in respect of bonds.

Financial statements and notes

- Equities traded on the Alternative Investment Market (AIM), whose liquidity cannot be guaranteed, are included at their quoted bid price as this represents the most objective and appropriate method of valuation.
 - Collective investment schemes operated by the ACD are included at either their cancellation price for dual priced funds or their single price for single priced funds.
 - Collective investment schemes operated by another manager are included at either their bid price for dual priced funds or their single price for single priced funds.
 - Other equities and debt securities which are unquoted or not actively traded on a quoted market are included at a value estimated by the ACD using an appropriate valuation technique, excluding any accrued interest in respect of bonds.
 - Exchange traded futures and options are included at the cost of closing out the contract at the balance sheet date.
 - Over the counter equity options, credit default swaps, interest rate swaps, asset swaps and inflation swaps are included at a value provided by Markit Valuations Limited, an independent credit derivative price provider. Their fair value excludes any accrued interest in respect of derivatives where the income is revenue in nature.
 - Forward currency contracts, for share class hedging and investment, are included at a value determined by reference to current forward exchange rates for contracts with similar maturity profiles.
- e. Recognition of income and expenses**
- Dividends, including ordinary stock dividends, from equity investments are recognised when the security is quoted ex-dividend.
 - Distributions from collective investment schemes are recognised when the scheme is priced ex-distribution.
 - Interest on debt securities is recognised on an effective interest rate basis. Bank interest is recognised on an accruals basis.
 - Underwriting commission is recognised when the issue takes place.
 - Revenue from derivatives is recognised on an accruals basis.
 - Fee rebates from investing in other collective investment schemes are recognised on an accruals basis.
 - Expenses are recognised on an accruals basis.
- f. Treatment of income and expenses**
- Any increases or decreases in the fair value of investments and gains and losses realised on sales of investments are treated as capital and recognised in net capital gains/(losses).
 - The value of any enhancement to a stock dividend is treated as capital.
 - Ordinary equity dividends, including ordinary stock dividends are treated as revenue.
 - Special dividends, share buy backs or additional share issues may be treated as revenue or capital depending on the facts of each particular case.
 - Distributions from collective investment schemes are treated as revenue in nature, except for any element of equalisation, which represents the average amount of income included in the price paid for the collective investment scheme, which is treated as capital.

Financial statements and notes

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

g. Operating charges

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

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

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

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

Financial statements and notes

h. Portfolio transaction costs

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

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

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

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

i. Tax

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

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

Deferred tax is recognised in respect of temporary timing differences that have originated but not reversed by the balance sheet date. Deferred tax is measured on a non-discounted basis, at the average rate of tax expected to apply in the period

in which it expects the deferred tax to be realised or settled. A deferred tax asset is only recognised to the extent that it is more likely than not that the asset will be recovered.

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

j. Allocation of returns to share classes

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

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

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

3 Risk management policies

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

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

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

Financial statements and notes

The following risk management policies are applicable to the funds, with specific risk disclosures set out in the notes to the financial statements of each fund.

a. Market risk

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

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

In measuring and monitoring market risk, the global exposure of a fund may be calculated using a 'commitment' approach or 'Value at Risk' (VaR) approach.

b. Commitment approach

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

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

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

Market risk is considered on a daily basis and forms the foundation of investment oversight analysis. This can include for each fund (but is not limited to) the analysis of factors such as fund

concentration; style, geographical, industry and market capitalisation biases; active, systematic and specific risk measurements; active money; and beta characteristics.

c. Value at Risk approach

The Value at Risk (VaR) approach is a methodology for estimating the maximum potential loss due to market risk based on historic market volatilities and correlations. More particularly, the VaR approach gives a broad indication of the maximum potential loss at a given confidence level (probability), over a specific time period under normal market conditions.

When VaR is used, it may be calculated using the Absolute VaR approach or the Relative VaR approach.

Absolute VaR is the VaR expressed as a percentage of the Net Asset Value of a fund which must not exceed an absolute limit. Under the Absolute VaR approach, the VaR limit is set as a percentage of the Net Asset Value of the relevant fund. The absolute 20-day VaR based on a 99% confidence interval must not exceed 20% of the fund's Net Asset Value.

Under the Relative VaR approach, the VaR limit for a fund is set as a multiple of the VaR of the fund's reference portfolio. The 20-day VaR of the fund based on a 99% confidence interval must not exceed twice the VaR of the fund's reference portfolio. The Investment Manager monitors this limit by ensuring that the VaR of the fund divided by the VaR of the reference portfolio is not greater than 200%.

Financial statements and notes

The table below shows funds using the 'commitment' approach and those using either the Absolute or Relative 'Value at Risk (VaR)' approach:

Fund	Global exposure approach
M&G Gilt & Fixed Interest Income Fund	Relative VaR
M&G Global High Yield Bond Fund	Relative VaR
M&G Index-Linked Bond Fund	Relative VaR
M&G Index Tracker Fund	Commitment
M&G Short Dated Corporate Bond Fund	Absolute VaR
M&G UK Income Distribution Fund	Commitment
M&G UK Sustain Paris Aligned Fund	Commitment

d. Liquidity risk

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

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

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

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

allowance for the potential future exposures that might result from derivative exposures.

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

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

e. Credit risk

For funds exposed to credit risk, the credit rating, yield and maturity of each interest bearing security is considered to determine if the yield fully reflects the risk. The capital value of interest-bearing securities within the funds will fall in the event of the default or perceived increased credit risk of an issuer.

The capital value of interest-bearing securities within a fund may also be affected by interest rate fluctuations such that when interest rates rise, the capital value of the interest-bearing securities is likely to fall and vice versa.

Funds investing in derivatives are exposed to counterparty risk. This is the risk that the other party to the transaction fails to fulfil their obligations, either by failing to pay or failing to deliver securities. To minimise this risk, carefully selected, financially strong and well-established counterparties are selected following a thorough due diligence review and collateral is posted daily (in the form of cash or high-quality government bonds). Derivative positions are valued on a mark-

Financial statements and notes

to-market basis (revalued to reflect prevailing market prices) daily and collateral moves from one counterparty to the other to reflect movements in the unrealised profit or loss. As a result, the maximum loss to the fund would be limited to that day's price movements in affected derivatives contracts.

For funds in which they are used, credit default swaps are bought and sold in response to detailed credit research to take advantage of anticipated movements in credit spreads on individual stocks and baskets of securities. When a fund buys a credit default swap the default risk associated with the underlying security transfers to the counterparty. When a fund sells a credit default swap the fund assumes the credit risk of the underlying security.

Authorised Corporate Director's Report

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

Investment objective

The fund aims to provide a higher total return (the combination of capital growth and income), net of the ongoing charge figure, than that of the FTSE Actuaries UK Conventional Gilts All Stocks Index over any five-year period.

Investment policy

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

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

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

Investment approach

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

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

Individual credit selection is carried out with the assistance of an in-house team of credit analysts to complement the fund manager's views.

Benchmark

FTSE Actuaries UK Conventional Gilts All Stocks Index

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

The fund is actively managed.

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

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

Risk profile

For details of the risks associated with this fund, please refer to the Prospectus. For details of the risk management policies, please refer to pages 12 to 15.

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



The above number:

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

Authorised Corporate Director's Report

Investment review

For the year ended 31 May 2024

Performance against objective

Between 1 June 2023 (the start of the review period) and 31 May 2024, the M&G Gilt & Fixed Interest Income Fund's Sterling Class 'A' and 'I' shares delivered a total return (the combination of income and growth of capital) of 2.1% and 2.4%, respectively. This compares with a return of 3.0% by its benchmark, the FTSE Actuaries UK Conventional Gilts All Stocks Index, over the same period.

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

Over five years, the fund delivered a negative return and did not meet its objective as the fund trailed the benchmark index, which returned -4.4% pa over this period.

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

Performance review

UK government bonds (also known as gilts) delivered positive returns in the 12 months to the end of May 2024. Investors' concern over above-target inflation levels and subsequent rate cuts generally gave way to greater optimism about declining inflation and the prospect of interest rate cuts, albeit with bouts of anxiety over at times stubborn inflation, in the UK and the US, as well as uncertainty over the possible timing of moves.

In June 2023, UK inflation surprised on the upside and the Bank of England (BoE) effected a higher-than-expected increase to interest rates. Inflation followed a generally downwards trend, although the BoE raised interest rates again in early August, taking rates to 5.25%. Central banks largely maintained their 'higher for longer' rhetoric over the summer, indicating that rate cuts in the near term were unlikely. In September,

the UK and US both paused and left their interest rates unchanged, with the UK ending a run of 14 successive hikes.

October saw the outbreak of conflict in the Middle East and fears that it may spread into the wider region, prompting a 'risk-off' sentiment in financial markets. UK gilt yields gained slightly, and prices fell, after employment data was a little weaker than had been expected.

Financial markets rallied strongly late in the year due to slower inflation in the US, Europe and the UK, sparking optimism that interest rates could have peaked and may start to come down. Increased hopes of a 'soft landing' in the US also supported sentiment and gilt prices rose strongly at this time.

January 2024 was a weaker month for government bonds as the US Federal Reserve dampened expectations of a rate cut in March, leading investors to speculate that the first cuts to interest rates may come later than they had been expecting. In the UK, there was uncertainty over whether the UK would move early or if the BoE would wait for the US to move first, as is the tradition.

February saw market expectations of cuts in the US pushed back further, with the final stages of getting inflation to target levels proving challenging. The UK faced a similar situation with 'sticky' inflation, with the Consumer Prices Index (CPI) for January remaining unchanged over the previous month, pushing back the expected timing of the first rate cut. The UK also entered a technical recession as the economy contracted for two consecutive quarters, weighed down by the effects of higher inflation and interest rates on businesses and consumers. However, the recession subsequently proved to be only shallow, with figures indicating 0.6% growth for the UK in the first quarter of 2024.

In March UK inflation levels for February dipped markedly, falling slightly more than had been expected and increasing the prospect of rate cuts in the near term. Gilt prices rose at this time.

Authorised Corporate Director's Report

In the final months of the period under review, continued economic resilience led yields higher, and prices lower. UK inflation continued to decline, primarily reflecting the effect of high energy prices falling out of the annual comparison. However, services inflation remains uncomfortably high for the BoE and has pushed rate cuts further back. The fund posted negative absolute returns at this time, in our opinion a clear reflection of current market conditions.

Investment activities

In June 2023, on the back of market moves, we maintained an underweight (below benchmark) position in 15-20 year government bonds, which we felt looked expensive, instead buying into shorter and longer dated bonds. Given the strength of the longer-end of the market, we sold longer-dated bonds into the 20-25 year sector.

Against a backdrop of increasingly expensive longer-dated bonds and greater supply, investors wondered if interest rates were approaching peak levels. In August, we took the opportunity to take profits on the back of this move.

Following positive relative performance in October and November, we took some profits. We closed the underweight position in government bonds maturing in 20 years and sold bonds with less than, and more than, 20 years remaining on their contracts.

The fund's core position of being underweight in the ten-year sector versus maturities in 5-year and 30-year plus has remained relatively stable. We did take the opportunity to further underweight (ie reduce our holdings further) the 10-year sector and purchase bonds in the 40-year sector, as we believe bonds with longer maturities could outperform bonds with shorter-dated maturities. In our opinion, the valuations of longer-dated maturities have become compelling and should be supported on the back of limited long-dated supply in the near term.

Outlook

The UK general election in July was met with relative calm by the markets and we await further announcements from the new Labour government

regarding their economic plans. Regarding central bank policy, markets are still priced for modest rate cuts, although most of the previously expected rate cuts for 2024 have been removed from market pricing. We do not feel that the backdrop warrants an aggressive rate-cutting cycle by the major central banks. In our view, data will have to deteriorate meaningfully from here to warrant more cuts than those already priced into the market.

Miles Tym

Fund manager

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

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

Portfolio statement

Investments

Holding	as at 31.05.24 £'000	as at 31.05.24 %	as at 31.05.23 %
Fixed income	356,277	97.66	98.81
Debt securities	356,277	97.66	98.81
'AAA' credit rated bonds	0	0.00	12.07
'AA' credit rated bonds	356,277	97.66	86.74
£3,355,382 PRS Finance 1.75% 24/11/2026	3,107	0.85	
£42,485,565 UK Treasury 0.5% 31/01/2029	35,795	9.81	
£47,189,471 UK Treasury 0.625% 22/10/2050	18,077	4.96	
£50,654,663 UK Treasury 0.875% 31/01/2046	24,165	6.62	
£3,427,070 UK Treasury 1.25% 31/07/2051	1,596	0.44	
£11,081,001 UK Treasury 1.5% 22/07/2026	10,416	2.86	
£17,477,993 UK Treasury 1.5% 31/07/2053	8,498	2.33	
£12,114,099 UK Treasury 1.625% 22/10/2028	10,862	2.98	
£29,649,581 UK Treasury 1.625% 22/10/2054	14,759	4.05	
£2,993,451 UK Treasury 1.75% 22/01/2049	1,684	0.46	
£8,329,737 UK Treasury 1.75% 22/07/2057	4,206	1.15	
£37,295,190 UK Treasury 2.5% 22/07/2065	22,524	6.17	
£28,789,608 UK Treasury 3.5% 22/10/2025	28,250	7.74	
£22,119,579 UK Treasury 4% 22/10/2063	19,134	5.24	
£66,123,948 UK Treasury 4.125% 29/01/2027	65,344	17.91	
£6,031,360 UK Treasury 4.125% 22/07/2029	5,970	1.64	
£73,512,272 UK Treasury 4.5% 07/06/2028	73,759	20.22	
£4,647,164 UK Treasury 4.5% 07/12/2042	4,507	1.24	
£3,623,908 UK Treasury 5% 07/03/2025	3,624	0.99	
Total portfolio	356,277	97.66	98.81
Net other assets/(liabilities)	8,529	2.34	1.19
Net assets attributable to shareholders	364,806	100.00	100.00

Portfolio statement

Top ten portfolio transactions for the year to 31 May 2024

Largest purchases	£'000
UK Treasury 4.5% 07/06/2028	107,189
UK Treasury 3.75% 29/01/2038	56,544
UK Treasury 2.5% 22/07/2065	41,481
UK Treasury 4% 22/10/2063	40,287
UK Treasury 4.5% 07/12/2042	36,914
UK Treasury 0.5% 31/01/2029	35,942
UK Treasury 1.625% 22/10/2054	31,770
UK Treasury 1.625% 22/10/2028	28,533
UK Treasury 3.5% 22/10/2025	28,020
UK Treasury 0.625% 22/10/2050	18,828
Other purchases	139,420
Total purchases	564,928

Largest sales	£'000
UK Treasury 0.5% 31/01/2029	87,811
UK Treasury 3.75% 29/01/2038	56,873
UK Treasury 4.5% 07/06/2028	34,148
UK Treasury 4.5% 07/12/2042	33,457
UK Treasury 1.125% 31/01/2039	27,578
UK Treasury 1.625% 22/10/2054	26,446
UK Treasury 2.5% 22/07/2065	24,286
UK Treasury 0.875% 31/01/2046	23,281
UK Treasury 4.125% 29/01/2027	22,759
UK Treasury 4% 22/01/2060	20,740
Other sales	165,630
Total sales	523,009

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

Financial highlights

Fund performance

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

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

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

Long-term performance by share class

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

Share class	One year % ^a	Three years % pa	Five years % pa	Ten years % pa
Sterling				
Class 'A' Income	+2.1	-8.2	-4.8	-0.2
Class 'A' Accumulation	+2.1	-8.2	-4.8	-0.2
Class 'I' Income	+2.4	-7.9	-4.5	+0.0
Class 'I' Accumulation	+2.4	-7.9	-4.5	+0.0
Class 'PP' Income	+2.5	n/a	n/a	n/a
Class 'PP' Accumulation	+2.5	n/a	n/a	n/a
Benchmark	+3.0	-8.3	-4.4	+0.4

^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).

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

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

Financial highlights

Sterling Class 'A' Income shares

The share class was launched on 9 December 1980.

for the year to 31 May	2024	2023	2022
Change in NAV per share	UK p	UK p	UK p
Opening NAV	72.49	89.03	99.76
Return before operating charges*	1.92	(13.73)	(9.25)
Operating charges	(0.40)	(0.44)	(0.55)
Return after operating charges*	1.52	(14.17)	(9.80)
Distributions	(3.21)	(2.37)	(0.93)
Closing NAV	70.80	72.49	89.03
*after direct transaction cost of	0.00	0.00	0.00
Performance			
Return after charges (%)	2.10	(15.92)	(9.82)
Other information			
Closing NAV (£'000)	24,034	15,790	20,840
Number of shares	33,948,507	21,783,180	23,407,849
Operating charges (%)	0.55	0.55	0.55
Direct transaction costs (%)	0.00	0.00	0.00
Prices			
Highest share price	76.59	90.31	104.71
Lowest share price	69.57	69.54	89.06

Sterling Class 'A' Accumulation shares

The share class was launched on 9 December 1980.

for the year to 31 May	2024	2023	2022
Change in NAV per share	UK p	UK p	UK p
Opening NAV	442.44	526.84	584.70
Return before operating charges*	11.80	(81.80)	(54.65)
Operating charges	(2.47)	(2.60)	(3.21)
Return after operating charges*	9.33	(84.40)	(57.86)
Distributions	(17.42)	(11.58)	(2.24)
Retained distributions	17.42	11.58	2.24
Closing NAV	451.77	442.44	526.84
*after direct transaction cost of	0.00	0.00	0.00
Performance			
Return after charges (%)	2.11	(16.02)	(9.90)
Other information			
Closing NAV (£'000)	211,456	193,217	330,110
Number of shares	46,805,994	43,670,942	62,658,781
Operating charges (%)	0.55	0.55	0.55
Direct transaction costs (%)	0.00	0.00	0.00
Prices			
Highest share price	477.78	534.44	616.09
Lowest share price	429.15	413.58	525.19

Financial highlights

Sterling Class 'I' Income shares

The share class was launched on 3 August 2012.

for the year to 31 May	2024	2023	2022
Change in NAV per share	UK p	UK p	UK p
Opening NAV	836.89	1,024.83	1,144.88
Return before operating charges*	22.12	(158.32)	(106.53)
Operating charges	(2.10)	(2.28)	(2.86)
Return after operating charges*	20.02	(160.60)	(109.39)
Distributions	(37.07)	(27.34)	(10.66)
Closing NAV	819.84	836.89	1,024.83
*after direct transaction cost of	0.00	0.00	0.00
Performance			
Return after charges (%)	2.39	(15.67)	(9.55)
Other information			
Closing NAV (£'000)	24,481	17,700	21,226
Number of shares	2,986,032	2,114,998	2,071,200
Operating charges (%)	0.25	0.25	0.25
Direct transaction costs (%)	0.00	0.00	0.00
Prices			
Highest share price	885.80	1,040.11	1,203.56
Lowest share price	804.22	801.31	1,024.92

Sterling Class 'I' Accumulation shares

The share class was launched on 3 August 2012.

for the year to 31 May	2024	2023	2022
Change in NAV per share	UK p	UK p	UK p
Opening NAV	958.00	1,137.32	1,258.42
Return before operating charges*	25.59	(176.76)	(117.95)
Operating charges	(2.44)	(2.56)	(3.15)
Return after operating charges*	23.15	(179.32)	(121.10)
Distributions	(40.71)	(28.12)	(8.60)
Retained distributions	40.71	28.12	8.60
Closing NAV	981.15	958.00	1,137.32
*after direct transaction cost of	0.00	0.00	0.00
Performance			
Return after charges (%)	2.42	(15.77)	(9.62)
Other information			
Closing NAV (£'000)	96,516	85,671	88,763
Number of shares	9,837,101	8,942,729	7,804,549
Operating charges (%)	0.25	0.25	0.25
Direct transaction costs (%)	0.00	0.00	0.00
Prices			
Highest share price	1,036.30	1,154.32	1,328.09
Lowest share price	930.33	893.80	1,133.56

Financial highlights

Sterling Class 'PP' Income shares

The share class was launched on 21 April 2022.

for the year to 31 May	2024	2023	2022
Change in NAV per share	UK p	UK p	UK p
Opening NAV	80.48	98.45	100.00
Return before operating charges*	2.12	(15.21)	(1.37)
Operating charges	(0.12)	(0.13)	(0.02)
Return after operating charges*	2.00	(15.34)	(1.39)
Distributions	(3.57)	(2.63)	(0.16)
Closing NAV	78.91	80.48	98.45
*after direct transaction cost of	0.00	0.00	0.00
Performance			
Return after charges (%)	2.49	(15.58)	(1.39)
Other information			
Closing NAV (£'000)	16	16	20
Number of shares	20,010	20,010	20,010
Operating charges (%)	0.15	0.15	0.15
Direct transaction costs (%)	0.00	0.00	0.00
Prices			
Highest share price	85.23	99.94	101.83
Lowest share price	77.36	77.01	98.27

Sterling Class 'PP' Accumulation shares

The share class was launched on 21 April 2022.

for the year to 31 May	2024	2023	2022
Change in NAV per share	UK p	UK p	UK p
Opening NAV	83.14	98.61	100.00
Return before operating charges*	2.23	(15.34)	(1.37)
Operating charges	(0.13)	(0.13)	(0.02)
Return after operating charges*	2.10	(15.47)	(1.39)
Distributions	(3.62)	(2.53)	(0.14)
Retained distributions	3.62	2.53	0.14
Closing NAV	85.24	83.14	98.61
*after direct transaction cost of	0.00	0.00	0.00
Performance			
Return after charges (%)	2.53	(15.69)	(1.39)
Other information			
Closing NAV (£'000)	8,303	8,120	20
Number of shares	9,740,492	9,766,492	20,000
Operating charges (%)	0.15	0.15	0.15
Direct transaction costs (%)	0.00	0.00	0.00
Prices			
Highest share price	89.99	100.10	101.83
Lowest share price	80.77	77.52	98.27

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Financial statements

Statement of total return

for the year to 31 May	Note	2024		2023	
		£'000	£'000	£'000	£'000
Income					
Net capital gains/(losses)	3		(6,407)		(81,340)
Revenue	5	15,375		11,924	
Expenses	6	(1,541)		(1,896)	
Interest payable and similar charges		0		(1)	
Net revenue/(expense) before taxation		13,834		10,027	
Taxation	7	0		0	
Net revenue/(expense) after taxation			13,834		10,027
Total return before distributions			7,427		(71,313)
Distributions	8		(14,005)		(10,174)
Change in net assets attributable to shareholders from investment activities			(6,578)		(81,487)

Statement of change in net assets attributable to shareholders

for the year to 31 May	2024		2023	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		320,514		460,979
Amounts received on issue of shares	63,167		58,313	
Amounts paid on cancellation of shares	(24,539)		(126,531)	
		38,628		(68,218)
Dilution adjustments		26		86
Change in net assets attributable to shareholders from investment activities (see above)		(6,578)		(81,487)
Retained distributions on Accumulation shares		12,213		9,153
Unclaimed distributions		3		1
Closing net assets attributable to shareholders		364,806		320,514

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Financial statements

Balance sheet

as at 31 May	Note	2024 £'000	2023 £'000
Assets			
Fixed assets			
Investments		356,277	316,688
Current assets			
Debtors	9	4,400	2,435
Cash and bank balances	10	389	4
Cash equivalents		4,391	6,490
Total assets		365,457	325,617
Liabilities			
Creditors			
Bank overdrafts		0	(3,991)
Distribution payable		(561)	(333)
Other creditors	11	(90)	(779)
Total liabilities		(651)	(5,103)
Net assets attributable to shareholders		364,806	320,514

Financial statements and notes

Notes to the financial statements

1 Accounting policies

The financial statements have been prepared in accordance with the 'Summary of significant accounting policies' set out on pages 9 to 12.

2 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.

3 Net capital gains/(losses)

for the year to 31 May	2024 £'000	2023 £'000
Non-derivative securities	(6,375)	(81,312)
Derivative contracts	(32)	(28)
Net capital gains/(losses)	(6,407)	(81,340)

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4 Portfolio transactions and associated costs

The following tables show portfolio transactions and their associated transaction costs. For more information about the nature of the costs please see the sections on 'Operating charges' and 'Portfolio transaction costs' within 'Notes to the financial statements' on pages 11 and 12. Total direct portfolio transaction costs are stated before dilution adjustments.

for the year to 31 May	2024 £'000	2023 £'000
a) Purchases		
Debt securities	564,928	1,212,992
b) Sales		
Debt securities	523,009	1,278,608
	%	%
c) Indirect portfolio transaction costs		
Average portfolio dealing spread as at the balance sheet date	0.05	0.08

5 Revenue

for the year to 31 May	2024 £'000	2023 £'000
Bank interest	2	2
Interest distributions	288	115
Interest on debt securities	15,082	11,804
Rebate of ongoing charges from underlying funds	3	3
Total revenue	15,375	11,924

6 Expenses

for the year to 31 May	2024 £'000	2023 £'000
Payable to the ACD or associate		
Annual charge	1,541	1,896
Total expenses	1,541	1,896

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

Financial statements and notes

7 Taxation

for the year to 31 May	2024 £'000	2023 £'000
a) Analysis of charge in the year		
Corporation tax	0	0
Withholding tax	0	0
Deferred tax (note 7c)	0	0
Total taxation	0	0
b) Factors affecting taxation charge for the year		
Net revenue/(expense) before taxation	13,834	10,027
Corporation tax at 20%	2,767	2,005
Effects of:		
Interest distributions	(2,767)	(1,972)
Relief for indexation on UK gilts	0	(33)
Total tax charge (note 7a)	0	0
c) Provision for deferred taxation		
Provision at the start of the year	0	0
Deferred tax in profit and loss account (note 7a)	0	0
Provision at the end of the year	0	0

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

8 Distributions

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

for the year to 31 May	2024		2023	
	Inc £'000	Acc £'000	Inc £'000	Acc £'000
Interest distributions				
First interim	363	2,757	191	1,427
Second interim	523	3,020	269	2,324
Third interim	547	3,182	307	2,917
Final	561	3,254	333	2,485
Total net distributions	14,207		10,253	
Income deducted on cancellation of shares	140		171	
Income received on issue of shares	(342)		(250)	
Distributions	14,005		10,174	
Net revenue/(expense) per statement of total return	13,834		10,027	
Expenses offset against capital	171		147	
Distributions	14,005		10,174	

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9 Debtors

as at 31 May	2024 £'000	2023 £'000
Amounts receivable on issues of shares	621	0
Debt security interest receivable	3,764	2,428
Distributions receivable	15	7
Total debtors	4,400	2,435

10 Cash and bank balances

as at 31 May	2024 £'000	2023 £'000
Cash held as bank balances	389	4
Total cash and bank balances	389	4

11 Other creditors

as at 31 May	2024 £'000	2023 £'000
Amounts payable on cancellation of shares	10	0
Annual charge payable	80	62
Purchases awaiting settlement	0	717
Total other creditors	90	779

12 Contingent assets, liabilities and outstanding commitments

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

13 Shares in issue

The following table shows each class of share in issue during the year. Each share class has the same rights on winding up however they may have different charging structures as set out in note 14.

Share class	Opening 01.06.23	Issued	Movements Cancelled	Converted	Closing 31.05.24
Sterling					
Class 'A' Income	21,783,180	15,865,022	(3,699,695)	0	33,948,507
Class 'A' Accumulation	43,670,942	5,517,894	(2,382,842)	0	46,805,994
Class 'I' Income	2,114,998	1,025,019	(153,985)	0	2,986,032
Class 'I' Accumulation	8,942,729	1,924,895	(1,030,523)	0	9,837,101
Class 'PP' Income	20,010	0	0	0	20,010
Class 'PP' Accumulation	9,766,492	0	(26,000)	0	9,740,492

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

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14 Charging structure

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

Share class	Annual charge %
Sterling	
Class 'A'	0.55
Class 'I'	0.25
Class 'PP'	0.15

15 Related parties

M&G Securities Limited, as Authorised Corporate Director (ACD), is a related party and acts as principal on all the transactions of shares in the fund except with in specie transactions, where M&G Securities Limited acts as an agent. The aggregate monies received through issues, and paid on cancellations, are disclosed in the 'Statement of change in net assets attributable to shareholders' and note 8. Amounts due to/from M&G Securities Limited in respect of share transactions at the year end are disclosed in notes 9 and 11 where applicable.

Amounts paid to M&G Securities Limited in respect of the annual charge are disclosed in note 6. Amounts due at the year end in respect of the annual charge are disclosed in note 11.

Amounts paid to M&G Securities Limited in respect of rebate arrangements for the annual charge are disclosed in notes 3 and 5. Amounts due at the year end from the ACD, and/or associate, in respect of these rebates are disclosed in note 9.

At the balance sheet date, shareholders from within M&G plc, of which M&G Securities Limited is a wholly owned subsidiary, have holdings totalling 41.72% (2023: 45.98%) of the fund's shares.

16 Fair value analysis

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

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

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

Level 2: Valuation technique using observable market data

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

Financial statements and notes

Level 3: Valuation technique using unobservable inputs

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

as at 31 May	Assets 2024 £'000	Liabilities 2024 £'000	Assets 2023 £'000	Liabilities 2023 £'000
Level 1	353,170	0	293,792	0
Level 2	3,107	0	22,896	0
Level 3	0	0	0	0
	356,277	0	316,688	0

17 Risk management policies

The general risk management policies for the fund are set out in note 3 to the financial statements on pages 12 to 15.

18 Market risk sensitivity and exposure

VaR is the risk measurement methodology used to assess the fund's leverage and market risk volatility. When VaR is calculated as a percentage of the net asset value it may not be greater than the VaR limit set for the fund.

The VaR limit set during the period up to 5 March 2023 was 18% (2023: 18%).

The VaR limit set for periods after 6 March 2023 was two times the benchmark.

The lowest, highest and average utilisation of VaR with reference to the limit above are calculated during the financial years ended 31 May 2024 and 31 May 2023.

for the year ended 31 May	2024 Utilisation of VaR 200%	from 6 March 2023 to 31 May 2023 Utilisation of VaR %	from 1 June 2022 to 5 March 2023 Utilisation of VaR 18%
Lowest	46.94	49.24	26.33
Highest	51.46	51.13	51.94
Average	49.52	50.22	38.89

19 Credit risk

The fund is exposed to credit risk both through the credit quality of the investments it holds. The table below shows the credit quality of the investments held in the portfolio.

as at 31 May	2024 £'000	2023 £'000
Investment grade securities	356,277	316,688
Total	356,277	316,688

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20 Leverage risk

Funds using VaR approaches are required to disclose the level of leverage employed during the financial reporting period.

Derivatives can be used by the fund to generate market exposure to investments exceeding the net asset value. As a result of this exposure, the size of any positive or negative movement in markets may have a more significant effect on the net asset value of the fund.

The lowest, highest and average level of leverage employed and utilisation of the leverage level calculated during the financial years ended 31 May 2024 and 31 May 2023 are disclosed in the table below. Leverage has been calculated using the Gross Sum of Notional Approach for derivative positions only (including forward currency contracts) and excludes all physical holdings. Percentages are expressed with reference to fund valuation.

for the year to 31 May	2024 £'000	2024 %	2023 £'000	2023 %
Lowest	0	0.00	0	0.00
Highest	0	0.00	0	0.00
Average	0	0.00	0	0.00

21 Interest distribution tables

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

Quarterly distribution periods

	Start	End	Xd	Payment
First interim	01.06.23	31.08.23	01.09.23	31.10.23
Second interim	01.09.23	30.11.23	01.12.23	31.01.24
Third interim	01.12.23	29.02.24	01.03.24	30.04.24
Final	01.03.24	31.05.24	03.06.24	31.07.24

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

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

Group 2 shares are those purchased during a distribution period and therefore their distribution rate is made up of income and equalisation. Equalisation is the average amount of income included in the purchase price of all Group 2 shares and is refunded to the holders of these shares as a return of capital. Being capital it is not liable to Income Tax. Instead, it must be deducted from the cost of shares for Capital Gains Tax purposes. The tables below show the split of the Group 2 rates into the income and equalisation components.

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Sterling Class 'A' Income shares

Interest distributions for the year to 31 May	Income	Group 2	Group 1 & 2	
	2024 UK p	Equalisation 2024 UK p	2024 UK p	2023 UK p
First interim	0.3362	0.4205	0.7567	0.4087
Second interim	0.4450	0.3686	0.8136	0.5782
Third interim	0.3080	0.5086	0.8166	0.6638
Final	0.3354	0.4834	0.8188	0.7201

Sterling Class 'A' Accumulation shares

Interest distributions for the year to 31 May	Income	Group 2	Group 1 & 2	
	2024 UK p	Equalisation 2024 UK p	2024 UK p	2023 UK p
First interim	1.5995	2.4124	4.0119	1.7089
Second interim	1.7634	2.6526	4.4160	2.8115
Third interim	2.8856	1.5778	4.4634	3.3458
Final	1.9413	2.5892	4.5305	3.7148

Sterling Class 'I' Income shares

Interest distributions for the year to 31 May	Income	Group 2	Group 1 & 2	
	2024 UK p	Equalisation 2024 UK p	2024 UK p	2023 UK p
First interim	3.2240	5.5160	8.7400	4.7056
Second interim	2.3908	7.0134	9.4042	6.6630
Third interim	4.6478	4.7982	9.4460	7.6559
Final	4.9465	4.5319	9.4784	8.3108

Sterling Class 'I' Accumulation shares

Interest distributions for the year to 31 May	Income	Group 2	Group 1 & 2	
	2024 UK p	Equalisation 2024 UK p	2024 UK p	2023 UK p
First interim	3.8277	5.5790	9.4067	4.5259
Second interim	3.3505	6.9340	10.2845	6.8157
Third interim	6.6377	3.7904	10.4281	7.9805
Final	5.1668	5.4196	10.5864	8.7937

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Sterling Class 'PP' Income shares

Interest distributions for the year to 31 May	Income	Group 2	Group 1 & 2	
	2024 UK p	Equalisation 2024 UK p	2024 UK p	2023 UK p
First interim	0.8411	0.0000	0.8411	0.4525
Second interim	0.9041	0.0000	0.9041	0.6392
Third interim	0.9089	0.0000	0.9089	0.7358
Final	0.9115	0.0000	0.9115	0.7987

Sterling Class 'PP' Accumulation shares

Interest distributions for the year to 31 May	Income	Group 2	Group 1 & 2	
	2024 UK p	Equalisation 2024 UK p	2024 UK p	2023 UK p
First interim	0.8372	0.0000	0.8372	0.4167
Second interim	0.9135	0.0000	0.9135	0.6120
Third interim	0.9272	0.0000	0.9272	0.7134
Final	0.9413	0.0000	0.9413	0.7851

22 Events after the balance sheet date

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

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

Investment objective

The fund aims to provide a higher total return (the combination of capital growth and income), net of the ongoing charge figure, than that of the ICE BofAML Global High Yield Index (GBP Hedged) over any five-year period.

Investment policy

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

Other investments may include:

- asset-backed securities; and
- other transferable securities, government bonds, cash, and near cash, directly or via collective investment schemes (including funds managed by M&G).

There are no credit quality restrictions applicable to the fund's investments.

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

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

Investment approach

The fund is globally diversified across a range of below investment grade (high yield) debt securities from a variety of sectors and geographies. The fund managers focus on the analysis of individual bond issues while remaining aware of macroeconomic developments. Emphasis is placed upon investigating the ability of a bond issuer to meet its interest payments, especially during unfavourable economic conditions.

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

Individual credit selection is carried out with the assistance of an in-house team of credit analysts to complement the fund managers' views.

Benchmark

ICE BofAML Global High Yield Index (GBP Hedged)

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

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

The fund is actively managed.

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

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

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Risk profile

For details of the risks associated with this fund, please refer to the Prospectus. For details of the risk management policies, please refer to pages 12 to 15.

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



The above number:

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

Investment review

For the year ended 31 May 2024

Performance against objective

The M&G Global High Yield Bond Fund delivered a positive total return (the combination of income and capital growth) across all sterling share classes. Fund performance was below its benchmark, the ICE BofAML Global High Yield Index (GBP hedged), which returned 11.4% over the same period.

Over five years, the fund delivered a positive return across its share classes. However, the fund lagged its benchmark index, which returned 2.7% pa over this period. It therefore did not meet its objective of providing a higher total return, net of the ongoing charge figure, than that of the ICE BofAML Global High Yield Index (GBP hedged) over any five-year period.

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

Performance review

During the period under review, global bond markets experienced favourable returns, with high-yield bonds significantly outstripping their more conservative counterparts in performance (high-yield bonds typically offer a higher reward than investment grade corporate bonds because they are considered riskier). The beginning of the period was marked by a strong showing from high-yield bonds, buoyed by a softening in inflation rates that fuelled anticipation of potential interest rate reductions, alongside a narrowing of credit spreads (a measure of how yields on corporate bonds compare to the yields on government bonds of the same lifespan), which fostered a climate more conducive to risk-taking.

However, as the period progressed, investor sentiment waned in August when central banks signalled an intention to maintain elevated interest rates to curb inflation. This led to a widespread sell-off in government bonds that persisted through September and October, adversely impacting high-yield markets. The situation was further exacerbated in October by the unrest in Gaza, which contributed to market instability.

A reversal of fortunes occurred towards the end of November, with a market rally spurred by growing optimism for a gentle economic downturn and a more accommodative stance from central banks. This resulted in November witnessing the most robust performance for high-yield assets since July of the previous year.

Moving into the latter half of the period, inflation rates began to recede across most major economies. Nonetheless, with inflation persistently above the targets set by central banks, expectations regarding interest rate cuts were pushed back.

Among the asset classes, investment grade corporate bonds delivered positive returns, with the UK outperforming the US and Europe. Within high-yield, European bonds registered positive returns, although

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slightly underperforming their US peers. Additionally, emerging market high yield bonds fared better than their developed market counterparts.

The outperformance of high-yield bonds versus their investment grade equivalents partly reflects the former's lower sensitivity to changes in interest rates. Furthermore, credit spreads, the excess rate over 'risk-free' core government bonds, tightened for high-yield bonds during the review period, supported by positive inflation reports and resilient economic growth.

Against this backdrop, the fund delivered a positive return but lagged its benchmark. Our credit positioning was the key driver of underperformance, with both security selection and sector allocation detracting from returns. Security selection in the retail, healthcare, and energy sectors weighed on performance. However, our security selection in media, leisure, and services added value. The fund's currency exposure was also beneficial.

The fund's top detractors over the review period included Spirit Loyalty and Kenbourne Invest. Glatfelter and Virgin Media Secured Finance were notable contributors.

At the regional level, our underweight (below benchmark) positioning in North American and in Latin American emerging market bonds detracted. However, our overweight exposure to European bonds contributed positively.

Investment activities

Over the period we maintained fund duration (sensitivity to interest rate changes) broadly neutral relative to the benchmark. Spread duration (sensitivity to changes in creditworthiness) was slightly underweight. This reflects our relatively cautious positioning, based on our belief that the lagged effects of tighter monetary policy and the higher-for-longer consensus will eventually weigh on risk assets.

The primary market was subdued over the summer months of 2023, but we participated in new issues including Ford Motor (automotive), Électricité de France (energy) and Civitas Resources (energy). As activity picked up after the summer, we bought US Foods,

Sunnova Energy (green energy) and Banijay Entertainment (media) – while selling holdings in Virgin Media and Macy's.

In the secondary market (where already-issued bonds are traded), we added to our positions in US retailer Kohl's, VTR Comunicaciones, and satellite TV provider Dish. We reduced some US cyclical exposure instead adding higher-quality names such as Darling Ingredients (recycling) and Ford Motor. In the secondary floating rate note (FRN) market, we purchased 888 Acquisitions (gaming).

We subsequently trimmed exposure to Ford Motor (whose credit rating was upgraded to investment grade) and telecommunications group Altice France, which reported mixed results.

There was an active flow of new issues in November and we bought into new deals from a range of sectors. In the US, these included airline operator American Airlines, and aerospace firm Spirit AeroSystems. Our deals in Europe included Norwegian oil and gas company Var Energi. In the secondary market, we added US media company Paramount Global and UK telecommunications firm Virgin Media.

There was an active flow of new issues from a range of sectors during the first quarter of 2024 as many companies took advantage of easing financial conditions to refinance existing debt due to mature in 2025 and 2026. We participated in a number of deals.

In the secondary market, we purchased a Canadian telecommunication firm Vidéotron, and increased our holdings in healthcare firms such as Owens & Minor and Teva Pharmaceutical. These were partly funded by trimming our position in Ford Motor, which has been fully upgraded to investment grade.

April, historically an active month for issuance, saw a very busy primary market. There were deals from Iliad, Volvo Car, 888 Acquisitions, Boels, Transocean, Comstock Resources, Dufry One, and Rakuten. We were selective in the names we played. In the secondary market, we exchanged bonds maturing in 2029 for those with a 2031 maturity of American

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telecommunications company Frontier Communications. We also sold down some energy names after strong performance.

Activity in the primary market continued its momentum in May. We bought Barclays AT1 and Gray Television. In the secondary market, we sold Selecta (on concerns of a potential second round restructuring) and Tegna (to fund the Gray Television new issue). We added Telefonica to reduce our underweight. In the secondary market, we sold Liquid Telecommunications and added exposure to Telefonica and Iheartcommunications (media). We continued to trim our exposure to Ford Motor.

Outlook

From a macroeconomic perspective, we expect the US to outperform Europe with regard to growth expectations. We believe we could potentially see multiple rate cuts from the European Central Bank (ECB). The lack of US rate cuts likely means the higher yield environment will persist and continue to attract demand for the asset class, in our view, barring any macroeconomic disruption or event.

In our view, the current levels of credit spread still compensate investors for an 'average' default scenario. We continue to maintain a defensive approach, favouring non-cyclical, less inflation-sensitive names and looking to improve credit quality.

Stefan Isaacs & Luke Coha

Co-fund managers

Employees of M&G FA Limited which is an associate of M&G Securities Limited. Please note that effective from 15 January 2024, Luke Coha replaced James Tomlins as co-fund manager.

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

Portfolio statement

Investments

Holding	as at 31.05.24 £'000	as at 31.05.24 %	as at 31.05.23 %
Equities	109	0.01	0.00
155,654 Adler	24	0.00	
2,506,948 Casino Guichard Perrachon	83	0.01	
2,506,948 Casino Guichard Perrachon Warrants 27/04/2029	2	0.00	
377 Chaparral Energy Warrants 01/10/2024	0	0.00	
377 Chaparral Energy Warrants 01/10/2025	0	0.00	
680,748 Codere ^a	0	0.00	
8,212,459 K2016470219 South Africa ^a	0	0.00	
48,841,504 New World Resources ^a	0	0.00	
Fixed income	1,189,867	92.80	88.27
Debt securities	1,189,100	92.74	88.51
'AA' credit rated bonds	11,297	0.88	0.91
US\$15,002,700 US Treasury 3.25% 30/06/2027	11,297	0.88	
'A' credit rated bonds	3,054	0.24	0.23
€3,655,000 TotalEnergies Var. Rate 3.369% Perpetual	3,054	0.24	
'BBB' credit rated bonds	85,323	6.65	5.95
US\$11,000,000 Celanese US 6.165% 15/07/2027	8,731	0.68	
€1,000,000 Cellnex Finance 2% 15/09/2032	723	0.06	
€1,900,000 Cellnex Finance 2% 15/02/2033	1,360	0.11	
€900,000 Cellnex Telecom 1.75% 23/10/2030	668	0.05	
US\$4,800,000 Cheniere Energy Partners 4.5% 01/10/2029	3,572	0.28	
US\$10,082,000 Continental Resources 5.75% 15/01/2031	7,768	0.61	
US\$7,600,000 DCP Midstream Operating 3.25% 15/02/2032	5,067	0.39	
US\$3,250,000 DCP Midstream Operating 5.6% 01/04/2044	2,434	0.19	
US\$400,000 Deutsche Bank 4.5% 01/04/2025	310	0.02	
€3,700,000 Deutsche Bank Var. Rate 1.375% 17/02/2032	2,623	0.20	
US\$5,900,000 HCA 4.5% 15/02/2027	4,511	0.35	
US\$6,940,000 HCA 5.375% 01/09/2026	5,423	0.42	
US\$5,500,000 LPL 4% 15/03/2029	3,985	0.31	
US\$6,400,000 NGPL PipeCo 4.875% 15/08/2027	4,881	0.38	
€1,200,000 Orano 4.875% 23/09/2024	1,026	0.08	
US\$5,650,000 Pacific Gas and Electric 4.55% 01/07/2030	4,170	0.33	
US\$4,149,000 PRA Health Sciences 2.875% 15/07/2026	3,079	0.24	

Portfolio statement

Investments (continued)

Holding	as at 31.05.24 £'000	as at 31.05.24 %	as at 31.05.23 %
Fixed income (continued)			
Debt securities (continued)			
'BBB' credit rated bonds (continued)			
US\$5,645,000 Stora Enso 7.25% 15/04/2036	4,630	0.36	
US\$11,000,000 Targa Resources Partners 4% 15/01/2032	7,676	0.60	
US\$3,800,000 Targa Resources Partners 4.875% 01/02/2031	2,826	0.22	
£3,400,000 Thames Water Utilities Finance 4% 19/06/2025	3,015	0.23	
US\$762,048 United Airlines 2020-1 Class B Pass Through Trust 4.875% 15/01/2026	589	0.05	
US\$8,900,000 Vidéotron 3.625% 15/06/2029	6,256	0.49	
'BB' credit rated bonds	560,706	43.73	41.67
€5,600,000 ABN AMRO Bank Var. Rate 4.75% Perpetual	4,492	0.35	
US\$5,000,000 ADT Security 4.125% 01/08/2029	3,557	0.28	
US\$8,696,000 AES Var. Rate 7.6% 15/01/2055	6,843	0.53	
US\$3,552,000 Albertsons 3.5% 15/03/2029	2,476	0.19	
US\$6,300,000 Albertsons 5.875% 15/02/2028	4,854	0.38	
US\$4,550,000 Allwyn Entertainment Financing 7.875% 30/04/2029	3,650	0.29	
US\$4,583,291 American Airlines 5.5% 20/04/2026	3,558	0.28	
US\$6,000,000 American Airlines 7.25% 15/02/2028	4,688	0.37	
US\$4,075,000 American Airlines 8.5% 15/05/2029	3,299	0.26	
US\$1,293,000 Antero Midstream Partners 6.625% 01/02/2032	1,011	0.08	
US\$7,524,000 Antero Midstream Partners 5.75% 15/01/2028	5,772	0.45	
€2,000,000 Avantor Funding 2.625% 01/11/2025	1,665	0.13	
£2,052,000 B&M European Value Retail 4% 15/11/2028	1,892	0.15	
£4,250,000 Barclays Var. Rate 8.5% Perpetual	4,212	0.33	
£3,700,000 Barclays Var. Rate 8.875% Perpetual	3,766	0.29	
US\$1,000,000 Bath & Body Works 5.25% 01/02/2028	761	0.06	
US\$4,400,000 Bath & Body Works 6.625% 01/10/2030	3,458	0.27	
US\$2,450,000 Bath & Body Works 6.75% 01/07/2036	1,904	0.15	
€3,000,000 Belden 3.375% 15/07/2031	2,341	0.18	
€1,300,000 Belden 3.875% 15/03/2028	1,082	0.08	
€2,238,000 Benteler International 9.375% 15/05/2028	2,031	0.16	
US\$3,800,000 Benteler International 10.5% 15/05/2028	3,184	0.25	
US\$2,559,000 Berry Global 4.875% 15/07/2026	1,973	0.15	

Portfolio statement

Investments (continued)

Holding	as at 31.05.24 £'000	as at 31.05.24 %	as at 31.05.23 %
Fixed income (continued)			
Debt securities (continued)			
'BB' credit rated bonds (continued)			
€4,687,000 Boels Topholding 5.75% 15/05/2030	4,022	0.31	
€3,322,000 British Telecommunications Var. Rate 5.125% 03/10/2054	2,834	0.22	
US\$1,113,000 Caesars Entertainment 6.5% 15/02/2032	861	0.07	
€2,397,000 Canpack 2.375% 01/11/2027	1,912	0.15	
US\$5,000,000 Canpack 3.875% 15/11/2029	3,442	0.27	
US\$8,300,000 Carnival 4% 01/08/2028	5,989	0.47	
€2,000,000 Citycon Var. Rate 3.625% Perpetual	1,110	0.09	
US\$8,088,000 Clean Harbors 6.375% 01/02/2031	6,334	0.49	
€6,000,000 Commerzbank Var. Rate 6.125% Perpetual	5,058	0.39	
US\$8,000,000 Coty 6.625% 15/07/2030	6,317	0.49	
US\$4,500,000 Crowdstrike 3% 15/02/2029	3,136	0.25	
US\$4,065,000 Crown Americas 4.25% 30/09/2026	3,065	0.24	
US\$7,548,000 Darling Ingredients 6% 15/06/2030	5,772	0.45	
€1,489,000 Drax Finco 2.625% 01/11/2025	1,230	0.10	
US\$7,189,000 DT Midstream 4.375% 15/06/2031	5,057	0.39	
€7,883,000 Dufry One 4.75% 18/04/2031	6,712	0.52	
US\$5,500,000 Ecopetrol 6.875% 29/04/2030	4,103	0.32	
US\$5,000,000 Ecopetrol 8.375% 19/01/2036	3,810	0.30	
US\$3,000,000 Ecopetrol 8.625% 19/01/2029	2,452	0.19	
US\$1,898,000 Ecopetrol 8.875% 13/01/2033	1,523	0.12	
US\$6,372,000 EQM Midstream Partners 4.5% 15/01/2029	4,650	0.36	
US\$3,500,000 EQM Midstream Partners 5.5% 15/07/2028	2,681	0.21	
US\$2,737,000 EQM Midstream Partners 6.375% 01/04/2029	2,141	0.17	
US\$4,800,000 EQM Midstream Partners 6.5% 01/07/2027	3,788	0.30	
€1,400,000 Eramet 6.5% 30/11/2029	1,206	0.09	
€7,100,000 Eramet 7% 22/05/2028	6,253	0.49	
€5,592,000 Eurobank Var. Rate 7% 26/01/2029	5,177	0.40	
€1,638,000 Eurofins Scientific Var. Rate 3.25% Perpetual	1,357	0.11	
US\$8,656,000 Ford Motor 6.1% 19/08/2032	6,735	0.53	
US\$4,000,000 Ford Motor Credit 4% 13/11/2030	2,767	0.22	

Portfolio statement

Investments (continued)

Holding	as at 31.05.24 £'000	as at 31.05.24 %	as at 31.05.23 %
Fixed income (continued)			
Debt securities (continued)			
'BB' credit rated bonds (continued)			
US\$6,000,000 Ford Motor Credit 4.134% 04/08/2025	4,616	0.36	
US\$13,107,000 Ford Motor Credit 4.95% 28/05/2027	10,010	0.78	
US\$3,000,000 Ford Motor Credit 5.113% 03/05/2029	2,258	0.18	
US\$5,245,000 Ford Motor Credit 6.95% 10/06/2026	4,190	0.33	
US\$5,000,000 Gray Television 10.5% 15/07/2029	3,899	0.30	
US\$6,450,000 Greenko Solar Mauritius 5.55% 29/01/2025	5,007	0.39	
£6,500,000 GTCRW-2 Merger Sub 8.5% 15/01/2031	6,974	0.54	
US\$6,000,000 Hilcorp Energy I 5.75% 01/02/2029	4,542	0.35	
€7,300,000 iliad 5.375% 15/02/2029	6,333	0.49	
€2,071,000 Infrastrutture Wireless Italiane 1.875% 08/07/2026	1,692	0.13	
US\$5,975,000 International Game Technology 4.125% 15/04/2026	4,540	0.35	
€2,955,000 Intesa Sanpaolo FRN 9.125% Perpetual	2,797	0.22	
US\$7,500,000 IQVIA 6.5% 15/05/2030	5,934	0.46	
US\$7,931,000 Iron Mountain 7% 15/02/2029	6,277	0.49	
US\$7,250,000 Jaguar Land Rover Automotive 7.75% 15/10/2025	5,734	0.45	
US\$9,858,000 Jazz Securities 4.375% 15/01/2029	7,094	0.55	
US\$3,000,000 KB Home 4.8% 15/11/2029	2,198	0.17	
€8,400,000 KBC Var. Rate 4.25% Perpetual	6,941	0.54	
US\$7,215,000 Kohl's 4.625% 01/05/2031	4,522	0.35	
US\$6,227,000 KUO 5.75% 07/07/2027	4,639	0.36	
€10,748,000 Levi Strauss 3.375% 15/03/2027	8,981	0.70	
US\$2,655,000 Levi Strauss 3.5% 01/03/2031	1,793	0.14	
€4,700,000 Lloyds Banking Var. Rate 4.947% Perpetual	3,956	0.31	
US\$7,730,000 Macquarie Airfinance 8.375% 01/05/2028	6,370	0.50	
US\$1,671,000 Macy's Retail 5.875% 15/03/2030	1,248	0.10	
€3,600,000 Mahle 2.375% 14/05/2028	2,699	0.21	
US\$3,521,000 Melco Resorts Finance 5.375% 04/12/2029	2,482	0.19	
US\$3,678,000 Meritage Homes 3.875% 15/04/2029	2,627	0.21	
US\$5,100,000 Millicom International Cellular 4.5% 27/04/2031	3,410	0.27	
US\$3,848,000 Millicom International Cellular (non-public offering) 4.5% 27/04/2031	2,573	0.20	

Portfolio statement

Investments (continued)

Holding	as at 31.05.24 £'000	as at 31.05.24 %	as at 31.05.23 %
Fixed income (continued)			
Debt securities (continued)			
'BB' credit rated bonds (continued)			
£4,400,000 Nationwide Building Society Var. Rate 5.875% Perpetual	4,366	0.34	
US\$6,362,000 Network i2i Var. Rate 3.975% Perpetual	4,752	0.37	
US\$2,571,000 New Red Finance 3.875% 15/01/2028	1,868	0.15	
US\$8,000,000 Newell Brands 4.875% 01/06/2025	6,188	0.48	
US\$3,530,000 NextEra Energy Operating Partners 7.25% 15/01/2029	2,828	0.22	
€3,300,000 Novo Banco Var. Rate 9.875% 01/12/2033	3,260	0.25	
US\$5,252,000 Olin 5% 01/02/2030	3,860	0.30	
€3,100,000 Opmobility 4.875% 13/03/2029	2,637	0.21	
US\$2,600,000 Organon & Co 4.125% 30/04/2028	1,881	0.15	
US\$5,509,000 Paramount Global Var. Rate 6.375% 30/03/2062	3,904	0.30	
US\$4,000,000 Petrobras Global Finance 5.6% 03/01/2031	3,005	0.23	
US\$6,378,000 Pilgrim's Pride 3.5% 01/03/2032	4,197	0.33	
US\$11,197,000 Pilgrim's Pride 4.25% 15/04/2031	7,893	0.62	
US\$4,100,000 Pilgrim's Pride 6.25% 01/07/2033	3,251	0.25	
£5,400,000 Pinewood Finco 3.625% 15/11/2027	4,974	0.39	
£4,771,000 Pinewood Finco 6% 27/03/2030	4,678	0.37	
US\$1,701,000 Post 6.25% 15/02/2032	1,325	0.10	
£4,687,000 Premier Foods Finance 3.5% 15/10/2026	4,474	0.35	
US\$6,749,000 Puma International Financing 7.75% 25/04/2029	5,382	0.42	
€3,000,000 Q-Park I 2% 01/03/2027	2,405	0.19	
US\$4,501,000 Rakuten 9.75% 15/04/2029	3,565	0.28	
US\$1,515,000 Rakuten 11.25% 15/02/2027	1,256	0.10	
US\$3,250,000 Range Resources 8.25% 15/01/2029	2,649	0.21	
US\$5,158,000 Rede D'or Finance 4.95% 17/01/2028	3,841	0.30	
€4,000,000 Rexel 2.125% 15/12/2028	3,112	0.24	
US\$3,500,000 Rogers Communications Var. Rate 5.25% 15/03/2082	2,630	0.21	
€8,959,000 Rolls-Royce 1.625% 09/05/2028	6,969	0.54	
US\$1,804,000 Royal Caribbean Cruises 7.25% 15/01/2030	1,459	0.11	
US\$12,800,000 Royal Caribbean Cruises 9.25% 15/01/2029	10,703	0.84	
€8,675,000 Sappi Papier 3.625% 15/03/2028	7,054	0.55	

Portfolio statement

Investments (continued)

Holding	as at 31.05.24 £'000	as at 31.05.24 %	as at 31.05.23 %
Fixed income (continued)			
Debt securities (continued)			
'BB' credit rated bonds (continued)			
€5,400,000 Schaeffler 2.75% 12/10/2025	4,518	0.35	
US\$5,794,000 Sealed Air 6.125% 01/02/2028	4,513	0.35	
US\$8,340,000 Sirius XM Radio 5% 01/08/2027	6,195	0.48	
€6,000,000 SoftBank 3.875% 06/07/2032	4,657	0.36	
US\$2,450,000 Spirit AeroSystems 9.375% 30/11/2029	2,061	0.16	
US\$3,629,000 Talen Energy Supply 8.625% 01/06/2030	3,026	0.24	
US\$3,705,000 TEGNA 4.625% 15/03/2028	2,632	0.21	
€3,300,000 Telefonica Europe Var. Rate 5.7522% Perpetual	2,857	0.22	
€3,982,000 Tereos Finance I 4.75% 30/04/2027	3,382	0.26	
€3,911,000 Tereos Finance I 7.5% 30/10/2025	3,374	0.26	
€1,740,000 Teva Pharmaceutical Finance Netherlands II 1.625% 15/10/2028	1,300	0.10	
€5,000,000 Teva Pharmaceutical Finance Netherlands II 1.875% 31/03/2027	3,945	0.31	
€1,251,000 Teva Pharmaceutical Finance Netherlands II 4.5% 01/03/2025	1,061	0.08	
US\$7,000,000 Teva Pharmaceutical Finance Netherlands III 3.15% 01/10/2026	5,129	0.40	
US\$2,300,000 Teva Pharmaceutical Finance Netherlands III 6.75% 01/03/2028	1,834	0.14	
US\$4,061,000 Teva Pharmaceutical Finance Netherlands III 7.875% 15/09/2029	3,387	0.26	
US\$5,610,000 UBS Var. Rate 7% Perpetual	4,404	0.34	
€6,500,000 UniCredit Var. Rate 7.5% Perpetual	5,710	0.45	
US\$1,754,000 United Airlines 4.375% 15/04/2026	1,326	0.10	
US\$2,311,000 United Airlines 4.625% 15/04/2029	1,675	0.13	
US\$4,861,000 United Rentals North America 6.125% 15/03/2034	3,740	0.29	
US\$3,075,000 Vallourec 7.5% 15/04/2032	2,481	0.19	
€3,193,000 Var Energi FRN 7.862% 15/11/2083	2,941	0.23	
US\$5,442,000 Vertiv 4.125% 15/11/2028	3,947	0.31	
US\$4,400,000 Viking Ocean Cruises Ship VII 5.625% 15/02/2029	3,310	0.26	
€5,000,000 Vodafone Var. Rate 2.625% 27/08/2080	4,080	0.32	
US\$4,150,000 Vodafone Var. Rate 7% 04/04/2079	3,343	0.26	

Portfolio statement

Investments (continued)

Holding	as at 31.05.24 £'000	as at 31.05.24 %	as at 31.05.23 %
Fixed income (continued)			
Debt securities (continued)			
'BB' credit rated bonds (continued)			
€2,632,000 Volvo Car 4.75% 08/05/2030	2,233	0.17	
€7,238,000 WMG Acquisition 2.25% 15/08/2031	5,277	0.41	
€3,660,000 WMG Acquisition 2.75% 15/07/2028	2,937	0.23	
US\$3,800,000 Wynn Macau 4.5% 07/03/2029	3,206	0.25	
US\$3,400,000 Yum! Brands 4.625% 31/01/2032	2,422	0.19	
US\$5,742,000 Yum! Brands 5.375% 01/04/2032	4,285	0.33	
€900,000 ZF Europe Finance 3% 23/10/2029	706	0.06	
€3,000,000 ZF Finance 2.75% 25/05/2027	2,424	0.19	
€4,500,000 ZF Finance 3.75% 21/09/2028	3,699	0.29	
€1,400,000 ZF Finance 5.75% 03/08/2026	1,226	0.10	
US\$1,000,000 ZF North America Capital 6.875% 14/04/2028	798	0.06	
'B' credit rated bonds	401,395	31.31	33.18
US\$694,000 1375209 BC 9% 30/01/2028	530	0.04	
€7,500,000 888 Acquisitions 7.558% 15/07/2027	6,316	0.49	
£2,382,000 888 Acquisitions 10.75% 15/05/2030	2,421	0.19	
US\$8,616,000 AdaptHealth 5.125% 01/03/2030	5,880	0.46	
US\$4,346,000 Allied Universal Holdco 7.875% 15/02/2031	3,395	0.27	
US\$7,200,000 Ascent Resources Utica 5.875% 30/06/2029	5,406	0.42	
US\$3,000,000 Ascent Resources Utica 8.25% 31/12/2028	2,400	0.19	
US\$10,865,000 Ashton Woods 4.625% 01/08/2029	7,643	0.60	
£6,339,000 Aston Martin Capital 10.375% 31/03/2029	6,212	0.48	
€8,000,000 Avantor Funding 3.875% 15/07/2028	6,635	0.52	
€3,281,000 Banijay Entertainment 7% 01/05/2029	2,942	0.23	
€5,000,000 Boxer Parent 6.5% 02/10/2025	4,252	0.33	
€2,605,000 Burger King FRN 8.575% 01/11/2026	2,221	0.17	
US\$2,037,000 Caesars Entertainment 4.625% 15/10/2029	1,434	0.11	
US\$6,068,000 Calderys Financing 11.25% 01/06/2028	5,064	0.40	
US\$2,582,000 Carnival 10.375% 01/05/2028	2,192	0.17	
US\$10,500,000 CCO 4.25% 01/02/2031	6,602	0.52	
US\$4,100,000 CCO 4.5% 15/08/2030	2,662	0.21	

Portfolio statement

Investments (continued)

Holding	as at 31.05.24 £'000	as at 31.05.24 %	as at 31.05.23 %
Fixed income (continued)			
Debt securities (continued)			
'B' credit rated bonds (continued)			
US\$2,296,000 CCO 4.5% 01/05/2032	1,420	0.11	
US\$8,906,000 CCO 5.125% 01/05/2027	6,663	0.52	
US\$15,059,000 CCO 5.5% 01/05/2026	11,655	0.91	
€2,500,000 Cheplapharm Arzneimittel 4.375% 15/01/2028	2,062	0.16	
€3,800,000 Cheplapharm Arzneimittel 7.5% 15/05/2030	3,423	0.27	
€2,619,000 Cirsa Finance International 6.5% 15/03/2029	2,298	0.18	
US\$5,833,000 CITGO Petroleum 8.375% 15/01/2029	4,730	0.37	
US\$12,037,000 Civitas Resources 8.375% 01/07/2028	9,885	0.77	
US\$5,382,000 CNX Resources 7.25% 01/03/2032	4,269	0.33	
US\$6,131,000 CNX Resources 7.375% 15/01/2031	4,882	0.38	
US\$9,200,000 Colgate Energy 5.875% 01/07/2029	7,030	0.55	
US\$7,700,000 Comstock Resources 6.75% 01/03/2029	5,823	0.45	
US\$3,904,000 Comstock Resources (non-public offering) 6.75% 01/03/2029	2,915	0.23	
US\$6,107,000 Consolidated Energy Finance 12% 15/02/2031	4,998	0.39	
€6,965,000 CPI Property Var. Rate 4.875% Perpetual	3,501	0.27	
£2,198,000 CPUK Finance 4.5% 28/08/2027	2,038	0.16	
£3,734,000 CPUK Finance 6.5% 28/08/2026	3,686	0.29	
€2,000,000 Cullinan 4.625% 15/10/2026	1,423	0.11	
£4,779,000 Deuce Finco 5.5% 15/06/2027	4,504	0.35	
€3,690,000 Diamond Escrow 9.625% 15/11/2028	3,378	0.26	
US\$3,729,000 Domtar 6.75% 01/10/2028	2,622	0.20	
US\$4,800,000 Électricité de France Var. Rate 9.125% Perpetual	4,139	0.32	
US\$7,118,000 EquipmentShare.com 9% 15/05/2028	5,766	0.45	
US\$977,000 First Quantum Minerals 9.375% 01/03/2029	799	0.06	
US\$5,000,000 Frontier Communications 8.625% 15/03/2031	4,006	0.31	
US\$3,937,000 GN Bondco 9.5% 15/10/2031	2,755	0.22	
€4,735,000 Grifols 2.25% 15/11/2027	3,582	0.28	
€8,374,000 Gruenthal 4.125% 15/05/2028	6,970	0.54	
US\$7,554,000 H&E Equipment Services 3.875% 15/12/2028	5,299	0.41	
£6,500,000 Heathrow Finance 3.875% 01/03/2027	6,073	0.47	

Portfolio statement

Investments (continued)

Holding	as at 31.05.24 £'000	as at 31.05.24 %	as at 31.05.23 %
Fixed income (continued)			
Debt securities (continued)			
'B' credit rated bonds (continued)			
£3,106,000 Heathrow Finance 6.625% 01/03/2031	3,050	0.24	
€3,761,784 Hellas Telecom III 0% 01/01/2049 ^b	0	0.00	
€3,500,000 Iliad 5.125% 15/10/2026	2,978	0.23	
€1,449,000 Iliad 6.875% 15/04/2031	1,252	0.10	
€3,222,000 International Design 10% 15/11/2028	2,853	0.22	
€3,841,000 IPD 3 8% 15/06/2028	3,463	0.27	
€3,538,973 Lhmc Finco 2 7.25% 02/10/2025	3,013	0.24	
US\$1,131,000 Light & Wonder International 7.5% 01/09/2031	908	0.07	
US\$1,149,000 Matador Resources 6.5% 15/04/2032	897	0.07	
US\$910,000 Matador Resources 6.875% 15/04/2028	720	0.06	
US\$2,105,000 Mauser Packaging Solutions 7.875% 15/04/2027	1,681	0.13	
US\$3,814,000 McGraw-Hill Education 5.75% 01/08/2028	2,800	0.22	
US\$3,157,000 Medline Borrower 3.875% 01/04/2029	2,247	0.18	
US\$3,590,000 MGM China 4.75% 01/02/2027	2,684	0.21	
€4,000,000 Monitchem 3 8.75% 01/05/2028	3,509	0.27	
€9,995,000 MPT Operating Partnership 3.325% 24/03/2025	7,921	0.62	
US\$1,300,000 MPT Operating Partnership 3.5% 15/03/2031	666	0.05	
US\$1,927,000 NCR 5% 01/10/2028	1,405	0.11	
€2,950,000 Neopharmed Gentili 7.125% 08/04/2030	2,576	0.20	
£4,078,000 Ocado 3.875% 08/10/2026	3,518	0.27	
€1,898,000 ONE Hotels 7.75% 02/04/2031	1,657	0.13	
US\$7,000,000 Owens & Minor 4.5% 31/03/2029	4,816	0.38	
US\$1,880,000 Owens & Minor 6.625% 01/04/2030	1,402	0.11	
US\$1,597,000 Performance Food 5.5% 15/10/2027	1,215	0.09	
€5,500,000 Petroleos Mexicanos 4.75% 26/02/2029	4,104	0.32	
US\$22,290,000 Petroleos Mexicanos 6.5% 13/03/2027	16,540	1.29	
US\$12,000,000 Petroleos Mexicanos 6.625% 15/06/2035	7,200	0.56	
US\$10,932,000 Petroleos Mexicanos 6.7% 16/02/2032	7,209	0.56	
US\$10,000,000 PetSmart 4.75% 15/02/2028	7,249	0.57	
US\$2,500,000 PetSmart 7.75% 15/02/2029	1,871	0.15	

Portfolio statement

Investments (continued)

Holding	as at 31.05.24 £'000	as at 31.05.24 %	as at 31.05.23 %
Fixed income (continued)			
Debt securities (continued)			
'B' credit rated bonds (continued)			
US\$6,492,000 Prestige Brands 3.75% 01/04/2031	4,357	0.34	
US\$4,000,000 Service Properties Trust 8.625% 15/11/2031	3,272	0.26	
US\$1,795,000 Simmons Foods 4.625% 01/03/2029	1,224	0.10	
US\$11,000,000 Stagwell Global 5.625% 15/08/2029	7,884	0.62	
US\$6,850,000 Staples 7.5% 15/04/2026	5,383	0.42	
US\$1,577,000 Staples 10.75% 01/09/2029	1,201	0.09	
US\$3,154,000 Star Parent 9% 01/10/2030	2,582	0.20	
US\$8,000,000 Studio City Finance 6.5% 15/01/2028	5,937	0.46	
US\$1,500,000 Studio City Finance (non-public offering) 6.5% 15/01/2028	1,113	0.09	
US\$3,232,000 Sunnova Energy 11.75% 01/10/2028	1,711	0.13	
US\$671,000 Talos Production 9% 01/02/2029	551	0.04	
€819,000 Telecom Italia 7.875% 31/07/2028 (USA)	755	0.06	
€1,181,000 Telecom Italia 7.875% 31/07/2028 (EUR)	1,107	0.09	
US\$5,000,000 Tenet Healthcare 4.625% 15/06/2028	3,713	0.29	
US\$3,000,000 Tenet Healthcare 6.125% 15/06/2030	2,325	0.18	
€3,500,000 TI Automotive Finance 3.75% 15/04/2029	2,764	0.22	
€4,000,000 TK Elevator Midco 4.375% 15/07/2027	3,299	0.26	
€6,900,000 TMNL Holding 3.75% 15/01/2029	5,526	0.43	
€2,212,000 Trivium Packaging Finance 3.75% 15/08/2026	1,848	0.14	
£1,487,000 TVL Finance 10.25% 28/04/2028	1,558	0.12	
US\$4,556,000 US Foods 6.875% 15/09/2028	3,629	0.28	
US\$2,210,000 USA Compression Partners 7.125% 15/03/2029	1,735	0.14	
€4,000,000 Verisure 3.25% 15/02/2027	3,272	0.26	
€3,884,000 Verisure 5.25% 15/02/2029	3,215	0.25	
€3,171,000 Verisure 9.25% 15/10/2027	2,865	0.22	
£5,000,000 Virgin Media Secured Finance 4.125% 15/08/2030	4,115	0.32	
£5,000,000 Virgin Media Secured Finance 5.25% 15/05/2029	4,493	0.35	
£3,800,000 Virgin Media Vendor Financing Notes III 4.875% 15/07/2028	3,368	0.26	
£4,909,000 Voyage Care 5.875% 15/02/2027	4,195	0.33	

Portfolio statement

Investments (continued)

Holding	as at 31.05.24 £'000	as at 31.05.24 %	as at 31.05.23 %
Fixed income (continued)			
Debt securities (continued)			
'B' credit rated bonds (continued)			
€1,238,000 WEPA Hygieneprodukte 5.625% 15/01/2031	1,064	0.08	
US\$4,700,000 Ziggo Bond 5.125% 28/02/2030	3,129	0.24	
	116,459	9.08	6.25
'CCC' credit rated bonds			
€4,155,000 Adler 12.5% 30/06/2025	4,107	0.32	
€2,200,000 Altice France 3.375% 15/01/2028	1,277	0.10	
€7,432,000 Altice France 4% 15/07/2029	4,195	0.33	
US\$5,500,000 Ardagh Metal Packaging Finance 4% 01/09/2029	3,579	0.28	
€3,331,000 Ardagh Packaging Finance 2.125% 15/08/2026	2,297	0.18	
US\$4,189,000 ASP Unifrax 5.25% 30/09/2028	1,652	0.13	
US\$888,000 ASP Unifrax 7.5% 30/09/2029	359	0.03	
US\$3,500,000 Bausch Health 4.875% 01/06/2028	1,982	0.15	
US\$1,230,000 Bausch Health 11% 30/09/2028	842	0.07	
US\$10,000,000 CHS/Community Health Systems 4.75% 15/02/2031	6,190	0.48	
US\$1,000,000 CHS/Community Health Systems 5.25% 15/05/2030	648	0.05	
US\$3,200,000 CHS/Community Health Systems 6.875% 15/04/2029	1,945	0.15	
US\$8,500,000 CSC 4.125% 01/12/2030	4,030	0.31	
US\$2,000,000 CSC 5.5% 15/04/2027	1,198	0.09	
US\$3,095,000 CSC 11.75% 31/01/2029	1,893	0.15	
US\$1,616,000 DISH DBS 5.25% 01/12/2026	1,012	0.08	
US\$4,200,000 DISH DBS 5.75% 01/12/2028	2,307	0.18	
US\$6,868,000 Dish Network 11.75% 15/11/2027	5,390	0.42	
US\$5,800,000 Frontier Communications 6.75% 01/05/2029	4,134	0.32	
US\$10,973,000 Glatfelter 4.75% 15/11/2029	6,945	0.54	
€3,000,000 Grifols Escrow Issuer 3.875% 15/10/2028	2,131	0.17	
€5,700,000 Heimstaden Var. Rate 6.75% Perpetual	1,311	0.10	
€4,000,000 Herens Midco 5.25% 15/05/2029	2,442	0.19	
US\$3,038,000 iHeartCommunications 4.75% 15/01/2028	1,233	0.10	
€6,500,000 Intrum 3.5% 15/07/2026	3,560	0.28	
US\$3,420,000 LifePoint Health 10% 01/06/2032	2,681	0.21	
US\$4,254,000 McGraw-Hill Education 8% 01/08/2029	3,055	0.24	

Portfolio statement

Investments (continued)

Holding	as at 31.05.24 £'000	as at 31.05.24 %	as at 31.05.23 %
Fixed income (continued)			
Debt securities (continued)			
'CCC' credit rated bonds (continued)			
€600,000 Samhallsbyggnadsbolaget i Norden 2.25% 12/08/2027	350	0.03	
€400,000 Samhallsbyggnadsbolaget i Norden 2.375% 04/09/2026	263	0.02	
€325,000 Samhallsbyggnadsbolaget i Norden 3% 14/01/2025	256	0.02	
€4,900,000 Sani 5.625% 15/12/2026	4,107	0.32	
€600,000 SBB Treasury 0.75% 14/12/2028	325	0.02	
€800,000 SBB Treasury 1.125% 26/11/2029	423	0.03	
US\$9,942,000 Scientific Games 6.625% 01/03/2030	7,350	0.57	
€8,200,000 Sigma Holdco 5.75% 15/05/2026	6,662	0.52	
US\$6,089,546 Spirit Loyalty Cayman 8% 20/09/2025	3,526	0.27	
€2,618,251 Techem Verwaltungsgesellschaft 674 6% 30/07/2026	2,229	0.17	
US\$9,901,000 Transocean 8.25% 15/05/2029	7,775	0.61	
US\$10,970,000 Triton Water 6.25% 01/04/2029	7,896	0.62	
US\$5,200,000 Unifi Group 6.5% 15/02/2029	2,902	0.23	
'CC' credit rated bonds	4,167	0.33	0.00
US\$4,000,000 CSC 5.75% 15/01/2030	1,320	0.11	
US\$5,000,000 VTR Comunicaciones 4.375% 15/04/2029	2,847	0.22	
'C' credit rated bonds	4,979	0.39	0.15
€2,000,000 Agps Bondco 4.625% 14/01/2026	597	0.05	
€3,000,000 Agps Bondco 5% 14/01/2029	896	0.07	
US\$4,200,000 Country Garden 3.125% 22/10/2025	266	0.02	
US\$617,210 Sunac China 1% 30/09/2032	33	0.00	
US\$511,726 Sunac China 6% 30/09/2026	53	0.01	
US\$512,348 Sunac China 6.25% 30/09/2027	48	0.00	
US\$1,025,937 Sunac China 6.5% 30/09/2027	88	0.01	
US\$1,540,769 Sunac China 6.75% 30/09/2028	125	0.01	
US\$1,542,632 Sunac China 7% 30/09/2029	116	0.01	
US\$725,508 Sunac China 7.25% 30/09/2030	51	0.00	
US\$4,000,000 VTR Finance 6.375% 15/07/2028	2,140	0.17	
US\$3,600,000 Yuzhou 6.35% 13/01/2027	156	0.01	

Portfolio statement

Investments (continued)

Holding	as at 31.05.24 £'000	as at 31.05.24 %	as at 31.05.23 %
Fixed income (continued)			
Debt securities (continued)			
'C' credit rated bonds (continued)			
US\$5,580,000 Yuzhou 7.85% 12/08/2026	255	0.02	
US\$3,500,000 Yuzhou 8.3% 27/05/2025	155	0.01	
'D' credit rated bonds	1,719	0.13	0.13
US\$5,137,000 Kenbourne Invest 4.7% 22/01/2028	1,719	0.13	
€50,000 Lehman Brothers 0% 26/09/2040 ^b	0	0.00	
Bonds with no credit rating	1	0.00	0.04
£2,152,000 House of Fraser Funding 0% 30/12/2050 ^a	1	0.00	
US\$711,674 K2016470219 South Africa 1% 31/12/2049 ^b	0	0.00	
Debt derivatives	767	0.06	(0.24)
Credit default swaps	0	0.00	(0.16)
Interest rate futures	767	0.06	(0.08)
186 10 Year US Treasury Note Sep 2024	(97)	(0.01)	
1,128 5 Year US Treasury Note Sep 2024	(312)	(0.02)	
(502) Euro-Bobl Jun 2024	883	0.07	
(225) Long Gilt Sep 2024	293	0.02	
Currency	4,198	0.33	0.72
Forward currency contracts	4,198	0.33	0.72
€7,931,002 Bought for £6,765,430 (expires 26.06.24)	4	0.00	
US\$26,724,273 Bought for £20,974,441 (expires 26.06.24)	30	0.00	
€(383,905,838) Sold for £327,286,637 (expires 26.06.24)	(414)	(0.03)	
US\$(529,793,002) Sold for £422,486,956 (expires 26.06.24)	6,095	0.48	
US\$(511,069,624) Sold for £400,103,358 (expires 24.07.24)	(1,517)	(0.12)	
Total portfolio	1,194,174	93.14	88.99
Net other assets/(liabilities)	87,927	6.86	11.01
Net assets attributable to shareholders	1,282,101	100.00	100.00

^a Suspended.

^b Defaulted bond.

Portfolio statement

Top ten portfolio transactions for the year to 31 May 2024

Largest purchases	£'000
CCO 5.5% 01/05/2026	13,183
Techem Verwaltungsgesellschaft 675 2% 15/07/2025	10,034
Civitas Resources 8.375% 01/07/2028	9,523
Dufry One 2.5% 15/10/2024	8,466
MPT Operating Partnership 3.325% 24/03/2025	7,952
Transocean 8.25% 15/05/2029	7,922
H&E Equipment Services 3.875% 15/12/2028	7,007
Gruenthal 4.125% 15/05/2028	6,971
AES Var. Rate 7.6% 15/01/2055	6,873
Dufry One 4.75% 18/04/2031	6,755
Other purchases	341,853
Total purchases	426,539

Largest sales	£'000
Sprint 7.875% 15/09/2023	11,432
Caesars Entertainment 6.25% 01/07/2025	10,286
Techem Verwaltungsgesellschaft 675 2% 15/07/2025	10,083
Dufry One 2.5% 15/10/2024	8,475
Bellis Acquisition 3.25% 16/02/2026	8,262
Ford Motor Credit 4.95% 28/05/2027	7,713
Spirit AeroSystems 7.5% 15/04/2025	7,353
Rand Parent 8.5% 15/02/2030	7,162
Gruenthal 6.75% 15/05/2030	6,820
Tenet Healthcare 5.125% 01/11/2027	6,138
Other sales	334,657
Total sales	418,381

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

Financial highlights

Fund performance

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

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

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

Long-term performance by share class

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

Share class	One year % ^a	Three years % pa	Five years % pa	Ten years % pa
Sterling				
Class 'A' Income	+8.1	-0.5	+1.6	+2.1
Class 'A' Accumulation	+8.1	-0.6	+1.5	+2.1
Class 'I' Income	+8.5	-0.1	+2.0	+2.6
Class 'I' Accumulation	+8.5	-0.2	+2.0	+2.6
Class 'PP' Income	+8.6	+0.0	n/a	n/a
Class 'PP' Accumulation	+8.6	-0.1	+2.1	n/a
Class 'R' Income	+8.2	-0.4	+1.7	+2.3
Class 'R' Accumulation	+8.2	-0.4	+1.7	+2.3
Benchmark	+11.4	+0.3	+2.7	+3.3

^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).

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

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

Financial highlights

Sterling Class 'A' Income shares

The share class was launched on 1 October 2002.

for the year to 31 May	2024	2023	2022
Change in NAV per share	UK p	UK p	UK p
Opening NAV	38.80	41.71	47.55
Return before operating charges*	3.82	(0.23)	(3.21)
Operating charges	(0.39)	(0.39)	(0.46)
Return after operating charges*	3.43	(0.62)	(3.67)
Distributions	(2.46)	(2.29)	(2.17)
Closing NAV	39.77	38.80	41.71
*after direct transaction cost of	0.00	0.00	0.00
Performance			
Return after charges (%)	8.84	(1.49)	(7.72)
Other information			
Closing NAV (£'000)	250,697	274,892	52,702
Number of shares	630,360,940	708,560,120	126,366,616
Operating charges (%)	0.98	0.98	0.98
Direct transaction costs (%)	0.00	0.00	0.00
Prices			
Highest share price	40.48	41.71	48.23
Lowest share price	37.67	37.32	41.02

Sterling Class 'A' Accumulation shares

The share class was launched on 1 October 2002.

for the year to 31 May	2024	2023	2022
Change in NAV per share	UK p	UK p	UK p
Opening NAV	131.97	133.84	145.52
Return before operating charges*	13.33	(0.60)	(10.26)
Operating charges	(1.35)	(1.27)	(1.42)
Return after operating charges*	11.98	(1.87)	(11.68)
Distributions	(7.24)	(6.27)	(5.35)
Retained distributions	7.24	6.27	5.35
Closing NAV	143.95	131.97	133.84
*after direct transaction cost of	0.00	0.00	0.00
Performance			
Return after charges (%)	9.08	(1.40)	(8.03)
Other information			
Closing NAV (£'000)	274,449	310,587	247,184
Number of shares	190,659,167	235,351,317	184,689,814
Operating charges (%)	0.98	0.98	0.98
Direct transaction costs (%)	0.00	0.00	0.00
Prices			
Highest share price	144.53	135.07	148.97
Lowest share price	130.80	122.16	131.07

Financial highlights

Sterling Class 'I' Income shares

The share class was launched on 3 August 2012.

for the year to 31 May	2024	2023	2022
Change in NAV per share	UK p	UK p	UK p
Opening NAV	847.75	907.71	1,030.66
Return before operating charges*	83.58	(5.00)	(70.02)
Operating charges	(5.01)	(5.00)	(5.86)
Return after operating charges*	78.57	(10.00)	(75.88)
Distributions	(53.78)	(49.96)	(47.07)
Closing NAV	872.54	847.75	907.71
*after direct transaction cost of	0.02	0.02	0.01
Performance			
Return after charges (%)	9.27	(1.10)	(7.36)
Other information			
Closing NAV (£'000)	81,976	74,077	74,136
Number of shares	9,395,146	8,737,982	8,167,434
Operating charges (%)	0.58	0.58	0.58
Direct transaction costs (%)	0.00	0.00	0.00
Prices			
Highest share price	887.28	907.76	1,046.49
Lowest share price	824.52	813.44	892.69

Sterling Class 'I' Accumulation shares

The share class was launched on 3 August 2012.

for the year to 31 May	2024	2023	2022
Change in NAV per share	UK p	UK p	UK p
Opening NAV	1,419.22	1,433.66	1,552.46
Return before operating charges*	143.76	(6.32)	(109.79)
Operating charges	(8.62)	(8.12)	(9.01)
Return after operating charges*	135.14	(14.44)	(118.80)
Distributions	(84.00)	(72.92)	(63.40)
Retained distributions	84.00	72.92	63.40
Closing NAV	1,554.36	1,419.22	1,433.66
*after direct transaction cost of	0.03	0.03	0.02
Performance			
Return after charges (%)	9.52	(1.01)	(7.65)
Other information			
Closing NAV (£'000)	80,541	82,262	65,976
Number of shares	5,181,606	5,796,292	4,601,916
Operating charges (%)	0.58	0.58	0.58
Direct transaction costs (%)	0.00	0.00	0.00
Prices			
Highest share price	1,559.75	1,450.77	1,591.28
Lowest share price	1,408.94	1,310.59	1,403.90

Financial highlights

Sterling Class 'PP' Income shares

The share class was launched on 5 August 2019.

for the year to 31 May	2024	2023	2022
Change in NAV per share	UK p	UK p	UK p
Opening NAV	81.23	86.89	98.56
Return before operating charges*	8.02	(0.48)	(6.71)
Operating charges	(0.40)	(0.40)	(0.46)
Return after operating charges*	7.62	(0.88)	(7.17)
Distributions	(5.16)	(4.78)	(4.50)
Closing NAV	83.69	81.23	86.89
*after direct transaction cost of	0.00	0.00	0.00
Performance			
Return after charges (%)	9.38	(1.01)	(7.27)
Other information			
Closing NAV (£'000)	930	987	1,084
Number of shares	1,111,296	1,215,296	1,247,390
Operating charges (%)	0.48	0.48	0.48
Direct transaction costs (%)	0.00	0.00	0.00
Prices			
Highest share price	85.08	86.89	100.10
Lowest share price	79.04	77.89	85.45

Sterling Class 'PP' Accumulation shares

The share class was launched on 8 April 2019.

for the year to 31 May	2024	2023	2022
Change in NAV per share	UK p	UK p	UK p
Opening NAV	100.86	101.78	110.10
Return before operating charges*	10.22	(0.44)	(7.79)
Operating charges	(0.51)	(0.48)	(0.53)
Return after operating charges*	9.71	(0.92)	(8.32)
Distributions	(6.08)	(5.28)	(4.61)
Retained distributions	6.08	5.28	4.61
Closing NAV	110.57	100.86	101.78
*after direct transaction cost of	0.00	0.00	0.00
Performance			
Return after charges (%)	9.63	(0.90)	(7.56)
Other information			
Closing NAV (£'000)	562,412	530,813	270,915
Number of shares	508,657,242	526,310,898	266,183,088
Operating charges (%)	0.48	0.48	0.48
Direct transaction costs (%)	0.00	0.00	0.00
Prices			
Highest share price	110.94	103.06	112.89
Lowest share price	100.16	93.07	99.66

Financial highlights

Sterling Class 'R' Income shares

The share class was launched on 3 August 2012.

for the year to 31 May	2024	2023	2022
Change in NAV per share	UK p	UK p	UK p
Opening NAV	83.15	89.25	101.60
Return before operating charges*	8.19	(0.49)	(6.89)
Operating charges	(0.70)	(0.70)	(0.83)
Return after operating charges*	7.49	(1.19)	(7.72)
Distributions	(5.27)	(4.91)	(4.63)
Closing NAV	85.37	83.15	89.25
*after direct transaction cost of	0.00	0.00	0.00
Performance			
Return after charges (%)	9.01	(1.33)	(7.60)
Other information			
Closing NAV (£'000)	15,973	16,109	16,194
Number of shares	18,710,627	19,372,628	18,142,964
Operating charges (%)	0.83	0.83	0.83
Direct transaction costs (%)	0.00	0.00	0.00
Prices			
Highest share price	86.86	89.26	103.09
Lowest share price	80.79	79.91	87.79

Sterling Class 'R' Accumulation shares

The share class was launched on 3 August 2012.

for the year to 31 May	2024	2023	2022
Change in NAV per share	UK p	UK p	UK p
Opening NAV	137.55	139.30	151.23
Return before operating charges*	13.93	(0.62)	(10.68)
Operating charges	(1.20)	(1.13)	(1.25)
Return after operating charges*	12.73	(1.75)	(11.93)
Distributions	(7.77)	(6.74)	(5.79)
Retained distributions	7.77	6.74	5.79
Closing NAV	150.28	137.55	139.30
*after direct transaction cost of	0.00	0.00	0.00
Performance			
Return after charges (%)	9.25	(1.26)	(7.89)
Other information			
Closing NAV (£'000)	15,123	15,210	16,387
Number of shares	10,062,982	11,057,279	11,763,586
Operating charges (%)	0.83	0.83	0.83
Direct transaction costs (%)	0.00	0.00	0.00
Prices			
Highest share price	150.85	140.73	154.89
Lowest share price	136.43	127.23	136.42

Financial statements and notes

Financial statements

Statement of total return

for the year to 31 May	Note	2024		2023	
		£'000	£'000	£'000	£'000
Income					
Net capital gains/(losses)	3		41,844		(68,290)
Revenue	5	79,955		68,913	
Expenses	6	(9,143)		(8,977)	
Interest payable and similar charges		(44)		(15)	
Net revenue/(expense) before taxation		70,768		59,921	
Taxation	7	0		(17)	
Net revenue/(expense) after taxation			70,768		59,904
Total return before distributions			112,612		(8,386)
Distributions	8		(73,935)		(63,272)
Change in net assets attributable to shareholders from investment activities			38,677		(71,658)

Statement of change in net assets attributable to shareholders

for the year to 31 May	2024		2023	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		1,304,937		1,111,073
Amounts received on issue of shares	26,804		314,129	
Amounts paid on cancellation of shares	(140,174)		(92,184)	
		(113,370)		221,945
Dilution adjustments		488		1,642
Change in net assets attributable to shareholders from investment activities (see above)		38,677		(71,658)
Retained distributions on Accumulation shares		51,341		41,917
Unclaimed distributions		28		18
Closing net assets attributable to shareholders		1,282,101		1,304,937

Financial statements and notes

Financial statements

Balance sheet

as at 31 May	Note	2024 £'000	2023 £'000
Assets			
Fixed assets			
Investments		1,196,514	1,166,817
Current assets			
Debtors	9	19,298	725,201
Cash and bank balances	10	17,014	17,329
Cash equivalents		59,454	116,125
Total assets		1,292,280	2,025,472
Liabilities			
Investment liabilities		(2,340)	(5,570)
Creditors			
Overdrawn positions at futures clearing houses and collateral manager		(115)	0
Distribution payable		(1,814)	(2,128)
Other creditors	11	(5,910)	(712,837)
Total liabilities		(10,179)	(720,535)
Net assets attributable to shareholders		1,282,101	1,304,937

Financial statements and notes

Notes to the financial statements

1 Accounting policies

The financial statements have been prepared in accordance with the 'Summary of significant accounting policies' set out on pages 9 to 12.

2 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.

3 Net capital gains/(losses)

for the year to 31 May	2024 £'000	2023 £'000
Non-derivative securities	21,759	(41,186)
Derivative contracts	20,199	(18,347)
Currency gains/(losses)	(114)	(8,757)
Net capital gains/(losses)	41,844	(68,290)

Financial statements and notes

4 Portfolio transactions and associated costs

The following tables show portfolio transactions and their associated transaction costs. For more information about the nature of the costs please see the sections on 'Operating charges' and 'Portfolio transaction costs' within 'Notes to the financial statements' on pages 11 and 12. Total direct portfolio transaction costs are stated before dilution adjustments.

for the year to 31 May	2024 £'000	% of transaction	2023 £'000	% of transaction
a) Purchases				
Debt securities	426,539		557,872	
b) Sales				
Debt securities	353,245		396,199	
Other transaction types				
Corporate actions	65,136		0	
Total sales	418,381		396,199	
	2024 £'000	% of average NAV	2023 £'000	% of average NAV
c) Direct portfolio transaction costs				
Commissions paid				
Derivatives	13	0.00	13	0.00
Taxes paid				
Derivatives	14	0.00	14	0.00
Total direct portfolio transaction costs	27	0.00	27	0.00
		%		%
d) Indirect portfolio transaction costs				
Average portfolio dealing spread as at the balance sheet date		0.78		0.97

5 Revenue

for the year to 31 May	2024 £'000	2023 £'000
Bank interest	432	225
Derivative revenue	478	1,464
Dividends from equity investments: taxable	185	557
Interest distributions	2,722	2,121
Interest on debt securities	76,111	64,507
Rebate of ongoing charges from underlying funds	27	39
Total revenue	79,955	68,913

Financial statements and notes

6 Expenses

for the year to 31 May	2024 £'000	2023 £'000
Payable to the ACD or associate		
Annual charge	9,143	8,977
Total expenses	9,143	8,977

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

7 Taxation

for the year to 31 May	2024 £'000	2023 £'000
a) Analysis of charge in the year		
Corporation tax	0	0
Withholding tax	0	17
Deferred tax (note 7c)	0	0
Total taxation	0	17
b) Factors affecting taxation charge for the year		
Net revenue/(expense) before taxation	70,768	59,921
Corporation tax at 20%	14,154	11,984
Effects of:		
Interest distributions	(14,154)	(11,984)
Withholding tax	0	17
Total tax charge (note 7a)	0	17
c) Provision for deferred taxation		
Provision at the start of the year	0	0
Deferred tax in profit and loss account (note 7a)	0	0
Provision at the end of the year	0	0

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

Financial statements and notes

8 Distributions

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

for the year to 31 May	2024		2023	
	Inc £'000	Acc £'000	Inc £'000	Acc £'000
Interest distributions				
First interim	1,743	3,976	1,803	2,725
Second interim	1,855	4,271	1,756	3,160
Third interim	1,981	4,619	2,087	3,796
Fourth interim	1,895	4,477	1,888	3,462
Fifth interim	2,125	4,746	1,666	3,044
Sixth interim	1,690	3,760	1,551	2,827
Seventh interim	1,792	4,045	1,807	3,381
Eighth interim	1,983	4,496	1,789	3,328
Ninth interim	1,595	3,622	1,775	3,389
Tenth interim	1,934	4,555	1,859	4,166
Eleventh interim	1,911	4,467	1,684	3,780
Final	1,814	4,307	2,128	4,859
Total net distributions		73,659		63,710
Income deducted on cancellation of shares		338		1,432
Income received on issue of shares		(62)		(1,870)
Distributions		73,935		63,272
Net revenue/(expense) per statement of total return		70,768		59,904
Expenses offset against capital		3,167		3,368
Distributions		73,935		63,272

9 Debtors

as at 31 May	2024 £'000	2023 £'000
Amounts receivable on issues of shares	157	1,618
Currency deals outstanding	0	705,354
Debt security interest receivable	18,976	17,605
Derivative revenue receivable	0	185
Distributions receivable	164	404
Rebate of ongoing charges from underlying funds	1	2
Withholding tax recoverable	0	33
Total debtors	19,298	725,201

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10 Cash and bank balances

as at 31 May	2024 £'000	2023 £'000
Amounts held at futures clearing houses and collateral manager	5,437	6,238
Cash held as bank balances	11,577	11,091
Total cash and bank balances	17,014	17,329

11 Other creditors

as at 31 May	2024 £'000	2023 £'000
Amounts payable on cancellation of shares	314	781
Annual charge payable	449	417
Currency deals outstanding	0	705,592
Purchases awaiting settlement	5,147	6,047
Total other creditors	5,910	712,837

12 Contingent assets, liabilities and outstanding commitments

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

13 Shares in issue

The following table shows each class of share in issue during the year. Each share class has the same rights on winding up however they may have different charging structures as set out in note 14.

Share class	Opening 01.06.23	Issued	Movements Cancelled	Converted	Closing 31.05.24
Sterling					
Class 'A' Income	708,560,120	2,330,366	(80,529,546)	0	630,360,940
Class 'A' Accumulation	235,351,317	6,953,452	(51,645,602)	0	190,659,167
Class 'I' Income	8,737,982	1,483,638	(826,474)	0	9,395,146
Class 'I' Accumulation	5,796,292	174,000	(788,686)	0	5,181,606
Class 'PP' Income	1,215,296	95,000	(199,000)	0	1,111,296
Class 'PP' Accumulation	526,310,898	217,343	(17,870,999)	0	508,657,242
Class 'R' Income	19,372,628	612,355	(1,274,356)	0	18,710,627
Class 'R' Accumulation	11,057,279	124,703	(1,119,000)	0	10,062,982

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

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14 Charging structure

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

Share class	Annual charge %
Sterling	
Class 'A'	1.00
Class 'I'	0.60
Class 'PP'	0.50
Class 'R'	0.85

15 Related parties

M&G Securities Limited, as Authorised Corporate Director (ACD), is a related party and acts as principal on all the transactions of shares in the fund except with in specie transactions, where M&G Securities Limited acts as an agent. The aggregate monies received through issues, and paid on cancellations, are disclosed in the 'Statement of change in net assets attributable to shareholders' and note 8. Amounts due to/from M&G Securities Limited in respect of share transactions at the year end are disclosed in notes 9 and 11 where applicable.

Amounts paid to M&G Securities Limited in respect of the annual charge are disclosed in note 6. Amounts due at the year end in respect of the annual charge are disclosed in note 11.

Amounts paid to M&G Securities Limited in respect of rebate arrangements for the annual charge are disclosed in notes 3 and 5. Amounts due at the year end from the ACD, and/or associate, in respect of these rebates are disclosed in note 9.

At the balance sheet date, shareholders from within M&G plc, of which M&G Securities Limited is a wholly owned subsidiary, have holdings totalling 48.46% (2023: 48.58%) of the fund's shares.

16 Fair value analysis

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

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

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

Level 2: Valuation technique using observable market data

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

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Level 3: Valuation technique using unobservable inputs

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

as at 31 May	Assets 2024 £'000	Liabilities 2024 £'000	Assets 2023 £'000	Liabilities 2023 £'000
Level 1	12,582	(409)	12,366	(1,529)
Level 2	1,183,931	(1,931)	1,154,451	(4,041)
Level 3	1	0	0	0
	1,196,514	(2,340)	1,166,817	(5,570)

Level 3 assets comprise solely of House of Fraser Funding which is a defaulted bond.

17 Risk management policies

The general risk management policies for the fund are set out in note 3 to the financial statements on pages 12 to 15.

18 Market risk sensitivity and exposure

VaR is the risk measurement methodology used to assess the fund's leverage and market risk volatility. When VaR is calculated as a percentage of the net asset value it may not be greater than the VaR limit set for the fund.

The VaR limit set during the period up to 5 March 2023 was 20% (2023: 20%).

The VaR limit set for periods after 6 March 2023 was two times the benchmark.

The lowest, highest and average utilisation of VaR with reference to the limit above are calculated during the financial years ended 31 May 2024 and 31 May 2023.

for the year ended 31 May	2024 Utilisation of VaR 200%	from 6 March 2023 to 31 May 2023 Utilisation of VaR %	from 1 June 2022 to 5 March 2023 Utilisation of VaR 20%
Lowest	44.48	43.69	15.60
Highest	51.22	49.04	29.15
Average	47.07	46.52	22.79

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19 Credit risk

The fund is exposed to credit risk both through the credit quality of the investments it holds and through the derivative positions with counterparties. The table below shows the credit quality of the investments held in the portfolio.

as at 31 May	2024 £'000	2023 £'000
Investment grade securities	99,674	92,482
Below investment grade securities	1,089,425	1,061,903
Unrated securities	1	561
Other investments	5,074	6,301
Total	1,194,174	1,161,247

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

as at 31 May 2024	Forward currency contracts £'000	Futures £'000
Bank of America Merrill Lynch	0	767
Citigroup	4,569	0
JPMorgan	(375)	0
Royal Bank of Canada	4	0
Total	4,198	767

as at 31 May 2023	Swaps £'000	Forward currency contracts £'000	Futures £'000
Bank of America Merrill Lynch	0	584	(1,032)
Barclays Bank	(2,094)	146	0
BNP Paribas	0	(68)	0
Citigroup	0	(1,510)	0
JPMorgan	0	1,902	0
Royal Bank of Canada	0	114	0
National Australia Bank	0	8,581	0
Standard Chartered Bank	0	(372)	0
State Street Bank	0	7	0
Total	(2,094)	9,384	(1,032)

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20 Leverage risk

Funds using VaR approaches are required to disclose the level of leverage employed during the financial reporting period.

Derivatives can be used by the fund to generate market exposure to investments exceeding the net asset value. As a result of this exposure, the size of any positive or negative movement in markets may have a more significant effect on the net asset value of the fund.

The lowest, highest and average level of leverage employed and utilisation of the leverage level calculated during the financial years ended 31 May 2024 and 31 May 2023 are disclosed in the table below. Leverage has been calculated using the Gross Sum of Notional Approach for derivative positions only (including forward currency contracts) and excludes all physical holdings. Percentages are expressed with reference to fund valuation.

for the year to 31 May	2024 £'000	2024 %	2023 £'000	2023 %
Lowest	1,269,834	100.18	1,110,675	94.24
Highest	3,685,669	288.58	3,425,822	301.59
Average	1,480,677	115.64	1,406,228	119.15

21 Interest distribution tables

This fund pays monthly interest distributions and the following table sets out the distribution periods.

Monthly distribution periods

	Start	End	Xd	Payment
First interim	01.06.23	30.06.23	03.07.23	31.07.23
Second interim	01.07.23	31.07.23	01.08.23	31.08.23
Third interim	01.08.23	31.08.23	01.09.23	30.09.23
Fourth interim	01.09.23	30.09.23	02.10.23	31.10.23
Fifth interim	01.10.23	31.10.23	01.11.23	30.11.23
Sixth interim	01.11.23	30.11.23	01.12.23	31.12.23
Seventh interim	01.12.23	31.12.23	02.01.24	31.01.24
Eighth interim	01.01.24	31.01.24	01.02.24	29.02.24
Ninth interim	01.02.24	29.02.24	01.03.24	31.03.24
Tenth interim	01.03.24	31.03.24	02.04.24	30.04.24
Eleventh interim	01.04.24	30.04.24	01.05.24	31.05.24
Final	01.05.24	31.05.24	03.06.24	30.06.24

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

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

Group 2 shares are those purchased during a distribution period and therefore their distribution rate is made up of income and equalisation. Equalisation is the average amount of income included in the purchase price of all Group 2

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shares and is refunded to the holders of these shares as a return of capital. Being capital it is not liable to Income Tax. Instead, it must be deducted from the cost of shares for Capital Gains Tax purposes. The tables below show the split of the Group 2 rates into the income and equalisation components.

Sterling Class 'A' Income shares

Interest distributions for the year to 31 May	Income	Group 2	Group 1 & 2	
	2024 UK p	Equalisation 2024 UK p	2024 UK p	2023 UK p
First interim	0.0350	0.1507	0.1857	0.1861
Second interim	0.0268	0.1720	0.1988	0.1820
Third interim	0.0237	0.1895	0.2132	0.2172
Fourth interim	0.0332	0.1721	0.2053	0.1967
Fifth interim	0.0339	0.1974	0.2313	0.1748
Sixth interim	0.0252	0.1605	0.1857	0.1635
Seventh interim	0.0283	0.1698	0.1981	0.1911
Eighth interim	0.0156	0.2046	0.2202	0.1898
Ninth interim	0.0250	0.1532	0.1782	0.1891
Tenth interim	0.0344	0.1829	0.2173	0.1969
Eleventh interim	0.0495	0.1664	0.2159	0.1780
Final	0.0230	0.1833	0.2063	0.2256

Sterling Class 'A' Accumulation shares

Interest distributions for the year to 31 May	Income	Group 2	Group 1 & 2	
	2024 UK p	Equalisation 2024 UK p	2024 UK p	2023 UK p
First interim	0.1201	0.4044	0.5245	0.4948
Second interim	0.0948	0.4732	0.5680	0.4850
Third interim	0.2463	0.3745	0.6208	0.5860
Fourth interim	0.1633	0.4408	0.6041	0.5373
Fifth interim	0.3522	0.3370	0.6892	0.4689
Sixth interim	0.2727	0.2675	0.5402	0.4348
Seventh interim	0.0619	0.5248	0.5867	0.5259
Eighth interim	0.4639	0.1873	0.6512	0.5155
Ninth interim	0.2471	0.2741	0.5212	0.5298
Tenth interim	0.3128	0.3536	0.6664	0.5503
Eleventh interim	0.2189	0.4271	0.6460	0.4991
Final	0.2937	0.3299	0.6236	0.6446

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Sterling Class 'I' Income shares

Interest distributions for the year to 31 May	Income	Group 2	Group 1 & 2	
	2024 UK p	Equalisation 2024 UK p	2024 UK p	2023 UK p
First interim	1.9029	2.1561	4.0590	4.0519
Second interim	1.9647	2.3829	4.3476	3.9633
Third interim	2.5324	2.1302	4.6626	4.7305
Fourth interim	2.2320	2.2576	4.4896	4.2863
Fifth interim	2.4587	2.6038	5.0625	3.8100
Sixth interim	1.5596	2.5059	4.0655	3.5640
Seventh interim	2.5387	1.7988	4.3375	4.1687
Eighth interim	2.0166	2.8069	4.8235	4.1419
Ninth interim	1.0999	2.8055	3.9054	4.1270
Tenth interim	2.4392	2.3241	4.7633	4.3009
Eleventh interim	2.0339	2.7006	4.7345	3.8871
Final	2.1269	2.4039	4.5308	4.9274

Sterling Class 'I' Accumulation shares

Interest distributions for the year to 31 May	Income	Group 2	Group 1 & 2	
	2024 UK p	Equalisation 2024 UK p	2024 UK p	2023 UK p
First interim	3.5582	2.5548	6.1130	5.7493
Second interim	3.9207	2.6797	6.6004	5.6427
Third interim	3.9925	3.1793	7.1718	6.7954
Fourth interim	3.8672	3.0972	6.9644	6.2140
Fifth interim	2.7914	5.1308	7.9222	5.4820
Sixth interim	4.0767	2.2205	6.2972	5.1157
Seventh interim	2.8950	3.9049	6.7999	6.1065
Eighth interim	2.8521	4.7185	7.5706	6.0353
Ninth interim	1.8589	4.2508	6.1097	6.1323
Tenth interim	3.9012	3.7617	7.6629	6.3932
Eleventh interim	4.2171	3.3121	7.5292	5.8031
Final	3.9383	3.3208	7.2591	7.4484

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Sterling Class 'PP' Income shares

Interest distributions for the year to 31 May	Income 2024 UK p	Group 2 Equalisation 2024 UK p	Group 1 & 2 Distribution 2024 UK p	2023 UK p
First interim	0.3283	0.0607	0.3890	0.3878
Second interim	0.3730	0.0436	0.4166	0.3794
Third interim	0.2312	0.2156	0.4468	0.4530
Fourth interim	0.4303	0.0000	0.4303	0.4103
Fifth interim	0.4090	0.0763	0.4853	0.3648
Sixth interim	0.3897	0.0000	0.3897	0.3413
Seventh interim	0.4158	0.0000	0.4158	0.3993
Eighth interim	0.4625	0.0000	0.4625	0.3968
Ninth interim	0.0000	0.3744	0.3744	0.3953
Tenth interim	0.0334	0.4234	0.4568	0.4120
Eleventh interim	0.2410	0.2131	0.4541	0.3724
Final	0.4337	0.0000	0.4337	0.4721

Sterling Class 'PP' Accumulation shares

Interest distributions for the year to 31 May	Income 2024 UK p	Group 2 Equalisation 2024 UK p	Group 1 & 2 Distribution 2024 UK p	2023 UK p
First interim	0.4299	0.0129	0.4428	0.4161
Second interim	0.3247	0.1531	0.4778	0.4085
Third interim	0.3869	0.1315	0.5184	0.4917
Fourth interim	0.3657	0.1375	0.5032	0.4492
Fifth interim	0.1006	0.4715	0.5721	0.3973
Sixth interim	0.3338	0.1224	0.4562	0.3714
Seventh interim	0.2813	0.2106	0.4919	0.4419
Eighth interim	0.3750	0.1732	0.5482	0.4375
Ninth interim	0.3108	0.1323	0.4431	0.4435
Tenth interim	0.4055	0.1479	0.5534	0.4628
Eleventh interim	0.3294	0.2160	0.5454	0.4201
Final	0.3354	0.1903	0.5257	0.5384

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Sterling Class 'R' Income shares

Interest distributions for the year to 31 May	Income 2024 UK p	Group 2 Equalisation 2024 UK p	Group 1 & 2 Distribution 2024 UK p	2023 UK p
First interim	0.1749	0.2232	0.3981	0.3984
Second interim	0.1375	0.2888	0.4263	0.3896
Third interim	0.2993	0.1578	0.4571	0.4650
Fourth interim	0.1776	0.2624	0.4400	0.4211
Fifth interim	0.2487	0.2474	0.4961	0.3743
Sixth interim	0.1426	0.2557	0.3983	0.3500
Seventh interim	0.2030	0.2218	0.4248	0.4093
Eighth interim	0.1424	0.3300	0.4724	0.4067
Ninth interim	0.2034	0.1789	0.3823	0.4051
Tenth interim	0.3343	0.1320	0.4663	0.4220
Eleventh interim	0.2184	0.2450	0.4634	0.3814
Final	0.1326	0.3105	0.4431	0.4834

Sterling Class 'R' Accumulation shares

Interest distributions for the year to 31 May	Income 2024 UK p	Group 2 Equalisation 2024 UK p	Group 1 & 2 Distribution 2024 UK p	2023 UK p
First interim	0.1652	0.3987	0.5639	0.5314
Second interim	0.2646	0.3453	0.6099	0.5211
Third interim	0.2670	0.3981	0.6651	0.6289
Fourth interim	0.3858	0.2609	0.6467	0.5759
Fifth interim	0.1966	0.5404	0.7370	0.5048
Sixth interim	0.3671	0.2137	0.5808	0.4692
Seventh interim	0.3897	0.2396	0.6293	0.5646
Eighth interim	0.3097	0.3897	0.6994	0.5552
Ninth interim	0.2029	0.3587	0.5616	0.5681
Tenth interim	0.1422	0.5705	0.7127	0.5909
Eleventh interim	0.3044	0.3901	0.6945	0.5360
Final	0.3392	0.3295	0.6687	0.6908

22 Events after the balance sheet date

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

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

Investment objective

The fund aims to provide a higher total return (the combination of capital growth and income), net of the ongoing charge figure, than that of the FTSE Actuaries UK Index-Linked Gilts All Stocks Index over any five-year period.

Investment policy

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

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

Other investment may include:

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

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

Investment approach

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

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

Individual credit selection is carried out with the assistance of an in-house team of credit analysts to complement the fund manager's views.

Benchmark

FTSE Actuaries UK Index-Linked Gilts All Stocks Index

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

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

The fund is actively managed.

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

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

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Risk profile

For details of the risks associated with this fund, please refer to the Prospectus. For details of the risk management policies, please refer to pages 12 to 15.

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



The above number:

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

Investment review

For the year ended 31 May 2024

Performance against objective

Between 1 June 2023 (the start of the review period) and 31 May 2024, the M&G Index-Linked Bond Fund's Sterling Class 'A' and 'I' shares delivered a total return (the combination of income and growth of capital) of 1.3% and 1.6%, respectively. This compares with the return of 2.6% from the fund's benchmark, the FTSE Actuaries UK Index-Linked Gilts All Stocks Index, over the same period.

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

Over five years, the fund was behind the benchmark. The fund's Sterling Class 'A' shares returned -6.8% pa and the Class 'I' shares returned -6.5% pa, while the

benchmark returned -6.2% pa over this period. The fund has not achieved its objective across all its share classes.

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

Both UK government bonds (also known as gilts) and index-linked government bonds delivered positive returns in the 12 months to the end of May 2024. Index-linked bonds refer to bonds where the value of the loan and the interest payments are adjusted in line with inflation over the life of the security.

Investors' concern over above-target inflation levels and subsequent interest rate hikes generally gave way to greater optimism about declining inflation and the prospect of interest rate cuts, albeit with bouts of anxiety over at times stubborn inflation, in the UK and the US, as well as uncertainty over the possible timing of moves.

In June 2023, UK inflation surprised on the upside and the Bank of England (BoE) effected a higher-than-expected increase to interest rates. Inflation followed a generally downwards trend, although the BoE raised interest rates again in early August, taking rates to 5.25%. Central banks largely maintained their 'higher for longer' rhetoric over the summer, indicating that rate cuts in the near term were unlikely. In September, the UK and US both paused and left their interest rates unchanged, with the UK ending a run of 14 successive hikes.

October saw the outbreak of conflict in the Middle East and fears that it may spread into the wider region, prompting a 'risk-off' sentiment in financial markets. Index-linked gilt yields rose, and prices fell, after employment data was a little weaker than had been expected.

Financial markets rallied strongly late in the year due to slower inflation in the US, Europe and the UK, sparking optimism that interest rates could have peaked and may start to come down. Increased hopes of a 'soft landing'

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in the US also supported sentiment and prices of conventional government bonds and index-linked gilts rose strongly at this time.

January 2024 was a weaker month for conventional and index-linked government bonds as the US Federal Reserve dampened expectations of a rate cut in March, leading investors to speculate that the first cuts to interest rates may come later than they had been expecting. In the UK, there was uncertainty over whether the UK would move early or if the BoE would wait for the US to move first, as is the tradition.

February saw market expectations of cuts in the US pushed back further, with the final stages of getting inflation to target levels proving challenging. The UK faced a similar situation with 'sticky' inflation, with the Consumer Prices Index (CPI) for January remaining unchanged over the previous month, pushing back the expected timing of the first rate cut. The UK also entered a technical recession as the economy contracted for two consecutive quarters, weighed down by the effects of higher inflation and interest rates on businesses and consumers. However, the recession subsequently proved to be only shallow, with figures indicating 0.6% growth for the UK in the first quarter of 2024.

In March UK inflation levels for February dipped markedly, falling slightly more than had been expected and increasing the prospect of rate cuts in the near term. Conventional and index-linked gilt prices rose at this time.

In the final months of the period under review, continued economic resilience led yields higher, and prices lower. UK inflation continued to decline, primarily reflecting the effect of high energy prices falling out of the annual comparison. However, services inflation remains uncomfortably high for the BoE and has pushed rate cuts further back. The fund posted negative absolute returns at this time, in our opinion a clear reflection of current market conditions.

Investment activities

Throughout the first half of the period under review, we maintained an overweight (above benchmark) position

in 20-25 year government bonds, as we felt they were inexpensive, compared with shorter and longer dated bonds. In early 2024, we reduced the overweight in these assets and purchased bonds at shorter and longer maturity points (5 year and 40 year). Longer dated periods before a contract expires have cheapened considerably from the very expensive levels in the past two years.

In other activity, we sold an overweight position in the CPI-linked Cambridge bond in September 2023 as we felt better opportunities lay elsewhere. The security has added a small positive contribution to performance since purchase. We had a tactical short duration position whereby bonds were sold into market strength in December 2023 (duration is a measure of a bond's sensitivity to changes in interest rates). The position was subsequently closed at a small profit to the fund.

The fund's core position of being underweight (positioned below the benchmark) in the 10-year sector versus maturities in 5-year and 30-year plus has remained relatively stable. We did take the opportunity to further underweight the 10-year sector and purchase bonds in the 40-year sector, as we believe bonds with longer maturities could outperform bonds with shorter-dated maturities. In our opinion, the valuations of longer-dated maturities have become compelling and should be supported on the back of limited long-dated supply in the near term.

Authorised Corporate Director's Report

Outlook

The UK general election in July was met with relative calm by the markets and we await further announcements from the new Labour government regarding their economic plans. Regarding central bank policy, markets are still priced for modest rate cuts, although most of the previously expected rate cuts for 2024 have been removed from market pricing. We do not feel that the backdrop warrants an aggressive rate-cutting cycle by the major central banks. In our view, data will have to deteriorate meaningfully from here to warrant more cuts than those already priced into the market.

Miles Tym

Fund manager

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

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

Portfolio statement

Investments

Holding	as at 31.05.24 £'000	as at 31.05.24 %	as at 31.05.23 %
Fixed income	92,999	99.51	99.68
Debt securities	92,999	99.51	99.68
'AA' credit rated bonds	92,999	99.51	99.68
£820,000 Network Rail Infrastructure Finance IL 1.9618% 01/12/2025	1,661	1.78	
£2,252,485 UK Treasury 0.5% 31/01/2029	1,898	2.03	
£2,506,772 UK Treasury 4.5% 07/06/2028	2,515	2.69	
£11,727,291 UK Treasury IL 0.125% 22/03/2026	17,257	18.46	
£4,725,984 UK Treasury IL 0.125% 22/03/2029	7,526	8.05	
£3,539,644 UK Treasury IL 0.125% 22/03/2039	3,976	4.25	
£9,468,822 UK Treasury IL 0.125% 22/03/2044	11,846	12.68	
£14,577,309 UK Treasury IL 0.125% 22/03/2046	16,543	17.70	
£1,559,169 UK Treasury IL 0.125% 22/03/2051	1,436	1.54	
£8,632,198 UK Treasury IL 0.125% 22/03/2068	8,046	8.61	
£5,668,904 UK Treasury IL 0.25% 22/03/2052	6,547	7.01	
£6,144,270 UK Treasury IL 0.625% 22/03/2045	5,607	6.00	
£441,844 UK Treasury IL 0.75% 22/11/2033	461	0.49	
£3,766,960 UK Treasury IL 1.25% 22/11/2027	7,680	8.22	
Total portfolio	92,999	99.51	99.68
Net other assets/(liabilities)	461	0.49	0.32
Net assets attributable to shareholders	93,460	100.00	100.00

Portfolio statement

Top ten portfolio transactions for the year to 31 May 2024

Largest purchases	£'000
UK Treasury IL 0.125% 22/03/2026	18,900
UK Treasury IL 0.125% 22/03/2044	16,673
UK Treasury IL 0.125% 22/08/2028	14,792
UK Treasury IL 0.125% 22/03/2039	14,762
UK Treasury IL 0.75% 22/11/2033	12,659
UK Treasury IL 0.25% 22/03/2052	12,494
UK Treasury IL 0.125% 22/03/2068	9,577
UK Treasury IL 2.5% 17/07/2024	9,204
UK Treasury IL 0.125% 22/03/2046	9,028
UK Treasury IL 0.125% 22/03/2029	7,535
Other purchases	18,796
Total purchases	144,420

Largest sales	£'000
UK Treasury IL 0.125% 22/03/2039	23,058
UK Treasury IL 1.25% 22/11/2027	21,967
UK Treasury IL 0.75% 22/11/2047	16,317
UK Treasury IL 0.125% 22/08/2028	15,065
UK Treasury IL 0.75% 22/11/2033	12,337
UK Treasury IL 0.125% 10/08/2048	10,069
UK Treasury IL 2.5% 17/07/2024	9,224
UK Treasury IL 0.125% 22/03/2024	9,147
UK Treasury IL 0.5% 22/03/2050	8,743
UK Treasury IL 0.625% 22/03/2045	6,622
Other sales	25,716
Total sales	158,265

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

Financial highlights

Fund performance

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

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

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

Long-term performance by share class

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

Share class	One year % ^a	Three years % pa	Five years % pa	Ten years % pa
Sterling				
Class 'A' Income	+1.3	-11.4	-6.8	+0.9
Class 'A' Accumulation	+1.3	-11.4	-6.8	+0.9
Class 'I' Income	+1.6	-11.2	-6.5	+1.1
Class 'I' Accumulation	+1.6	-11.2	-6.5	+1.1
Class 'PP' Income	+1.7	n/a	n/a	n/a
Class 'PP' Accumulation	+1.7	n/a	n/a	n/a
Benchmark	+2.6	-11.7	-6.2	+1.2

^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).

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

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

Financial highlights

Sterling Class 'A' Income shares

The share class was launched on 4 October 1999.

for the year to 31 May	2024	2023	2022
Change in NAV per share	UK p	UK p	UK p
Opening NAV	107.92	146.19	159.26
Return before operating charges*	2.14	(37.60)	(12.15)
Operating charges	(0.60)	(0.67)	(0.92)
Return after operating charges*	1.54	(38.27)	(13.07)
Distributions	(0.51)	0.00	0.00
Closing NAV	108.95	107.92	146.19
*after direct transaction cost of	0.00	0.00	0.00
Performance			
Return after charges (%)	1.43	(26.18)	(8.21)
Other information			
Closing NAV (£'000)	4,469	6,554	10,233
Number of shares	4,101,657	6,073,594	6,999,534
Operating charges (%)	0.55	0.55	0.55
Direct transaction costs (%)	0.00	0.00	0.00
Prices			
Highest share price	117.10	146.01	183.49
Lowest share price	101.85	92.63	144.83

Sterling Class 'A' Accumulation shares

The share class was launched on 4 October 1999.

for the year to 31 May	2024	2023	2022
Change in NAV per share	UK p	UK p	UK p
Opening NAV	123.97	167.95	182.94
Return before operating charges*	2.48	(43.21)	(13.93)
Operating charges	(0.69)	(0.77)	(1.06)
Return after operating charges*	1.79	(43.98)	(14.99)
Distributions	0.00	0.00	0.00
Retained distributions	0.00	0.00	0.00
Closing NAV	125.76	123.97	167.95
*after direct transaction cost of	0.00	0.00	0.00
Performance			
Return after charges (%)	1.44	(26.19)	(8.19)
Other information			
Closing NAV (£'000)	11,346	15,451	25,961
Number of shares	9,021,932	12,462,953	15,458,069
Operating charges (%)	0.55	0.55	0.55
Direct transaction costs (%)	0.00	0.00	0.00
Prices			
Highest share price	134.64	167.73	210.79
Lowest share price	117.00	106.42	166.39

Financial highlights

Sterling Class 'I' Income shares

The share class was launched on 3 August 2012.

for the year to 31 May	2024	2023	2022
Change in NAV per share	UK p	UK p	UK p
Opening NAV	1,169.95	1,580.15	1,716.03
Return before operating charges*	23.36	(406.91)	(131.35)
Operating charges	(2.97)	(3.29)	(4.53)
Return after operating charges*	20.39	(410.20)	(135.88)
Distributions	(5.58)	0.00	0.00
Closing NAV	1,184.76	1,169.95	1,580.15
*after direct transaction cost of	0.00	0.00	0.00
Performance			
Return after charges (%)	1.74	(25.96)	(7.92)
Other information			
Closing NAV (£'000)	13,513	13,879	23,822
Number of shares	1,140,577	1,186,249	1,507,595
Operating charges (%)	0.25	0.25	0.25
Direct transaction costs (%)	0.00	0.00	0.00
Prices			
Highest share price	1,271.69	1,578.96	1,980.44
Lowest share price	1,105.45	1,002.34	1,565.20

Sterling Class 'I' Accumulation shares

The share class was launched on 3 August 2012.

for the year to 31 May	2024	2023	2022
Change in NAV per share	UK p	UK p	UK p
Opening NAV	1,171.48	1,582.22	1,718.27
Return before operating charges*	23.42	(407.45)	(131.51)
Operating charges	(2.98)	(3.29)	(4.54)
Return after operating charges*	20.44	(410.74)	(136.05)
Distributions	(2.61)	0.00	0.00
Retained distributions	2.61	0.00	0.00
Closing NAV	1,191.92	1,171.48	1,582.22
*after direct transaction cost of	0.00	0.00	0.00
Performance			
Return after charges (%)	1.74	(25.96)	(7.92)
Other information			
Closing NAV (£'000)	60,537	66,591	94,746
Number of shares	5,078,979	5,684,299	5,988,162
Operating charges (%)	0.25	0.25	0.25
Direct transaction costs (%)	0.00	0.00	0.00
Prices			
Highest share price	1,274.48	1,581.03	1,983.04
Lowest share price	1,106.90	1,003.65	1,567.24

Financial highlights

Sterling Class 'PP' Income shares

The share class was launched on 21 April 2022.

for the year to 31 May	2024	2023	2022
Change in NAV per share	UK p	UK p	UK p
Opening NAV	70.56	95.20	100.00
Return before operating charges*	1.40	(24.52)	(4.78)
Operating charges	(0.11)	(0.12)	(0.02)
Return after operating charges*	1.29	(24.64)	(4.80)
Distributions	(0.34)	0.00	0.00
Closing NAV	71.51	70.56	95.20
*after direct transaction cost of	0.00	0.00	0.00
Performance			
Return after charges (%)	1.83	(25.88)	(4.80)
Other information			
Closing NAV (£'000)	65	14	19
Number of shares	90,930	20,010	20,010
Operating charges (%)	0.15	0.15	0.15
Direct transaction costs (%)	0.00	0.00	0.00
Prices			
Highest share price	76.73	95.14	102.17
Lowest share price	66.69	60.41	94.29

Sterling Class 'PP' Accumulation shares

The share class was launched on 21 April 2022.

for the year to 31 May	2024	2023	2022
Change in NAV per share	UK p	UK p	UK p
Opening NAV	70.56	95.20	100.00
Return before operating charges*	1.41	(24.53)	(4.78)
Operating charges	(0.11)	(0.11)	(0.02)
Return after operating charges*	1.30	(24.64)	(4.80)
Distributions	(0.23)	0.00	0.00
Retained distributions	0.23	0.00	0.00
Closing NAV	71.86	70.56	95.20
*after direct transaction cost of	0.00	0.00	0.00
Performance			
Return after charges (%)	1.84	(25.88)	(4.80)
Other information			
Closing NAV (£'000)	3,530	3,436	19
Number of shares	4,912,352	4,870,067	20,000
Operating charges (%)	0.15	0.15	0.15
Direct transaction costs (%)	0.00	0.00	0.00
Prices			
Highest share price	76.81	95.14	102.17
Lowest share price	66.70	60.41	94.29

Financial statements and notes

Financial statements

Statement of total return

for the year to 31 May	Note	2024		2023	
		£'000	£'000	£'000	£'000
Income					
Net capital gains/(losses)	3		(1,164)		(50,129)
Revenue	5	3,022		12,134	
Expenses	6	(285)		(378)	
Interest payable and similar charges		0		0	
Net revenue/(expense) before taxation		2,737		11,756	
Taxation	7	0		0	
Net revenue/(expense) after taxation			2,737		11,756
Total return before distributions/equalisation			1,573		(38,373)
Distributions/equalisation	8		(223)		35
Change in net assets attributable to shareholders from investment activities			1,350		(38,338)

Statement of change in net assets attributable to shareholders

for the year to 31 May	2024		2023	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		105,925		154,800
Amounts received on issue of shares	11,361		18,036	
Amounts paid on cancellation of shares	(25,350)		(28,630)	
		(13,989)		(10,594)
Dilution adjustments		30		57
Change in net assets attributable to shareholders from investment activities (see above)		1,350		(38,338)
Retained distributions on Accumulation shares		144		0
Closing net assets attributable to shareholders		93,460		105,925

Financial statements and notes

Financial statements

Balance sheet

as at 31 May	Note	2024 £'000	2023 £'000
Assets			
Fixed assets			
Investments		92,999	105,583
Current assets			
Debtors	9	240	66
Cash and bank balances	10	109	130
Cash equivalents		282	160
Total assets		93,630	105,939
Liabilities			
Creditors			
Distribution payable		(69)	0
Other creditors	11	(101)	(14)
Total liabilities		(170)	(14)
Net assets attributable to shareholders		93,460	105,925

Financial statements and notes

Notes to the financial statements

1 Accounting policies

The financial statements have been prepared in accordance with the 'Summary of significant accounting policies' set out on pages 9 to 12.

2 Distribution policy

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

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

3 Net capital gains/(losses)

for the year to 31 May	2024 £'000	2023 £'000
Non-derivative securities	(1,133)	(50,104)
Derivative contracts	(31)	(25)
Net capital gains/(losses)	(1,164)	(50,129)

Financial statements and notes

4 Portfolio transactions and associated costs

The following tables show portfolio transactions and their associated transaction costs. For more information about the nature of the costs please see the sections on 'Operating charges' and 'Portfolio transaction costs' within 'Notes to the financial statements' on pages 11 and 12. Total direct portfolio transaction costs are stated before dilution adjustments.

for the year to 31 May	2024 £'000	2023 £'000
a) Purchases		
Debt securities	144,420	253,267
b) Sales		
Debt securities	158,265	262,753
	%	%
c) Indirect portfolio transaction costs		
Average portfolio dealing spread as at the balance sheet date	0.10	0.24

5 Revenue

for the year to 31 May	2024 £'000	2023 £'000
Interest distributions	35	45
Interest on debt securities	2,987	12,088
Rebate of ongoing charges from underlying funds	0	1
Total revenue	3,022	12,134

6 Expenses

for the year to 31 May	2024 £'000	2023 £'000
Payable to the ACD or associate		
Annual charge	285	378
Total expenses	285	378

Audit fees for the financial year ending 2024 were £14,000 (2023: £14,000) (including VAT), which are covered by the annual charge.

Financial statements and notes

7 Taxation

for the year to 31 May	2024 £'000	2023 £'000
a) Analysis of charge in the year		
Corporation tax	0	0
Withholding tax	0	0
Deferred tax (note 7c)	0	0
Total taxation	0	0
b) Factors affecting taxation charge for the year		
Net revenue/(expense) before taxation	2,737	11,756
Corporation tax at 20%	547	2,351
Effects of:		
Relief for indexation on UK gilts	(517)	(2,705)
Current year expenses (utilised)/not utilised	(30)	354
Total tax charge (note 7a)	0	0
c) Provision for deferred taxation		
Provision at the start of the year	0	0
Deferred tax in profit and loss account (note 7a)	0	0
Provision at the end of the year	0	0

The fund has not recognised a deferred tax asset of £9,665,000 (2023: £9,695,000) arising as a result of having excess management expenses and interest distributions. We do not expect this asset to be utilised in the foreseeable future.

8 Distributions

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

for the year to 31 May	2024		2023	
	Inc £'000	Acc £'000	Inc £'000	Acc £'000
Interest distributions				
Interim	17	0	0	0
Final	69	144	0	0
Total net distributions		230		0
Income deducted on cancellation of shares		(1)		(263)
Income received on issue of shares		(6)		228
Distributions/equalisation		223		(35)
Net revenue/(expense) per statement of total return		2,737		11,756
Expenses offset against capital		64		88
Effective yield adjustment not distributed		(2,587)		(13,527)
Income deficit transferred to capital		9		1,648
Distributions/equalisation		223		(35)

Financial statements and notes

9 Debtors

as at 31 May	2024 £'000	2023 £'000
Amounts receivable on issues of shares	128	0
Debt security interest receivable	107	59
Distributions receivable	5	7
Total debtors	240	66

10 Cash and bank balances

as at 31 May	2024 £'000	2023 £'000
Cash held as bank balances	109	130
Total cash and bank balances	109	130

11 Other creditors

as at 31 May	2024 £'000	2023 £'000
Amounts payable on cancellation of shares	87	0
Annual charge payable	14	14
Total other creditors	101	14

12 Contingent assets, liabilities and outstanding commitments

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

13 Shares in issue

The following table shows each class of share in issue during the year. Each share class has the same rights on winding up however they may have different charging structures as set out in note 14.

Share class	Opening 01.06.23	Issued	Movements Cancelled	Converted	Closing 31.05.24
Sterling					
Class 'A' Income	6,073,594	90,141	(2,062,078)	0	4,101,657
Class 'A' Accumulation	12,462,953	79,746	(3,520,767)	0	9,021,932
Class 'I' Income	1,186,249	185,502	(231,174)	0	1,140,577
Class 'I' Accumulation	5,684,299	735,450	(1,340,770)	0	5,078,979
Class 'PP' Income	20,010	138,000	(67,080)	0	90,930
Class 'PP' Accumulation	4,870,067	117,999	(75,714)	0	4,912,352

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

Financial statements and notes

14 Charging structure

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

Share class	Annual charge %
Sterling	
Class 'A'	0.55
Class 'I'	0.25
Class 'PP'	0.15

15 Related parties

M&G Securities Limited, as Authorised Corporate Director (ACD), is a related party and acts as principal on all the transactions of shares in the fund except with in specie transactions, where M&G Securities Limited acts as an agent. The aggregate monies received through issues, and paid on cancellations, are disclosed in the 'Statement of change in net assets attributable to shareholders' and note 8. Amounts due to/from M&G Securities Limited in respect of share transactions at the year end are disclosed in notes 9 and 11 where applicable.

Amounts paid to M&G Securities Limited in respect of the annual charge are disclosed in note 6. Amounts due at the year end in respect of the annual charge are disclosed in note 11.

Amounts paid to M&G Securities Limited in respect of rebate arrangements for the annual charge are disclosed in notes 3 and 5. Amounts due at the year end from the ACD, and/or associate, in respect of these rebates are disclosed in note 9.

At the balance sheet date, shareholders from within M&G plc, of which M&G Securities Limited is a wholly owned subsidiary, have holdings totalling 4.89% (2023: 4.41%) of the fund's shares.

16 Fair value analysis

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

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

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

Level 2: Valuation technique using observable market data

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

Financial statements and notes

Level 3: Valuation technique using unobservable inputs

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

as at 31 May	Assets 2024 £'000	Liabilities 2024 £'000	Assets 2023 £'000	Liabilities 2023 £'000
Level 1	91,338	0	102,505	0
Level 2	1,661	0	3,078	0
Level 3	0	0	0	0
	92,999	0	105,583	0

17 Risk management policies

The general risk management policies for the fund are set out in note 3 to the financial statements on pages 12 to 15.

18 Market risk sensitivity and exposure

VaR is the risk measurement methodology used to assess the fund's leverage and market risk volatility. When VaR is calculated as a percentage of the net asset value it may not be greater than the VaR limit set for the fund.

The VaR limit set during the period up to 5 March 2023 was 20% (2023: 20%).

The VaR limit set for periods after 6 March 2023 was two times the benchmark.

The lowest, highest and average utilisation of VaR with reference to the limit above are calculated during the financial years ended 31 May 2024 and 31 May 2023.

for the year ended 31 May	2024 Utilisation of VaR 200%	from 6 March 2023 to 31 May 2023 Utilisation of VaR %	from 1 June 2022 to 5 March 2023 Utilisation of VaR 20%
Lowest	49.87	50.35	40.75
Highest	53.18	53.17	105.90
Average	51.61	51.90	72.40

19 Credit risk

The fund is exposed to credit risk both through the credit quality of the investments it holds. The table below shows the credit quality of the investments held in the portfolio.

as at 31 May	2024 £'000	2023 £'000
Investment grade securities	92,999	105,583
Total	92,999	105,583

Financial statements and notes

20 Leverage risk

Funds using VaR approaches are required to disclose the level of leverage employed during the financial reporting period.

Derivatives can be used by the fund to generate market exposure to investments exceeding the net asset value. As a result of this exposure, the size of any positive or negative movement in markets may have a more significant effect on the net asset value of the fund.

The lowest, highest and average level of leverage employed and utilisation of the leverage level calculated during the financial years ended 31 May 2024 and 31 May 2023 are disclosed in the table below. Leverage has been calculated using the Gross Sum of Notional Approach for derivative positions only (including forward currency contracts) and excludes all physical holdings. Percentages are expressed with reference to fund valuation.

for the year to 31 May	2024 £'000	2024 %	2023 £'000	2023 %
Lowest	0	0.00	0	0.00
Highest	0	0.00	0	0.00
Average	0	0.00	0	0.00

21 Interest distribution tables

This fund pays semi-annual interest distributions and the following table sets out the distribution periods.

Semi-annual distribution periods

	Start	End	Xd	Payment
Interim	01.06.23	30.11.23	01.12.23	31.01.24
Final	01.12.23	31.05.24	03.06.24	31.07.24

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

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

Group 2 shares are those purchased during a distribution period and therefore their distribution rate is made up of income and equalisation. Equalisation is the average amount of income included in the purchase price of all Group 2 shares and is refunded to the holders of these shares as a return of capital. Being capital it is not liable to Income Tax. Instead, it must be deducted from the cost of shares for Capital Gains Tax purposes. The tables below show the split of the Group 2 rates into the income and equalisation components.

Sterling Class 'A' Income shares

Interest distributions for the year to 31 May	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Interim	0.0564	0.0389	0.0953	0.0000
Final	0.2487	0.1695	0.4182	0.0000

Financial statements and notes

Sterling Class 'A' Accumulation shares

Interest distributions for the year to 31 May	Income	Group 2	Group 1 & 2	
	2024	Equalisation	Distribution	
	2024	2024	2024	2023
	UK p	UK p	UK p	UK p
Interim	0.0000	0.0000	0.0000	0.0000
Final	0.0000	0.0000	0.0000	0.0000

Sterling Class 'I' Income shares

Interest distributions for the year to 31 May	Income	Group 2	Group 1 & 2	
	2024	Equalisation	Distribution	
	2024	2024	2024	2023
	UK p	UK p	UK p	UK p
Interim	0.3439	0.6909	1.0348	0.0000
Final	2.4609	2.0837	4.5446	0.0000

Sterling Class 'I' Accumulation shares

Interest distributions for the year to 31 May	Income	Group 2	Group 1 & 2	
	2024	Equalisation	Distribution	
	2024	2024	2024	2023
	UK p	UK p	UK p	UK p
Interim	0.0000	0.0000	0.0000	0.0000
Final	1.7666	0.8479	2.6145	0.0000

Sterling Class 'PP' Income shares

Interest distributions for the year to 31 May	Income	Group 2	Group 1 & 2	
	2024	Equalisation	Distribution	
	2024	2024	2024	2023
	UK p	UK p	UK p	UK p
Interim	0.0627	0.0000	0.0627	0.0000
Final	0.2742	0.0000	0.2742	0.0000

Sterling Class 'PP' Accumulation shares

Interest distributions for the year to 31 May	Income	Group 2	Group 1 & 2	
	2024	Equalisation	Distribution	
	2024	2024	2024	2023
	UK p	UK p	UK p	UK p
Interim	0.0093	0.0000	0.0093	0.0000
Final	0.2200	0.0000	0.2200	0.0000

22 Events after the balance sheet date

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

Authorised Corporate Director's Report

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

Investment objective

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

Investment policy

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

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

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

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

Investment approach

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

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

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

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

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

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

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

Benchmark

FTSE All-Share Index

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

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

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

Authorised Corporate Director's Report

Additional Information

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

Risk profile

For details of the risks associated with this fund, please refer to the Prospectus. For details of the risk management policies, please refer to pages 12 to 15.

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

With effect from 12 December 2023, BlackRock Investment Management (UK) Limited ('BlackRock') was appointed as Sub-Investment Manager of the M&G Index Tracker Fund. From this date BlackRock has been responsible for making investment decisions on behalf of the fund. The fund's investment objective and policy remain the same. However, while the fund previously used 'stratified sampling' to try and replicate the Index's returns, BlackRock is implementing a 'full replication' methodology.

Investment review prior to the appointment of BlackRock Investment Management (UK) Limited as Sub-Investment Manager

For the period 1 June 2023 to 11 December 2023

Performance against objective

The M&G Index Tracker Fund is designed to track the FTSE All-Share Index. Between 1 June 2023 (the start of the review period) and 11 December 2023 (before the appointment of BlackRock), the fund's Sterling Class 'A' and Class 'C' shares produced a total return (the combination of income and growth of capital) of 1.0% and 1.2%, respectively in sterling terms. The fund's benchmark, the FTSE All-Share Index, produced a total return of 3.1% over the same period.

The tracking difference between the fund's investment return and that of the FTSE All-Share Index for the period ending 11 December 2023 was -0.01% (31 May 2023: +0.15%). 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 All-Share Index for the period ending 11 December 2023 was 0.10% (31 May 2023: 0.12%), which falls within the predicted tracking error range of 0.00% to 0.30%. 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 All-Share Index.

Performance review

There are several factors that can result in the fund underperforming or outperforming the benchmark index over specific periods. The majority of the fund's apparent underperformance was due to price swings and timing.

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

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placed to buy or sell shares. This pricing method has the effect of moving the single price up or down from the mid-price.

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).

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

As the fund tracks the index, its overall performance can largely be explained by market developments during the period under review. It is worth noting that, in the global economy, the fates of individual markets are often closely connected to each other. As a result, the performance and prospects of the UK stockmarket tend to be affected by developments around the world.

Investors' concern over above-target inflation levels and subsequent interest rate hikes continued to feature prominently over the period under review. Some encouraging news regarding inflation was welcomed by investors at times. The UK stockmarket made modest advances over the review period.

Consumer Prices Inflation (CPI) reached a high of 11.1% in October 2022 and proved particularly stubborn till spring 2023 when a falling trend became apparent. Despite falling inflation, expectations of further interest rate hikes weighed on investor sentiment in early summer, but an unforeseen drop in domestic inflation led to UK stockmarket gains in July. While the US and UK have left interest rates unchanged of late, the US Federal Reserve and the Bank of England (BoE) have both indicated that they will need to be 'high for longer'. Interest rates stood at 5.25% at the end of the period, while annualised inflation had slowed to 4.6% (as at the data release for November 2023).

For much of the recent past, central banks have been focused on the balance between seeking to contain high inflation without choking off economic activity. The UK avoided a recession during the review period, although economic activity remained modest as higher borrowing costs and a cost-of-living crisis put pressure on businesses and consumers. The UK economy fell sharply in July 2023 but returned to growth in August with a small gain. However, in the three months to September the economy failed to grow, compared to the previous three-month period, and the BoE expects the UK economy to remain flat until 2025.

On the world events stage, October saw the outbreak of violent conflict in the Middle East, leading to much suffering and a dreadful loss of life and greatly increasing geopolitical tension in the region and uncertainty further afield.

Global stockmarkets rallied strongly in the final weeks of the period as investors became more confident that the US Federal Reserve and other central banks may have finished their series of interest rate hikes, due to lower inflation levels.

The strongest performing sectors over the period included technology stocks, given their sensitivity to prospects for interest rates, while energy stocks were supported by ongoing high prices. In contrast, healthcare and consumer goods lagged the broader market.

Investment activities

We had a large inflow of cash into the fund as a result of the closure of the M&G European Index Tracker Fund at the end of June 2023. Accordingly, we increased all of the largest holdings in the fund, such as pharmaceutical firm AstraZeneca, to reflect this and bring the fund in line with the benchmark.

We made some purchases to reflect changes made in the index's quarterly balancing reviews. For example, we added to the holding in London Stock Exchange to reflect a higher weighting in the index.

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In other purchases, we increased the position in consumer goods company Unilever as part of a rebalancing of the portfolio.

Turning to sales, building material company CRH left the index during the period and we disposed of the holding. We also sold the position in Ediston Property Investment, which was deleted from the index.

We reduced the position in oil and gas company BP to reflect changes made in the index's quarterly balancing reviews. Separately, we increased the position in the stock to reflect portfolio rebalancing.

Richard O'Connor

Fund manager

An employee of M&G FA Limited which is an associate of M&G Securities Limited. Please note that effective from 12 December 2023, BlackRock Investment Management (UK) Limited was appointed as Sub-Investment Manager.

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

Investment review following the appointment of BlackRock Investment Management (UK) Limited as Sub-Investment Manager

For the period 12 December 2023 to 31 May 2024

Performance against objective

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

Since the appointment of BlackRock Investment Management (UK) Limited on the 12 December 2023, the fund has returned +12.0% while the FTSE All-Share Index returned +11.9% to the end of May 2024. The ex-ante tracking error of the fund was 10bps as at 31 May 2024.

Performance review

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

The UK stock market experienced a mild uptick during the first quarter of 2024, although it remained relatively flat compared to its developed market counterparts,

reflecting the weaker growth outlook. In particular, UK equities registered lower performance in January, partly dragged by an unexpectedly high headline inflation at 4.0% year-on-year for December. Additionally, Britain slipped into a technical recession as the economy contracted 0.3% during Q4 2023, recording two consecutive quarters of negative economic growth. This placed the UK as the weakest performer among the G7 economies alongside Germany. The stock market recovered during the rest of the quarter, bringing first quarter returns to 4.1%. The UK benchmark was boosted by positive performance in the Industrials and Financial sectors. The Energy sector also recovered due to rising oil prices.

Throughout the year, the Bank of England (BoE) continued to hold its policy rate steady at 5.25%, but in May it indicated that rate cuts were near as economic data is 'moving in the right direction'. In April and May, markets started to price in upcoming rate cuts by the BoE, while economic growth continued to recover and economic activity rebounded. UK equities registered positive performance for April and May respectively. Headline inflation eased to its lowest in almost three years at 2.3% year-on-year in April. The slowing inflation print prompted Prime Minister Rishi Sunak to claim that price growth is 'back to normal' and was widely seen as the trigger for calling a surprise general election in early July.

Investment activities

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

As at 31 May 2024, the largest sector within the portfolio was Financials.

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Outlook

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

Natalie Kedgley

Fund manager

An employee of BlackRock Investment Management (UK) Limited. Please note that effective from 12 December 2023, BlackRock Investment Management (UK) Limited was appointed as Sub-Investment Manager.

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

Portfolio statement

Investments

Holding	as at 31.05.24 £'000	as at 31.05.24 %	as at 31.05.23 %
Equities	583,931	99.87	98.61
Software & computer services	7,387	1.26	1.10
20,000 Alfa Financial Software	35	0.00	
10,560 Aptitude Software	38	0.01	
50,737 Ascential	165	0.03	
25,035 Auction Technology	133	0.02	
213,644 Auto Trader	1,736	0.30	
67,838 Baltic Classifieds	173	0.03	
48,672 Bytes Technology	276	0.05	
16,500 Computacenter	459	0.08	
100,147 Darktrace	588	0.10	
22,075 Kainos	251	0.04	
126,220 Moneysupermarket.com	281	0.05	
86,159 NCC	122	0.02	
245,230 Sage	2,485	0.42	
29,149 Softcat	484	0.08	
78,086 Trustpilot	161	0.03	
Technology hardware & equipment	63	0.01	0.02
41,480 TT Electronics	63	0.01	
Telecommunications equipment	274	0.05	0.05
149,879 Spirent Communications	274	0.05	
Telecommunication service providers	6,757	1.16	1.34
249,205 Airtel Africa	303	0.05	
1,521,003 BT	1,969	0.34	
183,242 Helios Towers	228	0.04	
16,594 Telecom Plus	308	0.05	
5,269,428 Vodafone	3,949	0.68	
Health care providers	170	0.03	0.04
19,068 NMC Health ^a	0	0.00	
67,572 Spire Healthcare	170	0.03	
Medical equipment & services	3,050	0.52	0.58
392,603 ConvaTec	978	0.17	
210,364 Smith & Nephew	2,072	0.35	

Portfolio statement

Investments (continued)

Holding	as at 31.05.24 £'000	as at 31.05.24 %	as at 31.05.23 %
Equities (continued)			
Pharmaceuticals & biotechnology			
356,318 AstraZeneca	43,114	7.37	
15,281 Genus	274	0.05	
970,086 GSK	17,030	2.91	
1,683,540 Haleon	5,470	0.94	
38,893 Hikma Pharmaceuticals	748	0.13	
29,936 Indivior	429	0.07	
15,654 Oxford Biomedica	49	0.01	
Banks			
8,490 Bank of Georgia	315	0.05	
3,622,759 Barclays	7,959	1.36	
36,934 Close Brothers	176	0.03	
4,608,965 HSBC	32,037	5.48	
148,137 Investec	763	0.13	
15,294,228 Lloyds Banking	8,488	1.45	
36,424 Metro Bank	14	0.00	
1,302,584 NatWest	4,136	0.71	
4,568 Secure Trust Bank	38	0.01	
529,663 Standard Chartered	4,143	0.71	
12,364 TBC Bank	317	0.06	
273,220 Virgin Money	582	0.10	
Finance & credit services			
48,866 Funding Circle	46	0.01	
64,601 International Personal Finance	74	0.01	
116,792 London Stock Exchange	10,728	1.83	
93,418 OSB	432	0.07	
51,966 Paragon Banking	395	0.07	
60,515 Provident Financial	35	0.01	
Investment banking & brokerage services			
229,649 3i	6,579	1.12	
451,453 abrdn	693	0.12	
75,046 AJ Bell	288	0.05	

Portfolio statement

Investments (continued)

Holding	as at 31.05.24 £'000	as at 31.05.24 %	as at 31.05.23 %
Equities (continued)			
Investment banking & brokerage services (continued)			
110,447 Ashmore	214	0.04	
10,204 Bioscience Investment Trust ^a	0	0.00	
60,546 Bridgepoint	136	0.02	
22,361 Cab Payments	36	0.01	
12,000 City of London Investment	43	0.01	
25,535 CMC Markets	73	0.01	
19,164 Foresight	90	0.02	
91,174 Hargreaves Lansdown	982	0.17	
87,606 IG	696	0.12	
63,459 IntegraFin	225	0.04	
66,071 Intermediate Capital	1,535	0.26	
272,017 IP	149	0.03	
34,182 JTC	306	0.05	
106,841 Jupiter Fund Management	90	0.01	
13,768 Liontrust Asset Management	115	0.02	
519,043 M&G ^b	1,046	0.18	
283,730 Man	750	0.13	
35,056 Molten Ventures	116	0.02	
81,817 Ninety One	138	0.02	
68,142 Petershill Partners	138	0.02	
19,572 Plus500	435	0.07	
62,144 PureTech Health	144	0.02	
353,351 Quilter	411	0.07	
13,327 Rathbone Brothers	229	0.04	
55,294 Real Estate Credit Investments	65	0.01	
205,908 Schroders	808	0.14	
130,279 St. James's Place	641	0.11	
182,579 TP ICAP	394	0.07	
42,587 XPS Pensions	109	0.02	
Closed-ended investments	36,224	6.19	6.15
147,847 3i Infrastructure	502	0.09	

Portfolio statement

Investments (continued)

Holding	as at 31.05.24 £'000	as at 31.05.24 %	as at 31.05.23 %
Equities (continued)			
Closed-ended investments (continued)			
20,462	Aberforth Smaller Companies Trust	312	0.05
33,205	abrdn Asia Focus	92	0.02
50,708	abrdn Asian Income Fund	106	0.02
72,889	abrdn Diversified Income and Growth Trust	59	0.01
13,252	abrdn Equity Income Trust	41	0.01
90,765	abrdn European Logistics Income	56	0.01
12,063	abrdn New India Investment Trust	89	0.01
19,334	abrdn Private Equity Opportunities Trust	109	0.02
23,040	abrdn UK Smaller Companies Growth Trust	116	0.02
70,292	Alliance Trust	846	0.14
100,328	Allianz Technology Trust	350	0.06
100,390	Apax Global Alpha	156	0.03
11,508	Artemis Alpha Trust	43	0.01
33,002	Ashoka India Equity Investment Trust	87	0.01
46,362	Asia Dragon Trust	182	0.03
16,934	Aurora Investment Trust	42	0.01
118,029	Avi Global Trust	286	0.05
33,744	Avi Japan Opportunity Trust	42	0.01
16,577	Baillie Gifford China Growth Trust	34	0.01
86,525	Baillie Gifford European Growth Trust	85	0.01
22,585	Baillie Gifford Japan Trust	163	0.03
86,501	Baillie Gifford Shin Nippon	93	0.02
32,722	Baillie Gifford UK Growth Trust	57	0.01
61,762	Baillie Gifford US Growth Trust	119	0.02
315,196	Bankers Investment Trust	354	0.06
182,408	BBGI Global Infrastructure	239	0.04
111,564	Bellevue Healthcare Trust	157	0.03
93,488	BH Macro	338	0.06
8,246	Biotech Growth Trust	75	0.01
60,049	BlackRock Frontiers Investment Trust	87	0.01
24,828	BlackRock Greater Europe Investment Trust	154	0.03

Portfolio statement

Investments (continued)

Holding	as at 31.05.24 £'000	as at 31.05.24 %	as at 31.05.23 %
Equities (continued)			
Closed-ended investments (continued)			
9,332 BlackRock Latin American Investment Trust	34	0.01	
11,171 BlackRock Smaller Companies Trust	166	0.03	
19,109 Blackrock Sustainable American Income Trust	38	0.01	
20,566 BlackRock Throgmorton Trust	130	0.02	
45,781 BlackRock World Mining Trust	269	0.05	
146,427 Bluefield Solar Income Fund	154	0.03	
4,595 Brown Advisory US Smaller Companies	59	0.01	
8,088 Brunner Investment Trust	107	0.02	
7,673 Caledonia Investments	272	0.05	
5,239 Capital Gearing Trust	248	0.04	
32,524 CC Japan Income & Growth Trust	59	0.01	
127,813 Chrysalis Investments	103	0.02	
117,311 City of London Investment Trust	493	0.08	
17,731 CQS Natural Resources Growth and Income	35	0.01	
127,372 CQS New City High Yield	66	0.01	
17,577 CT Private Equity Trust	81	0.01	
22,404 CT UK Capital & Income Investment Trust	74	0.01	
31,455 CVC Income & Growth	35	0.01	
208,935 Digital 9 Infrastructure	47	0.01	
73,446 Diverse Income Trust	65	0.01	
37,376 Dunedin Income Growth Investment Trust	105	0.02	
27,820 Ecofin Global Utilities and Infrastructure Trust	51	0.01	
37,051 Edinburgh Investment Trust	272	0.05	
93,590 Edinburgh Worldwide Investment Trust	133	0.02	
12,707 Electric & General Investment Trust ^a	0	0.00	
86,792 European Assets Trust	78	0.01	
16,724 European Opportunities Trust	150	0.03	
104,000 European Smaller Companies	193	0.03	
122,923 F&C Investment Trust	1,244	0.21	
16,301 Fidelity Asian Values	84	0.01	
104,973 Fidelity China Special Situations	234	0.04	

Portfolio statement

Investments (continued)

Holding	as at 31.05.24 £'000	as at 31.05.24 %	as at 31.05.23 %
Equities (continued)			
Closed-ended investments (continued)			
18,221 Fidelity Emerging Markets	125	0.02	
98,683 Fidelity European Trust	393	0.07	
30,247 Fidelity Japan Trust	52	0.01	
53,616 Fidelity Special Values	166	0.03	
49,005 Finsbury Growth & Income Trust	406	0.07	
141,367 Foresight Solar Fund	123	0.02	
5,916 Fundsmith Emerging Equities Trust ^a	2	0.00	
103,065 GCP Asset Backed Income	78	0.01	
217,999 GCP Infrastructure	168	0.03	
11,497 Global Opportunities Trust	35	0.01	
110,027 Gore Street Energy Storage Fund	72	0.01	
561,708 Greencoat UK Wind	785	0.13	
18,931 HarbourVest Global Private Equity	448	0.08	
12,144 Henderson Alternative Strategies ^a	0	0.00	
51,370 Henderson European Focus Trust	98	0.02	
44,229 Henderson EuroTrust	70	0.01	
31,505 Henderson Far East Income	73	0.01	
41,511 Henderson High Income Trust	67	0.01	
46,712 Henderson International Income Trust	77	0.01	
21,406 Henderson Smaller Companies Investment Trust	190	0.03	
13,365 Herald Investment Trust	292	0.05	
106,198 HgCapital Trust	510	0.09	
492,230 HICL Infrastructure	603	0.10	
284,682 Hipgnosis Songs Fund	286	0.05	
16,169 ICG Enterprise Trust	197	0.03	
69,475 Impax Environmental Markets	274	0.05	
21,304 India Capital Growth	35	0.01	
13,967 International Biotechnology Trust	86	0.01	
473,252 International Public Partnerships	580	0.10	
15,383 Invesco Asia Trust	49	0.01	
49,586 Invesco Bond Income Plus	84	0.01	

Portfolio statement

Investments (continued)

Holding	as at 31.05.24 £'000	as at 31.05.24 %	as at 31.05.23 %
Equities (continued)			
Closed-ended investments (continued)			
8,442 Invesco Global Equity Income Trust	23	0.00	
8,145 Invesco Perpetual UK Smaller Cos Investment Trust	35	0.01	
134,173 JLEN Environmental Assets	119	0.02	
44,169 JPMorgan American Investment Trust	420	0.07	
25,605 JPMorgan Asia Growth & Income	91	0.02	
19,626 JPMorgan China Growth & Income	45	0.01	
14,812 JPMorgan Claverhouse Investment Trust	108	0.02	
275,725 JPMorgan Emerging Markets Investment Trust	282	0.05	
35,828 JPMorgan European Discovery Trust	172	0.03	
125,364 JPMorgan European Growth & Income	134	0.02	
51,491 JPMorgan Global Core Real Assets	39	0.01	
72,655 JPMorgan Global Emerging Markets Income Trust	94	0.02	
102,767 JPMorgan Global Growth & Income	551	0.09	
17,386 JPMorgan Indian Investment Trust	164	0.03	
9,427 JPMorgan Japan Small Cap Growth & Income	28	0.00	
38,801 JPMorgan Japanese Investment Trust	201	0.03	
33,237 JPMorgan UK Smaller Companies Investment Trust	111	0.02	
15,295 JPMorgan US Smaller Cos Investment Trust	59	0.01	
22,035 Keystone Positive Change Investment Trust	47	0.01	
29,552 Law Debenture	254	0.04	
63,943 Lowland Investment	82	0.01	
36,238 M&G Credit Income Investment Trust ⁹	35	0.01	
6,893 Majedie Investments	16	0.00	
17,181 Martin Currie Global Portfolio Trust	63	0.01	
186,470 Mercantile Investment Trust	457	0.08	
31,241 Merchants Trust	180	0.03	
13,104 Mid Wynd International Investment Trust	99	0.02	
44,162 Middlefield Canadian Income Trust	47	0.01	
49,439 Monks Investment Trust	571	0.10	
45,372 Montanaro European Smaller Cos Trust	64	0.01	
45,360 Montanaro UK Smaller Companies Investment Trust	50	0.01	

Portfolio statement

Investments (continued)

Holding	as at 31.05.24 £'000	as at 31.05.24 %	as at 31.05.23 %
Equities (continued)			
Closed-ended investments (continued)			
25,937 Murray Income Trust	224	0.04	
153,443 Murray International Trust	380	0.06	
1,896 NB Global Monthly Income	1	0.00	
10,564 NB Private Equity Partners	169	0.03	
162,820 NextEnergy Solar Fund	117	0.02	
45,532 Nippon Active Value	75	0.01	
30,724 North American Income Trust	88	0.01	
2,177 North Atlantic Smaller Companies Investment Trust	88	0.01	
126,729 Octopus Renewables Infrastructure Trust	90	0.02	
21,857 Odyssean Investment Trust	37	0.01	
29,616 Pacific Assets Trust	108	0.02	
23,668 Pacific Horizon Investment Trust	145	0.02	
114,226 Pantheon Infrastructure	90	0.02	
113,808 Pantheon International	370	0.06	
36,059 Pershing Square	1,525	0.26	
90,722 Personal Assets Trust	439	0.07	
79,445 Polar Capital Global Financials Trust	133	0.02	
24,706 Polar Capital Global Healthcare Trust	88	0.01	
29,655 Polar Capital Technology Trust	896	0.15	
8,339 Pollen Street	57	0.01	
585,720 Renewables Infrastructure	583	0.10	
28,752 RIT Capital Partners	524	0.09	
6,534 Riverstone Energy	59	0.01	
89,598 Ruffer Investment Company (Preference shares)	245	0.04	
37,895 Schroder Asia Pacific Fund	193	0.03	
23,198 Schroder Asian Total Return Investment	101	0.02	
18,810 Schroder Income Growth Fund	54	0.01	
32,320 Schroder Japan Growth Fund	83	0.01	
60,681 Schroder Oriental Income Fund	160	0.03	
7,670 Schroder UK Mid Cap Fund	48	0.01	
193,141 Schrodgers Capital Global Innovation Trust	24	0.00	

Portfolio statement

Investments (continued)

Holding	as at 31.05.24 £'000	as at 31.05.24 %	as at 31.05.23 %
Equities (continued)			
Closed-ended investments (continued)			
42,129	Scottish American Investment	212	0.04
338,830	Scottish Mortgage Investment Trust	2,991	0.51
5,788	Scottish Oriental Smaller Companies Trust	78	0.01
266,854	SDCL Energy Efficiency Income Trust	178	0.03
35,142	Securities Trust of Scotland	75	0.01
404,829	Sequoia Economic Infrastructure Income Fund	318	0.05
36,883	Smithson Investment Trust	500	0.09
65,236	Starwood European Real Estate Finance	61	0.01
11,213	Strategic Equity Capital	40	0.01
111,755	Syncona	124	0.02
50,000	Taylor Maritime Investments	40	0.01
71,297	Temple Bar Investment Trust	192	0.03
281,639	Templeton Emerging Markets Investment Trust	436	0.07
134,733	The Global Smaller Companies Trust	218	0.04
75,556	TR Property Investment Trust	248	0.04
166,494	TwentyFour Income Fund	170	0.03
58,970	TwentyFour Select Monthly Income	49	0.01
5,282	Unbound ^a	0	0.00
42,646	Utilico Emerging Markets Trust	95	0.02
17,183	Value and Indexed Propertyome Trust	32	0.01
101,826	VH Global Sustainable Energy Opportunities	78	0.01
43,131	Vietnam Enterprise Investments	258	0.04
37,283	VinaCapital Vietnam Opportunity Fund	179	0.03
151,596	Witan Investment Trust	386	0.07
133,626	Worldwide Healthcare Trust	457	0.08
Life insurance		12,961	2.22
654,807	Aviva	3,162	0.54
39,560	Chesnara	100	0.02
261,002	Just	273	0.05
1,430,125	Legal & General	3,590	0.61

Portfolio statement

Investments (continued)

Holding	as at 31.05.24 £'000	as at 31.05.24 %	as at 31.05.23 %
Equities (continued)			
Life insurance (continued)			
173,370 Phoenix	867	0.15	
664,364 Prudential	4,969	0.85	
Non-life insurance	5,130	0.88	0.80
73,775 Admiral	1,995	0.34	
157,045 Beazley	1,083	0.19	
316,709 Direct Line Insurance	673	0.11	
79,444 Hiscox	912	0.16	
60,371 Lancashire	375	0.06	
54,622 Sabre Insurance	92	0.02	
Real estate investment & services	2,321	0.40	0.39
52,662 CLS	46	0.01	
93,425 Foxtons	65	0.01	
178,446 Grainger	439	0.08	
46,504 Harworth	66	0.01	
29,479 Henry Boot	60	0.01	
24,615 LSL Property Services	79	0.01	
20,984 Luceco	37	0.01	
25,308 Phoenix Spree Deutschland	40	0.01	
189,959 Rightmove	1,014	0.17	
32,972 Savills	375	0.06	
188,604 Tritax EuroBox	100	0.02	
Real estate investment trusts	12,742	2.18	2.12
93,866 abrdn Property Income Trust	49	0.01	
38,188 AEW	33	0.01	
684,900 Assura	279	0.05	
128,638 Balanced Commercial Property Trust	101	0.02	
45,960 Big Yellow	569	0.10	
219,414 British Land	954	0.16	
328,094 Capital & Counties Properties	477	0.08	
21,084 Capital & Regional	13	0.00	
64,261 Custodian Property Income	47	0.01	

Portfolio statement

Investments (continued)

Holding	as at 31.05.24 £'000	as at 31.05.24 %	as at 31.05.23 %
Equities (continued)			
Real estate investment trusts (continued)			
26,918 Derwent London	620	0.11	
133,865 Empiric Student Property	120	0.02	
51,450 Great Portland Estates	180	0.03	
30,870 Great Portland Estates Rights 11/06/2024	37	0.01	
936,129 Hammerson	257	0.04	
30,125 Helical	67	0.01	
180,998 Home ^a	26	0.00	
76,937 Impact Healthcare	67	0.01	
176,136 Land Securities	1,165	0.20	
101,886 Life Science	35	0.01	
452,529 LondonMetric Property	920	0.16	
86,449 NewRiver	63	0.01	
132,308 Picton Property Income	89	0.01	
314,344 Primary Health Properties	291	0.05	
121,403 PRS	94	0.02	
51,122 Safestore	455	0.08	
120,865 Schroder Real Estate Investment Trust	51	0.01	
321,455 Segro	2,939	0.50	
319,131 Sirius Real Estate	309	0.05	
321,929 Supermarket Income	241	0.04	
145,721 Target Healthcare	114	0.02	
85,816 Triple Point Social Housing	49	0.01	
528,222 Tritax Big Box	839	0.14	
83,052 UNITE	776	0.13	
125,060 Urban Logistics	148	0.03	
93,567 Warehouse	76	0.01	
35,429 Workspace	192	0.03	
Automobiles & parts	406	0.07	0.12
59,040 Aston Martin Lagonda	84	0.01	
335,357 Dowlais	233	0.04	
64,513 TI Fluid Systems	89	0.02	

Portfolio statement

Investments (continued)

Holding	as at 31.05.24 £'000	as at 31.05.24 %	as at 31.05.23 %
Equities (continued)			
Consumer services			
412,496 Compass	9,013	1.54	1.66
Household goods & home construction			
234,560 Barratt Developments	1,181	0.20	
29,114 Bellway	779	0.13	
25,116 Berkeley	1,302	0.22	
59,663 Crest Nicholson	140	0.03	
18,991 Headlam	30	0.01	
10,012 MJ Gleeson	56	0.01	
76,518 Persimmon	1,102	0.19	
66,683 Redrow	474	0.08	
846,307 Taylor Wimpey	1,237	0.21	
82,502 Vistry	1,055	0.18	
Leisure goods			
7,768 Games Workshop	771	0.13	
76,993 ME Group International	132	0.02	
Personal goods			
85,965 Burberry	893	0.15	
116,558 Dr Martens	100	0.02	
54,387 Watches of Switzerland	220	0.04	
Media			
6,509 4imprint	419	0.07	
18,840 Bloomsbury Publishing	114	0.02	
26,555 Future	282	0.05	
327,806 Informa	2,774	0.47	
901,091 ITV	710	0.12	
166,853 Pearson	1,569	0.27	
60,376 Reach	49	0.01	
457,168 RELX	15,603	2.67	
250,969 WPP	2,076	0.36	
Retailers			
67,406 AO World	74	0.01	1.61

Portfolio statement

Investments (continued)

Holding	as at 31.05.24 £'000	as at 31.05.24 %	as at 31.05.23 %
Equities (continued)			
Retailers (continued)			
16,255 ASOS	60	0.01	
241,938 B&M European Value Retail	1,315	0.22	
85,545 Card Factory	84	0.01	
239,662 Currys	186	0.03	
53,038 DFS Furniture	60	0.01	
27,721 Dunelm	304	0.05	
30,791 Frasers	269	0.05	
55,839 Halfords	85	0.01	
127,726 Howden Joinery	1,159	0.20	
603,959 JD Sports Fashion	743	0.13	
452,480 Kingfisher	1,200	0.21	
476,989 Marks & Spencer	1,438	0.25	
68,282 Moonpig Group	109	0.02	
29,107 Next	2,721	0.47	
114,370 Pets at Home	342	0.06	
12,322 Pinewood Technologies	44	0.01	
34,479 Topps Tiles	15	0.00	
30,491 WH Smith	357	0.06	
59,763 Wickes	83	0.01	
Travel & leisure	11,835	2.02	3.34
89,021 888	79	0.01	
36,350 Carnival	392	0.07	
94,935 Domino's Pizza	315	0.05	
151,037 easyJet	697	0.12	
154,849 Entain	1,039	0.18	
156,150 FirstGroup	264	0.04	
10,916 Fuller Smith & Turner	76	0.01	
40,189 Gym	50	0.01	
38,708 Hollywood Bowl	126	0.02	
24,879 Hostelworld	38	0.01	
39,571 InterContinental Hotels	3,098	0.53	

Portfolio statement

Investments (continued)

Holding	as at 31.05.24 £'000	as at 31.05.24 %	as at 31.05.23 %
Equities (continued)			
Travel & leisure (continued)			
896,476 International Consolidated Airlines	1,541	0.26	
23,235 J D Wetherspoon	179	0.03	
145,563 Marston's	52	0.01	
60,338 Mitchells & Butlers	184	0.03	
123,973 National Express	67	0.01	
38,150 On the Beach	54	0.01	
73,254 Playtech	350	0.06	
4,784 PPHE Hotel	63	0.01	
42,564 Rank	35	0.01	
23,187 Saga	31	0.01	
192,306 SSP	322	0.05	
114,090 Trainline	368	0.06	
103,871 TUI	561	0.10	
47,830 Whitbread	1,435	0.25	
18,531 Wizz Air	419	0.07	
Beverages	16,030	2.74	3.55
21,489 A.G. Barr	131	0.02	
59,199 Britvic	571	0.10	
97,839 C&C	166	0.03	
47,331 Coca-Cola HBC	1,256	0.21	
533,008 Diageo	13,906	2.38	
Food producers	3,990	0.68	0.56
4,261 Anglo-Eastern Plantations	29	0.00	
80,767 Associated British Foods	2,069	0.35	
34,806 Bakkavor	48	0.01	
12,749 Cranswick	564	0.10	
108,960 Greencore	193	0.03	
16,519 Hilton Food	147	0.03	
167,080 Premier Foods	286	0.05	
94,917 Tate & Lyle	654	0.11	

Portfolio statement

Investments (continued)

Holding	as at 31.05.24 £'000	as at 31.05.24 %	as at 31.05.23 %
Equities (continued)			
Tobacco			
485,378 British American Tobacco	11,649	1.99	
211,370 Imperial Brands	4,074	0.70	
Personal care, drug & grocery stores			
40,816			
6.98			
7.56			
24,520 Greggs	719	0.12	
41,920 McBride	51	0.01	
141,991 Ocado	518	0.09	
55,594 PZ Cussons	62	0.01	
172,750 Reckitt Benckiser	7,594	1.30	
423,059 Sainsbury (J)	1,163	0.20	
1,679,341 Tesco	5,206	0.89	
598,379 Unilever	25,503	4.36	
Construction & materials			
2,702			
0.46			
1.62			
129,658 Balfour Beatty	480	0.08	
73,461 Breedon	286	0.05	
51,353 Forterra	86	0.01	
24,525 Galliford Try	65	0.01	
58,379 Genuit	262	0.04	
92,204 Ibstock	149	0.03	
19,308 Keller	252	0.04	
99,014 Kier	146	0.03	
57,421 Marshalls	182	0.03	
9,724 Morgan Sindall	243	0.04	
25,649 Norcros	56	0.01	
14,218 Ricardo	68	0.01	
69,710 Severfield	49	0.01	
47,609 Tyman	173	0.03	
45,482 Volution	205	0.04	
Aerospace & defence			
23,017			
3.94			
2.27			
6,821 Avon Protection	91	0.02	
122,624 Babcock International	690	0.12	
735,080 BAE Systems	10,203	1.74	

Portfolio statement

Investments (continued)

Holding	as at 31.05.24 £'000	as at 31.05.24 %	as at 31.05.23 %
Equities (continued)			
Aerospace & defence (continued)			
72,227 Chemring	276	0.05	
315,846 Melrose Industries	1,933	0.33	
122,527 QinetiQ	538	0.09	
2,018,574 Rolls-Royce	9,120	1.56	
104,855 Senior	166	0.03	
Electronic & electrical equipment	5,864	1.00	1.06
21,441 discoverIE	158	0.03	
91,325 Halma	2,045	0.35	
61,705 IMI	1,154	0.20	
72,076 Morgan Advanced Materials	226	0.04	
13,214 Oxford Instruments	326	0.05	
9,183 Porvair	66	0.01	
8,415 Renishaw	331	0.06	
211,305 Rotork	713	0.12	
24,383 Spectris	787	0.13	
3,750 XP Power	58	0.01	
General industrials	9,469	1.62	1.49
81,362 Bunzl	2,410	0.41	
388,523 Coats	333	0.06	
308,824 DS Smith	1,157	0.20	
36,887 Macfarlane	45	0.01	
106,080 Mondi	1,652	0.28	
83,368 Smiths	1,434	0.24	
62,769 Smurfit Kappa	2,438	0.42	
Industrial engineering	3,544	0.61	0.63
44,459 Bodycote	330	0.06	
17,714 Spirax-Sarco Engineering	1,585	0.27	
52,352 Vesuvius	254	0.04	
14,540 Videndum	42	0.01	
62,304 Weir	1,333	0.23	

Portfolio statement

Investments (continued)

Holding	as at 31.05.24 £'000	as at 31.05.24 %	as at 31.05.23 %
Equities (continued)			
Industrial support services	20,637	3.53	3.43
403,759 Capita	56	0.01	
85,469 Costain	73	0.01	
23,646 DCC	1,344	0.23	
33,902 De La Rue	32	0.00	
31,024 Diploma	1,270	0.22	
114,089 Electrocomponents	811	0.14	
61,828 Essentra	101	0.02	
220,961 Experian	7,966	1.36	
23,194 FDM	104	0.02	
48,448 Grafton	477	0.08	
361,064 Hays	384	0.06	
89,264 Inchcape	714	0.12	
38,859 Intertek	1,851	0.32	
184,095 IWG	333	0.06	
26,489 Mears	103	0.02	
326,851 Mitie	394	0.07	
111,717 Network International	438	0.07	
73,749 PageGroup	333	0.06	
16,380 PayPoint	88	0.01	
607,653 Rentokil Initial	2,510	0.43	
16,755 Robert Walters	68	0.01	
261,718 Serco	465	0.08	
198,118 SIG	54	0.01	
58,248 Smiths News	36	0.01	
134,162 Speedy Hire	37	0.01	
30,455 SThree	132	0.02	
53,807 Travis Perkins	463	0.08	
Industrial transportation	7,132	1.22	1.09
105,203 Ashtead	6,007	1.03	
5,842 Clarkson	237	0.04	
162,481 International Distributions Services	544	0.09	

Portfolio statement

Investments (continued)

Holding	as at 31.05.24 £'000	as at 31.05.24 %	as at 31.05.23 %
Equities (continued)			
Industrial transportation (continued)			
9,975 James Fisher & Sons	30	0.01	
4,151 Ocean Wilsons	54	0.01	
59,321 Redde Northgate	260	0.04	
Industrial materials	65	0.01	0.00
11,569 Zotefoams	65	0.01	
Industrial metals & mining	38,160	6.53	5.94
290,969 Anglo American	7,268	1.24	
83,511 Antofagasta	1,845	0.32	
123,608 Evraz ^a	0	0.00	
69,550 Ferrexpo	31	0.01	
2,925,300 Glencore	14,107	2.41	
19,541 Hill & Smith	391	0.07	
16,668 Kenmare Resources	60	0.01	
262,634 Rio Tinto	14,458	2.47	
Precious metals & mining	1,491	0.25	0.28
270,958 Centamin	324	0.05	
42,959 Endeavour Mining	739	0.13	
43,432 Fresnillo	271	0.04	
84,350 Hochschild Mining	157	0.03	
Chemicals	3,068	0.52	0.63
33,407 Croda International	1,533	0.26	
141,601 Elementis	214	0.04	
42,716 Johnson Matthey	744	0.13	
4,496 RHI Magnesita	153	0.02	
34,076 Synthomer	98	0.02	
14,173 Treatt	70	0.01	
20,481 Victrex	256	0.04	
Oil & gas	65,579	11.22	10.34
4,022,305 BP	19,647	3.36	
16,506 Capricorn Energy	32	0.01	
9,023 Diversified Energy	105	0.02	

Portfolio statement

Investments (continued)

Holding	as at 31.05.24 £'000	as at 31.05.24 %	as at 31.05.23 %
Equities (continued)			
Oil & gas (continued)			
33,824 Energean	407	0.07	
317,966 EnQuest	51	0.01	
158,097 Harbour Energy	515	0.09	
34,754 Hunting	145	0.03	
160,413 John Wood	293	0.05	
74,304 Petrofac ^a	8	0.00	
57,952 Pharos Energy	13	0.00	
1,567,152 Shell	44,225	7.56	
353,169 Tullow Oil	138	0.02	
Electricity	5,073	0.87	0.99
91,163 Drax	473	0.08	
262,935 SSE	4,600	0.79	
Gas, water & multi-utilities	13,788	2.36	2.68
1,290,318 Centrica	1,863	0.32	
887,611 National Grid	7,854	1.34	
258,887 National Grid Rights 10/06/2024	516	0.09	
65,750 Pennon	399	0.07	
63,152 Severn Trent	1,494	0.26	
164,308 United Utilities	1,662	0.28	
Waste & disposal services	134	0.02	0.02
20,431 Renewi	134	0.02	
Oil & gas producers	69	0.01	0.00
144,179 Gulf Marine Services	29	0.00	
30,095 Ithaca Energy	40	0.01	
Alternative energy	65	0.01	0.00
29,072 Ceres Power	65	0.01	
Equity derivatives	(5)	0.00	(0.06)
Equity futures contracts	(5)	0.00	(0.06)
69 FTSE 100 Index Jun 2024	(5)	0.00	

Portfolio statement

Investments (continued)

Holding	as at 31.05.24 £'000	as at 31.05.24 %	as at 31.05.23 %
Currency	24	0.01	0.00
Forward currency contracts	24	0.01	0.00
US\$(290,460) Sold for £229,586 (expires 28.06.24)	1	0.00	
US\$(1,422,000) Sold for £1,137,819 (expires 02.07.24)	20	0.01	
US\$(535,485) Sold for £423,242 (expires 03.07.24)	3	0.00	
Total portfolio	583,950	99.88	98.55
Net other assets/(liabilities)	718	0.12	1.45
Net assets attributable to shareholders	584,668	100.00	100.00

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

^a Suspended/delisted.

^b Related party.

Portfolio statement

Top ten portfolio transactions for the year to 31 May 2024

Largest purchases	£'000
AstraZeneca	3,031
Shell	2,452
London Stock Exchange	1,905
HSBC	1,807
Unilever	1,774
Haleon	1,745
Rio Tinto	1,138
GSK	1,112
Diageo	1,094
BP	1,010
Other purchases	27,101
Total purchases	44,169

Largest sales	£'000
CRH	7,617
Flutter Entertainment	6,364
Shell	2,632
HSBC	2,177
British American Tobacco	1,329
Dechra Pharmaceuticals	1,093
BP	884
AstraZeneca	684
Unilever	606
Glencore	365
Other sales	12,971
Total sales	36,722

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

Financial highlights

Fund performance

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

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

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

Long-term performance by share class

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

Share class	One year % ^a	Three years % pa	Five years % pa	Ten years % pa
Sterling				
Class 'A' Income	+13.2	+7.4	+6.2	+5.5
Class 'A' Accumulation	+13.2	+7.4	+6.2	+5.5
Class 'C' Income	+13.7	+7.8	+6.6	+5.9
Class 'I' Income	+13.6	n/a	n/a	n/a
Class 'I' Accumulation	+13.6	+7.7	n/a	n/a
Class 'R' Income	+13.3	n/a	n/a	n/a
Class 'R' Accumulation	+13.3	n/a	n/a	n/a
Benchmark	+15.4	+7.9	+6.5	+5.9

^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).

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

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

Financial highlights

Sterling Class 'A' Income shares

The share class was launched on 27 February 1998.

for the year to 31 May	2024	2023	2022
Change in NAV per share	UK p	UK p	UK p
Opening NAV	74.04	76.42	73.22
Return before operating charges*	10.60	0.89	6.29
Operating charges	(0.42)	(0.40)	(0.34)
Return after operating charges*	10.18	0.49	5.95
Distributions	(3.00)	(2.87)	(2.75)
Closing NAV	81.22	74.04	76.42
*after direct transaction cost of	0.03	0.01	0.02
Performance			
Return after charges (%)	13.75	0.64	8.13
Other information			
Closing NAV (£'000)	270,626	243,112	252,924
Number of shares	333,184,962	328,370,911	330,974,257
Operating charges (%)	0.55	0.53	0.45
Direct transaction costs (%)	0.03	0.01	0.02
Prices			
Highest share price	84.25	79.67	78.66
Lowest share price	72.16	68.28	69.95

Sterling Class 'A' Accumulation shares

The share class was launched on 27 February 1998.

for the year to 31 May	2024	2023	2022
Change in NAV per share	UK p	UK p	UK p
Opening NAV	159.86	158.82	146.81
Return before operating charges*	23.31	1.87	12.70
Operating charges	(0.91)	(0.83)	(0.69)
Return after operating charges*	22.40	1.04	12.01
Distributions	(5.79)	(5.31)	(4.87)
Retained distributions	5.79	5.31	4.87
Closing NAV	182.26	159.86	158.82
*after direct transaction cost of	0.07	0.02	0.04
Performance			
Return after charges (%)	14.01	0.65	8.18
Other information			
Closing NAV (£'000)	104,151	109,691	112,967
Number of shares	57,145,352	68,617,622	71,129,696
Operating charges (%)	0.55	0.53	0.45
Direct transaction costs (%)	0.03	0.01	0.02
Prices			
Highest share price	185.59	168.64	160.43
Lowest share price	155.82	141.91	142.66

Financial highlights

Sterling Class 'C' Income shares

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

The share class was launched on 16 February 2012.

for the year to 31 May	2024	2023	2022
Change in NAV per share	UK p	UK p	UK p
Opening NAV	76.31	78.41	74.79
Return before operating charges*	10.97	0.91	6.43
Operating charges	(0.08)	(0.06)	0.00
Return after operating charges*	10.89	0.85	6.43
Distributions	(3.10)	(2.95)	(2.81)
Closing NAV	84.10	76.31	78.41
*after direct transaction cost of	0.03	0.01	0.02
Performance			
Return after charges (%)	14.27	1.08	8.60
Other information			
Closing NAV (£'000)	43,303	39,586	41,809
Number of shares	51,489,509	51,874,731	53,322,145
Operating charges (%)	0.10	0.08	0.00
Direct transaction costs (%)	0.03	0.01	0.02
Prices			
Highest share price	87.22	82.03	80.66
Lowest share price	74.45	70.17	71.69

Financial highlights

Sterling Class 'I' Income shares

The share class was launched on 4 May 2023.

for the year to 31 May	2024	2023
Change in NAV per share	UK p	UK p
Opening NAV	96.75	100.00
Return before operating charges*	13.89	(2.78)
Operating charges	(0.20)	(0.12)
Return after operating charges*	13.69	(2.90)
Distributions	(3.91)	(0.35)
Closing NAV	106.53	96.75
*after direct transaction cost of	0.04	0.00
Performance		
Return after charges (%)	14.15	(2.90)
Other information		
Closing NAV (£'000)	12,592	9,925
Number of shares	11,820,695	10,258,197
Operating charges (%)	0.20	0.18
Direct transaction costs (%)	0.03	0.01
Prices		
Highest share price	110.49	100.97
Lowest share price	94.37	97.72

Sterling Class 'I' Accumulation shares

The share class was launched on 6 December 2019.

for the year to 31 May	2024	2023	2022
Change in NAV per share	UK p	UK p	UK p
Opening NAV	114.80	113.66	104.77
Return before operating charges*	16.78	1.34	9.08
Operating charges	(0.24)	(0.20)	(0.19)
Return after operating charges*	16.54	1.14	8.89
Distributions	(4.58)	(4.20)	(3.78)
Retained distributions	4.58	4.20	3.78
Closing NAV	131.34	114.80	113.66
*after direct transaction cost of	0.05	0.01	0.03
Performance			
Return after charges (%)	14.41	1.00	8.49
Other information			
Closing NAV (£'000)	76,277	51,694	47,119
Number of shares	58,075,324	45,030,254	41,457,374
Operating charges (%)	0.20	0.18	0.17
Direct transaction costs (%)	0.03	0.01	0.02
Prices			
Highest share price	133.73	121.00	114.75
Lowest share price	111.98	101.69	102.01

Financial highlights

Sterling Class 'R' Income shares

The share class was launched on 21 April 2022.

for the year to 31 May	2024	2023	2022
Change in NAV per share	UK p	UK p	UK p
Opening NAV	96.14	99.13	100.00
Return before operating charges*	13.78	1.15	(0.44)
Operating charges	(0.44)	(0.42)	(0.04)
Return after operating charges*	13.34	0.73	(0.48)
Distributions	(3.89)	(3.72)	(0.39)
Closing NAV	105.59	96.14	99.13
*after direct transaction cost of	0.04	0.01	0.00
Performance			
Return after charges (%)	13.88	0.74	(0.48)
Other information			
Closing NAV (£'000)	8,262	8,281	16,782
Number of shares	7,825,139	8,612,887	16,930,210
Operating charges (%)	0.45	0.43	0.35
Direct transaction costs (%)	0.03	0.01	0.02
Prices			
Highest share price	109.52	103.44	100.15
Lowest share price	93.73	88.61	93.68

Sterling Class 'R' Accumulation shares

The share class was launched on 21 April 2022.

for the year to 31 May	2024	2023	2022
Change in NAV per share	UK p	UK p	UK p
Opening NAV	100.27	99.52	100.00
Return before operating charges*	14.63	1.17	(0.44)
Operating charges	(0.47)	(0.42)	(0.04)
Return after operating charges*	14.16	0.75	(0.48)
Distributions	(3.74)	(3.43)	(0.35)
Retained distributions	3.74	3.43	0.35
Closing NAV	114.43	100.27	99.52
*after direct transaction cost of	0.04	0.01	0.00
Performance			
Return after charges (%)	14.12	0.75	(0.48)
Other information			
Closing NAV (£'000)	69,457	67,684	70,538
Number of shares	60,698,297	67,503,111	70,880,400
Operating charges (%)	0.45	0.43	0.35
Direct transaction costs (%)	0.03	0.01	0.02
Prices			
Highest share price	116.52	105.75	100.15
Lowest share price	97.75	88.96	93.68

Financial statements and notes

Financial statements

Statement of total return

for the year to 31 May	Note	2024		2023	
		£'000	£'000	£'000	£'000
Income					
Net capital gains/(losses)	3		54,357		(14,684)
Revenue	5	22,012		20,335	
Expenses	6	(1,965)		(1,948)	
Interest payable and similar charges		(46)		0	
Net revenue/(expense) before taxation		20,001		18,387	
Taxation	7	(15)		(34)	
Net revenue/(expense) after taxation			19,986		18,353
Total return before distributions			74,343		3,669
Distributions	8		(21,197)		(19,522)
Change in net assets attributable to shareholders from investment activities			53,146		(15,853)

Statement of change in net assets attributable to shareholders

for the year to 31 May	2024		2023	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		529,973		542,139
Amounts received on issue of shares	59,485		39,017	
Amounts paid on cancellation of shares	(66,551)		(43,288)	
		(7,066)		(4,271)
Dilution adjustments		190		93
Change in net assets attributable to shareholders from investment activities (see above)		53,146		(15,853)
Retained distributions on Accumulation shares		8,424		7,863
Unclaimed distributions		1		2
Closing net assets attributable to shareholders		584,668		529,973

Financial statements and notes

Financial statements

Balance sheet

as at 31 May	Note	2024 £'000	2023 £'000
Assets			
Fixed assets			
Investments		583,955	522,613
Current assets			
Debtors	9	11,232	3,471
Cash and bank balances	10	454	1,919
Cash equivalents		1,982	8,425
Total assets		597,623	536,428
Liabilities			
Investment liabilities		(5)	(326)
Creditors			
Bank overdrafts		(475)	0
Distribution payable		(6,251)	(5,888)
Other creditors	11	(6,224)	(241)
Total liabilities		(12,955)	(6,455)
Net assets attributable to shareholders		584,668	529,973

Financial statements and notes

Notes to the financial statements

1 Accounting policies

The financial statements have been prepared in accordance with the 'Summary of significant accounting policies' set out on pages 9 to 12.

2 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.

3 Net capital gains/(losses)

for the year to 31 May	2024 £'000	2023 £'000
Non-derivative securities	53,871	(14,506)
Derivative contracts	506	(167)
Currency gains/(losses)	(20)	(11)
Net capital gains/(losses)	54,357	(14,684)

Financial statements and notes

4 Portfolio transactions and associated costs

The following tables show portfolio transactions and their associated transaction costs. For more information about the nature of the costs please see the sections on 'Operating charges' and 'Portfolio transaction costs' within 'Notes to the financial statements' on pages 11 and 12. Total direct portfolio transaction costs are stated before dilution adjustments.

for the year to 31 May	2024 £'000	% of transaction	2023 £'000	% of transaction
a) Purchases				
Equities				
Equities before transaction costs	40,479		14,024	
Commissions	8	0.02	3	0.02
Taxes	193	0.47	57	0.41
Equities after transaction costs	40,680		14,084	
Collective investment schemes				
Collective investment schemes before transaction costs	3,474		1,126	
Commissions	2	0.05	0	0.02
Taxes	13	0.38	3	0.27
Collective investment schemes after transaction costs	3,489		1,129	
Total purchases after transaction costs	44,169		15,213	
b) Sales				
Equities				
Equities before transaction costs	33,588		16,769	
Commissions	(7)	0.02	(2)	0.01
Equities after transaction costs	33,581		16,767	
Collective investment schemes				
Collective investment schemes before transaction costs	2,778		123	
Commissions	(2)	0.07	0	0.00
Collective investment schemes after transaction costs	2,776		123	
Other transaction types				
Corporate actions	365		186	
Total sales after transaction costs	36,722		17,076	

Financial statements and notes

	2024 £'000	% of average NAV	2023 £'000	% of average NAV
c) Direct portfolio transaction costs				
Commissions paid				
Equities	15	0.00	5	0.00
Collective investment schemes	4	0.00	0	0.00
Derivatives	1	0.00	0	0.00
Total commissions paid	20	0.00	5	0.00
Taxes paid				
Equities	193	0.03	57	0.01
Collective investment schemes	13	0.00	3	0.00
Derivatives	0	0.00	1	0.00
Total taxes paid	206	0.03	61	0.01
Total direct portfolio transaction costs	226	0.03	66	0.01
		%		%
d) Indirect portfolio transaction costs				
Average portfolio dealing spread as at the balance sheet date		0.10		0.10

5 Revenue

for the year to 31 May	2024 £'000	2023 £'000
Bank interest	49	2
Derivative revenue	24	9
Distributions from collective investment schemes: non-taxable	41	27
Distributions from collective investment schemes: taxable	125	31
Dividends from equity investments: non-taxable	20,827	19,538
Dividends from equity investments: taxable	7	72
Interest distributions	351	148
Property distribution: non-taxable	65	123
Property distribution: taxable	520	382
Rebate of ongoing charges from underlying funds	3	3
Total revenue	22,012	20,335

Financial statements and notes

6 Expenses

for the year to 31 May	2024 £'000	2023 £'000
Payable to the ACD or associate		
Annual charge	1,965	1,948
Total expenses	1,965	1,948

Audit fees for the financial year ending 2024 were £12,000 (2023: £11,000) (including VAT), which are covered by the annual charge.

7 Taxation

for the year to 31 May	2024 £'000	2023 £'000
a) Analysis of charge in the year		
Corporation tax	0	0
Withholding tax	15	34
Deferred tax (note 7c)	0	0
Total taxation	15	34
b) Factors affecting taxation charge for the year		
Net revenue/(expense) before taxation	20,001	18,387
Corporation tax at 20%	4,000	3,677
Effects of:		
Dividends from equity investments: non-taxable	(4,173)	(3,913)
Property distribution: non-taxable	(13)	(24)
Current year expenses not utilised	187	246
Withholding tax	15	34
Prior year adjustment to expenses not utilised	(1)	14
Total tax charge (note 7a)	15	34
c) Provision for deferred taxation		
Provision at the start of the year	0	0
Deferred tax in profit and loss account (note 7a)	0	0
Provision at the end of the year	0	0

The fund has not recognised a deferred tax asset of £6,538,000 (2023: £6,351,000) arising as a result of having excess management expenses. We do not expect this asset to be utilised in the foreseeable future.

Financial statements and notes

8 Distributions

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

for the year to 31 May	2024		2023	
	Inc £'000	Acc £'000	Inc £'000	Acc £'000
Ordinary distributions				
Interim	6,255	4,213	5,600	3,745
Final	6,251	4,211	5,888	4,118
Total net distributions		20,930		19,351
Income deducted on cancellation of shares		520		452
Income received on issue of shares		(253)		(281)
Distributions		21,197		19,522
Net revenue/(expense) per statement of total return		19,986		18,353
Expenses offset against capital		1,211		1,169
Distributions		21,197		19,522

9 Debtors

as at 31 May	2024 £'000	2023 £'000
Amounts receivable on issues of shares	244	322
Distributions receivable	7	29
Dividends receivable	2,911	2,965
Sales awaiting settlement	7,980	71
Withholding tax recoverable	90	84
Total debtors	11,232	3,471

10 Cash and bank balances

as at 31 May	2024 £'000	2023 £'000
Amounts held at futures clearing houses and collateral manager	301	1,003
Cash held as bank balances	153	916
Total cash and bank balances	454	1,919

Financial statements and notes

11 Other creditors

as at 31 May	2024 £'000	2023 £'000
Amounts payable on cancellation of shares	920	153
Annual charge payable	103	88
Purchases awaiting settlement	5,201	0
Total other creditors	6,224	241

12 Contingent assets, liabilities and outstanding commitments

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

13 Shares in issue

The following table shows each class of share in issue during the year. Each share class has the same rights on winding up however they may have different charging structures as set out in note 14.

Share class	Opening 01.06.23	Issued	Movements Cancelled	Converted	Closing 31.05.24
Sterling					
Class 'A' Income	328,370,911	33,340,250	(28,526,199)	0	333,184,962
Class 'A' Accumulation	68,617,622	2,026,226	(13,498,496)	0	57,145,352
Class 'C' Income	51,874,731	5,007,474	(5,392,696)	0	51,489,509
Class 'I' Income	10,258,197	2,009,585	(447,087)	0	11,820,695
Class 'I' Accumulation	45,030,254	18,308,642	(5,263,572)	0	58,075,324
Class 'R' Income	8,612,887	948,192	(1,735,940)	0	7,825,139
Class 'R' Accumulation	67,503,111	2,993,653	(9,798,467)	0	60,698,297

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

14 Charging structure

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

Share class	Annual charge %
Sterling	
Class 'A'	0.45
Class 'C'	0.00
Class 'I'	0.10
Class 'R'	0.35

Financial statements and notes

15 Related parties

M&G Securities Limited, as Authorised Corporate Director (ACD), is a related party and acts as principal on all the transactions of shares in the fund except with in specie transactions, where M&G Securities Limited acts as an agent. The aggregate monies received through issues, and paid on cancellations, are disclosed in the 'Statement of change in net assets attributable to shareholders' and note 8. Amounts due to/from M&G Securities Limited in respect of share transactions at the year end are disclosed in notes 9 and 11 where applicable.

Amounts paid to M&G Securities Limited in respect of the annual charge are disclosed in note 6. Amounts due at the year end in respect of the annual charge are disclosed in note 11.

Amounts paid to M&G Securities Limited in respect of rebate arrangements for the annual charge are disclosed in notes 3 and 5. Amounts due at the year end from the ACD, and/or associate, in respect of these rebates are disclosed in note 9.

During the year, there were transactions with related parties of M&G Securities Limited with a total value of £186,000 (2023: £nil).

At the balance sheet date, shareholders from within M&G plc, of which M&G Securities Limited is a wholly owned subsidiary, have holdings totalling 9.57% (2023: 9.66%) of the fund's shares.

16 Fair value analysis

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

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

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

Level 2: Valuation technique using observable market data

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

Level 3: Valuation technique using unobservable inputs

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

as at 31 May	Assets 2024	Liabilities 2024	Assets 2023	Liabilities 2023
Basis of valuation	£'000	£'000	£'000	£'000
Level 1	583,895	(5)	522,441	(326)
Level 2	24	0	0	0
Level 3	36	0	172	0
	583,955	(5)	522,613	(326)

Level 3 assets include Home REIT which is held at a discount to estimated NAV, Petrofac which is suspended in the period and Fundsmith Emerging Equities Trust which is undergoing final liquidation (2023: Home REIT, Evraz and Fundsmith Emerging Equities).

17 Risk management policies

The general risk management policies for the fund are set out in note 3 to the financial statements on pages 12 to 15.

Financial statements and notes

18 Market risk sensitivity

A five per cent increase in the value of the fund's investment portfolio would have the effect of increasing the return and net assets by £29,198,000 (2023: £26,114,000). A five per cent decrease would have an equal and opposite effect.

19 Currency risk sensitivity and exposure

Currency risk is not considered significant for the fund and is therefore not disclosed.

20 Interest rate risk sensitivity and exposure

As the majority of the fund's financial assets are non-interest bearing, the risk is not considered significant and is therefore not disclosed.

21 Credit risk

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

as at 31 May 2024	Futures £'000
Bank of America Merrill Lynch	(5)
Total	(5)

as at 31 May 2023	Futures £'000
Bank of America Merrill Lynch	(326)
Total	(326)

22 Dividend distribution tables

This fund pays semi-annual ordinary distributions and the following table sets out the distribution periods.

Semi-annual distribution periods

	Start	End	Xd	Payment
Interim	01.06.23	30.11.23	01.12.23	31.01.24
Final	01.12.23	31.05.24	03.06.24	31.07.24

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

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

Group 2 shares are those purchased during a distribution period and therefore their distribution rate is made up of income and equalisation. Equalisation is the average amount of income included in the purchase price of all Group 2 shares and is refunded to the holders of these shares as a return of capital. Being capital it is not liable to Income Tax. Instead, it must be deducted from the cost of shares for Capital Gains Tax purposes. The tables below show the split of the Group 2 rates into the income and equalisation components.

Financial statements and notes

Sterling Class 'A' Income shares

Ordinary distributions for the year to 31 May	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Interim	1.2211	0.2589	1.4800	1.3799
Final	1.1577	0.3592	1.5169	1.4890

Sterling Class 'A' Accumulation shares

Ordinary distributions for the year to 31 May	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Interim	1.9495	0.8820	2.8315	2.5227
Final	1.9842	0.9729	2.9571	2.7865

Sterling Class 'C' Income shares

Ordinary distributions for the year to 31 May	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Interim	1.0464	0.4806	1.5270	1.4174
Final	1.4042	0.1649	1.5691	1.5333

Sterling Class 'I' Income shares

Ordinary distributions for the year to 31 May	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Interim	1.4347	0.4861	1.9208	n/a
Final	0.8430	1.1419	1.9849	0.3540

Sterling Class 'I' Accumulation shares

Ordinary distributions for the year to 31 May	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Interim	1.6584	0.5785	2.2369	1.9975
Final	1.3076	1.0370	2.3446	2.2030

Financial statements and notes

Sterling Class 'R' Income shares

Ordinary distributions for the year to 31 May	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Interim	1.0736	0.8485	1.9221	1.7889
Final	1.0610	0.9103	1.9713	1.9333

Sterling Class 'R' Accumulation shares

Ordinary distributions for the year to 31 May	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Interim	1.1312	0.6955	1.8267	1.6288
Final	1.0881	0.8214	1.9095	1.7982

23 Events after the balance sheet date

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

Authorised Corporate Director's Report

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

Investment objective

The fund aims to provide a higher total return (the combination of capital growth and income), net of the ongoing charge figure, than that of the Markit iBoxx EUR Corporates 1-3 year Index (GBP Hedged) over any five-year period.

Investment policy

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

Other investments may include:

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

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

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

Investment approach

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

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

Individual credit selection is carried out with the assistance of an in-house team of credit analysts to complement the fund manager's views.

Benchmark

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

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

The fund is actively managed.

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

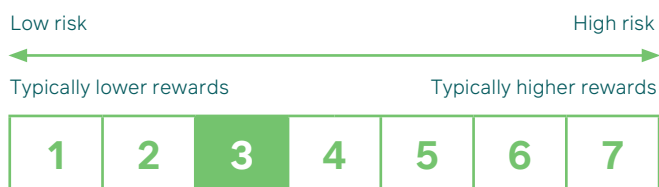
For each share class the benchmark will be denominated or hedged into the relevant share class currency. The benchmark for each share class will be shown in its respective KIID.

Authorised Corporate Director's Report

Risk profile

For details of the risks associated with this fund, please refer to the Prospectus. For details of the risk management policies, please refer to pages 12 to 15.

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



The above number:

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

Investment review

For the year ended 31 May 2024

Performance against objective

The M&G Short Dated Corporate Bond Fund delivered a positive total return (the combination of income and growth of capital) across all share classes. The fund was ahead of its benchmark, the Markit iBoxx EUR Corporates 1-3 year Index (GBP Hedged), which increased by 5.9% over the same period.

Annualised performance over five years has been positive across the fund's share classes and was ahead of the benchmark Markit iBoxx EUR Corporates 1-3 year Index (GBP Hedged), which returned 1.4% pa over the period. The fund has therefore met its objective.

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

Performance review

During the period under review, global bond markets experienced positive returns. The initial months were marked by significant volatility, as the threat of high interest rates (which cause yields to rise) loomed over investor sentiment. Towards the end of 2023, inflation began to recede, prompting central banks to signal a more dovish tone (accommodative monetary policy).

As 2024 unfolded, this trend of falling inflation persisted across key global economies. However, with inflation rates still exceeding the targets of many central banks, market expectations about the timing for the easing of monetary policy were pushed back.

In the latter part of the review period, investment grade (IG) bond spreads continued to narrow, supported by a robust macroeconomic backdrop and strong corporate financials. Particularly, in May, IG indices flourished, with both spreads (a measure of how yields on corporate bonds compare to the yields on government bonds of the same lifespan) and rates on a downward trend, supported by encouraging inflation reports and resilient economic growth. This positive trajectory was further bolstered by a US Federal Reserve (Fed) meeting that delivered a less hawkish message than anticipated, with Chair Jerome Powell expressing doubt that the Fed's next policy move could be a hike. The easing of US inflation coupled with a more settled geopolitical landscape was instrumental in rejuvenating market confidence, culminating in an enhanced sense of stability.

Among the asset classes, UK gilts posted positive returns, while German bunds and US Treasuries experienced slightly negative returns. IG corporate bonds delivered positive returns, with the UK outperforming their US and European counterparts. Short-dated IG bonds, with less than three years until maturity, also registered positive returns. These bonds have a lower duration (sensitivity to changes in interest rates).

Against this backdrop, the fund delivered a positive return over the review period and outperformed its benchmark. The biggest driver of outperformance was

Authorised Corporate Director's Report

the fund's yield curve positioning. (The yield curve plots the yield – or interest rate – of bonds with different maturity dates. We focus on bonds of particular maturities in order to benefit from expected changes in interest rates across the yield curve.)

Our corporate credit positioning also contributed slightly to performance. At the sector level, our off-benchmark allocations to securitised debt, such as asset-backed security (ABS), contributed positively to performance, as did our credit default swap (CDS) positions. ABS is an integral part of our short-dated corporate bond strategy. We mainly prefer to invest in AAA rated ABS securities which can offer comparable returns to short-dated BBB rated corporates, but with less credit risk. However, our underweight exposure to the industrial and financial sectors weighed on relative returns. Our foreign currency exposure also dragged on performance. It is important to note that there is no active currency risk run in this fund.

During the review period, the fund maintained a low duration positioning of about 1.5 years, while its credit spread duration (sensitivity to changes in creditworthiness) averaged around 2.8 years over the period.

Investment activities

At the start of the review period, we slightly reduced our credit risk by selling some higher risk bonds and reducing our high yield (HY) CDS index positions (HY issues have lower credit ratings and are therefore considered riskier). Furthermore, we increased the credit quality by buying higher quality investment grade bonds. We also carried out a relative value trade in HSBC between its CDS and US dollar-denominated bonds.

Later, we closed out our additional-tier 1 bond positions, which had rebounded from the lows reached during the failure of Swiss lender Credit Suisse in March. Elsewhere, we switched out of Italian bank Intesa Sanpaolo's non-preferred senior bonds into preferred ones.

As credit spreads tightened over the summer, we sold a range of bonds (corporates, financials, HY, and covered

bonds) and closed some IG CDS index positions; therefore, marginally reducing our credit risk. In government bonds, we reduced our holdings in UK government bonds (gilts).

In September, we added more financial bonds than corporates due to the more aggressive spread tightening seen in the new issuances of the latter. Within financials, we focused on senior bonds, including covered bonds which typically carry lower credit risk.

At the end of November, we closed our remaining HY CDS index positions and cut our exposure to French telecommunications firm Iliad, thereby reducing our HY exposure to around 1%.

In the primary market, we participated in new issues from French payments firm Worldline, US food company Bimbo Bakeries, UK hotelier InterContinental Hotels*, and some UK building societies. We also added senior debt from UK and European banks as well as some AAA-rated residential mortgage-backed securities (RMBS).

In December, we reduced exposure to hybrid bonds from Italian utility company Enel and German car manufacturer Volkswagen. We also exited French telecommunications firm Iliad.

In January, we participated in new offerings from banks including bonds from Commerzbank, BPCE, Crelan, and Erste*. We also bought new issues in Mexican government bonds and also in Thames Water* as we felt that valuations looked attractive. We closed our positions in Volkswagen hybrid bonds and IG credit default spreads (CDS) index positions.

In February, we purchased bonds from Italian toll road operator Autostrade and senior preferred bonds from Emerging Europe lender Raiffeisen Bank International. We also bought General Motors bonds. These purchases were financed by selling relatively short-dated IG bonds such as car maker Mercedes-Benz and France-based eyewear maker EssilorLuxottica.

In March, in the primary market, we focused on higher-quality financial names, buying new-issues from

Authorised Corporate Director's Report

Commerzbank, Deutsche Bank, Leeds Building Society, Morgan Stanley, and NatWest. We did little in the secondary market as we have already de-risked substantially.

Our main focus in April was the new issue market. We added a fairly broad range of generally higher quality assets. However, we added one high yield name to the fund, Eurobank.

In May, we closed out protection positions via CDS in Marks & Spencer and HSBC. The bonds that we had protection on were tendered for.

* These securities were subsequently sold during the period under review.

Outlook

The macroeconomic environment remains supportive of financial assets, in our view. Inflationary pressures are slowly easing, while growth remains supported by a healthy labour market.

Many IG companies remain in a solid position, in our view, having taken proactive measures to hedge against rising inflation during the Covid period. By locking in low financing costs for an extended period, these companies have insulated themselves from potential interest rate increases. Furthermore, their large cash balances are now earning attractive interest rates, allowing them to benefit from rising rates. As a result, despite higher rates, most IG corporates' balance sheets remain healthy, in our opinion. We believe credit metrics are generally normalising, but they remain historically decent. Moreover, cash balances and profit margins remain historically high.

However, we believe most of the good news is priced into the market, as spreads, the extra compensation investors receive to own corporates, are trading near historically tight levels.

We believe, the fund's defensive credit spread duration positioning contains sufficient exposure to credit risk (which we can dial up or down).

Matthew Russell & Ben Lord

Co-fund managers

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

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

Portfolio statement

Investments

Holding	as at 31.05.24 £'000	as at 31.05.24 %	as at 31.05.23 %
Fixed income	399,016	97.08	97.91
Debt securities	398,150	96.87	97.73
'AAA' credit rated bonds	114,575	27.88	24.43
€1,151,000 Avoca XXV FRN 4.866% 15/10/2034	974	0.24	
£4,300,000 Bank of Nova Scotia FRN 5.8489% 09/03/2027	4,313	1.05	
€1,350,000 Cairn XIV FRN 4.864% 29/10/2034	1,146	0.28	
£1,147,495 Canada Square Funding 2021-1 FRN 6.1798% 17/06/2058	1,150	0.28	
£5,000,000 Canadian Imperial Bank of commerce FRN 5.7614% 30/06/2025	5,009	1.22	
£1,019,452 Castell 2021-1 FRN 6.0611% 25/11/2053	1,021	0.25	
£9,000,000 Clydesdale Bank FRN 5.8315% 22/09/2028	9,029	2.20	
£2,700,000 Commonwealth Bank of Australia FRN 6.2334% 01/11/2028	2,739	0.67	
£1,895,000 Coventry Building Society FRN 5.7297% 14/03/2028	1,899	0.46	
£1,600,000 Holmes Master Issuer FRN 5.8128% 15/10/2072	1,605	0.39	
£3,988,396 Hops Hill No. 3C FRN 6.2095% 21/12/2055	4,004	0.97	
US\$4,100,000 International Bank for Reconstruction & Development FRN 5.6393% 22/11/2028	3,204	0.78	
€750,729 Jubilee Place 2021-1 FRN 4.718% 17/07/2058	641	0.16	
£711,081 Lanebrook Mortgage Transaction 2021-1 FRN 5.883% 20/07/2058	710	0.17	
£2,219,000 Leeds Building Society FRN 5.7119% 04/04/2029	2,220	0.54	
£1,151,579 Mortimer BTL 2021-1 FRN 5.9306% 23/06/2053	1,151	0.28	
£3,113,684 Mortimer BTL 2021-1 FRN 6.4015% 22/12/2056	3,129	0.76	
£1,056,488 Mortimer BTL 2022-1 FRN 6.2807% 23/03/2054	1,059	0.26	
£4,337,000 National Australia Bank FRN 5.8297% 17/06/2026	4,351	1.06	
£2,000,000 National Westminster Bank FRN 5.6814% 28/03/2029	2,001	0.49	
£3,000,000 Nationwide Building Society FRN 5.6272% 24/02/2031	2,961	0.72	
£2,237,970 Pierpont BTL 2023-1 FRN 6.3306% 21/09/2054	2,249	0.55	
£59,553 Precise Mortgage Funding 2020-1B FRN 6.1395% 16/10/2056	60	0.01	
US\$3,523,849 RIN II FRN 7.2328% 10/09/2030	2,773	0.67	
£4,800,000 Royal Bank of Canada FRN 5.9829% 18/01/2028	4,826	1.17	
£2,400,000 Santander FRN 5.7753% 12/02/2027	2,409	0.59	
£2,217,286 Satus 2024-1 FRN 6.0997% 17/01/2031	2,222	0.54	
£5,000,000 Skipton Building Society FRN 5.7507% 22/06/2028	5,010	1.22	

Portfolio statement

Investments (continued)

Holding	as at 31.05.24 £'000	as at 31.05.24 %	as at 31.05.23 %
Fixed income (continued)			
Debt securities (continued)			
'AAA' credit rated bonds (continued)			
£2,142,199 Stratton Mortgage Funding 2021-3 FRN 5.9294% 12/12/2043	2,142	0.52	
£822,492 Together Asset Backed Securitisation 2020-1 FRN 6.6593% 15/12/2061	823	0.20	
£2,103,116 Together Asset Backed Securitisation 2021-1st1 FRN 5.9326% 12/07/2063	2,103	0.51	
£3,851,964 Together Asset Backed Securitisation 2023-1st1 FRN 6.4591% 20/01/2067	3,887	0.95	
£3,143,000 Together Asset Backed Securitisation 2024-1st1 FRN 1% 15/08/2064	3,144	0.76	
£9,000,000 Toronto-Dominion Bank FRN 5.9294% 12/06/2028	9,030	2.20	
£1,409,790 Towd Point Mortgage Funding 2019-Auburn 13 FRN 6.583% 20/07/2045	1,411	0.34	
£667,667 Tower Bridge Funding 2021-2 FRN 6.0058% 20/11/2063	668	0.16	
£1,707,564 Tower Bridge Funding 2022-1 FRN 5.9505% 20/12/2063	1,706	0.42	
£1,053,625 Tower Bridge Funding 2023-1 FRN 6.733% 20/10/2064	1,060	0.26	
£5,000,000 TSB Bank FRN 5.8251% 14/02/2027	5,018	1.22	
£1,772,368 Tudor Rose Mortgages FRN 5.8305% 20/06/2048	1,770	0.43	
£2,027,309 Twin Bridges 2021-1 FRN 6.0794% 12/03/2055	2,029	0.49	
€2,255,000 Voya Euro III FRN 4.826% 15/04/2033	1,919	0.47	
£4,000,000 Yorkshire Building Society FRN 5.6835% 24/05/2029	4,000	0.97	
'AA' credit rated bonds	58,490	14.23	17.68
€2,800,000 LVMH Moet Hennessy Louis Vuitton 3.375% 05/02/2030	2,380	0.58	
£2,872,000 Metropolitan Life Global Funding I 1.625% 12/10/2028	2,501	0.61	
£1,743,000 Metropolitan Life Global Funding I 4.125% 02/09/2025	1,717	0.42	
£4,000,000 New York Life Global Funding 1.5% 15/07/2027	3,607	0.88	
€2,401,000 Roche Finance Europe 3.227% 03/05/2030	2,027	0.49	
US\$5,400,000 Svenska Handelsbanken FRN 6.6037% 15/06/2026	4,298	1.04	
£294,459 Telereal Securitisation 1.3657% 10/12/2031	256	0.06	
£42,500,000 UK Treasury 3.5% 22/10/2025	41,704	10.15	
'A' credit rated bonds	59,567	14.49	13.85
£2,750,000 A2D Funding II 4.5% 30/09/2026	2,653	0.64	
€1,000,000 Aena 4.25% 13/10/2030	874	0.21	

Portfolio statement

Investments (continued)

Holding	as at 31.05.24 £'000	as at 31.05.24 %	as at 31.05.23 %
Fixed income (continued)			
Debt securities (continued)			
'A' credit rated bonds (continued)			
€4,500,000 Banco Bilbao Vizcaya Argentaria 3.625% 07/06/2030	3,814	0.93	
€3,000,000 Bank of America FRN 4.922% 22/09/2026	2,578	0.63	
£4,800,000 Banque Fédérative du Crédit Mutuel 4.875% 25/09/2025	4,759	1.16	
€1,988,000 Comcast 0% 14/09/2026	1,559	0.38	
€700,000 Commerzbank FRN 4.64% 12/03/2027	599	0.15	
€3,800,000 Crédit Agricole 3.375% 28/07/2027	3,211	0.78	
US\$2,200,000 Henkel & Co 1.75% 17/11/2026	1,582	0.38	
£3,784,000 John Deere Bank 5.125% 18/10/2028	3,809	0.93	
US\$5,000,000 John Deere Capital FRN 6.1432% 08/06/2026	3,960	0.96	
US\$5,000,000 JPMorgan Chase FRN 6.2741% 22/04/2028	3,943	0.96	
£3,000,000 Leeds Building Society 1.375% 06/10/2027	2,642	0.64	
US\$3,500,000 Mercedes-Benz Finance North America 5.1% 03/08/2028	2,732	0.66	
€2,400,000 Morgan Stanley FRN 4.585% 19/03/2027	2,052	0.50	
€1,591,000 Motability Operations 3.625% 24/07/2029	1,348	0.33	
€980,000 Nationwide Building Society 4.5% 01/11/2026	849	0.21	
US\$1,576,000 NatWest Markets FRN 6.8044% 22/03/2025	1,242	0.30	
US\$4,300,000 Pfizer Investment Enterprises Pte 4.45% 19/05/2026	3,328	0.81	
€2,941,000 Skandinaviska Enskilda Banken FRN 4.2037% 03/05/2027	2,508	0.61	
US\$2,153,822 Slam 2021-1 2.434% 15/06/2046	1,492	0.36	
€1,875,000 Swisscom Finance 3.5% 29/08/2028	1,595	0.39	
£1,000,000 Toyota Motor Credit 0.75% 19/11/2026	901	0.22	
US\$1,815,000 UBS FRN 5.7981% 09/08/2024	1,426	0.35	
£4,000,000 UBS FRN 7% 30/09/2027	4,111	1.00	
'BBB' credit rated bonds	160,742	39.11	37.30
£700,000 AA Bond 3.25% 31/07/2050	612	0.15	
£4,600,000 AA Bond 5.5% 31/07/2050	4,456	1.08	
US\$1,964,000 AerCap Ireland Capital 2.45% 29/10/2026	1,430	0.35	
€3,120,000 AIB Var. Rate 5.75% 16/02/2029	2,817	0.69	
US\$2,700,000 American Express FRN 6.1083% 13/02/2026	2,129	0.52	
€779,000 ASR Nederland 3.625% 12/12/2028	659	0.16	

Portfolio statement

Investments (continued)

Holding	as at 31.05.24 £'000	as at 31.05.24 %	as at 31.05.23 %
Fixed income (continued)			
Debt securities (continued)			
'BBB' credit rated bonds (continued)			
€722,000	Autostrade per l'Italia 4.25% 28/06/2032	607	0.15
US\$4,000,000	Banco Bilbao Vizcaya Argentaria Var. Rate 5.862% 14/09/2026	3,139	0.76
€2,400,000	Banco De Sabadell FRN 5.5% 08/09/2029	2,147	0.52
€1,778,000	Bank of Ireland Var. Rate 4.625% 13/11/2029	1,552	0.38
€1,097,000	Bank of Ireland Var. Rate 4.875% 16/07/2028	960	0.23
US\$1,140,000	Barclays Var. Rate 5.501% 09/08/2028	888	0.22
US\$2,000,000	Barclays Var. Rate 7.325% 02/11/2026	1,600	0.39
US\$5,000,000	BAT Capital 6.343% 02/08/2030	4,076	0.99
US\$2,500,000	Bimbo Bakeries USA 6.05% 15/01/2029	2,000	0.49
£4,000,000	BPCE 6.125% 24/05/2029	4,070	0.99
£1,400,000	CaixaBank Var. Rate 3.5% 06/04/2028	1,319	0.32
US\$1,710,000	CaixaBank Var. Rate 6.208% 18/01/2029	1,360	0.33
US\$4,000,000	Celanese US 6.165% 15/07/2027	3,175	0.77
US\$1,259,000	CNH Industrial Capital 3.95% 23/05/2025	972	0.24
€2,000,000	Coca-Cola HBC Finance 1% 14/05/2027	1,577	0.38
€3,080,000	Corning 3.875% 15/05/2026	2,617	0.64
£2,144,000	Coventry Building Society FRN 7% 07/11/2027	2,198	0.54
£4,000,000	CPUK Finance 3.588% 28/08/2025	3,889	0.95
€1,800,000	Crelan Var. Rate 5.25% 23/01/2032	1,594	0.39
€2,400,000	Danone 3.481% 03/05/2030	2,029	0.49
€2,400,000	Deutsche Bank Var. Rate 4.125% 04/04/2030	2,030	0.49
£4,300,000	Deutsche Pfandbriefbank 7.625% 08/12/2025	4,190	1.02
€2,042,000	E.ON 2.875% 26/08/2028	1,700	0.41
€3,600,000	EnBW International Finance 3.5% 24/07/2028	3,055	0.74
€1,708,000	Eurofins Scientific 4.75% 06/09/2030	1,501	0.37
US\$582,000	FirstEnergy Pennsylvania Electric 5.15% 30/03/2026	452	0.11
€1,429,000	General Mills 3.65% 23/10/2030	1,206	0.29
US\$4,000,000	General Motors Financial 5.4% 08/05/2027	3,130	0.76
US\$4,062,000	Goldman Sachs FRN 6.4706% 24/02/2028	3,207	0.78
US\$2,285,000	Goldman Sachs FRN 7.2037% 15/03/2028	1,839	0.45

Portfolio statement

Investments (continued)

Holding	as at 31.05.24 £'000	as at 31.05.24 %	as at 31.05.23 %
Fixed income (continued)			
Debt securities (continued)			
'BBB' credit rated bonds (continued)			
US\$5,400,000 Hewlett Packard Enterprise 5.9% 01/10/2024	4,243	1.03	
£1,281,000 Hiscox 6% 22/09/2027	1,290	0.31	
US\$2,500,000 Hyundai Capital America 6.5% 16/01/2029	2,032	0.49	
€1,224,000 IHG Finance 4.375% 28/11/2029	1,057	0.26	
£3,000,000 Informa 3.125% 05/07/2026	2,853	0.69	
£2,000,000 ING Var. Rate 5% 30/08/2026	1,986	0.48	
€5,000,000 Intesa Sanpaolo 5.25% 13/01/2030	4,554	1.11	
£3,000,000 KBC Var. Rate 1.25% 21/09/2027	2,731	0.66	
£4,271,000 Lloyds Banking Var. Rate 1.875% 15/01/2026	4,177	1.02	
US\$2,000,000 Lloyds Banking Var. Rate 3.511% 18/03/2026	1,542	0.38	
£4,800,000 Marks & Spencer 3.75% 19/05/2026	4,638	1.13	
€2,112,000 Mexico (United Mexican States) 4.4899% 25/05/2032	1,787	0.44	
US\$4,600,000 Nationwide Building Society FRN 6.6389% 16/02/2028	3,607	0.88	
£2,250,000 NatWest Var. Rate 2.875% 19/09/2026	2,171	0.53	
US\$1,529,000 NextEra Energy Capital 6.051% 01/03/2025	1,204	0.29	
US\$1,758,000 Pacific Gas and Electric 4.95% 08/06/2025	1,369	0.33	
€3,600,000 Pernod Ricard 3.375% 07/11/2030	3,002	0.73	
€1,000,000 Raiffeisen Bank International Var. Rate 4.625% 21/08/2029	842	0.21	
€4,800,000 RWE 2.75% 24/05/2030	3,859	0.94	
£2,107,000 Southern Water Services Finance 1.625% 30/03/2027	1,797	0.44	
US\$1,428,000 Standard Chartered Var. Rate 6.301% 09/01/2029	1,140	0.28	
US\$1,089,000 Swedbank 6.136% 12/09/2026	863	0.21	
£3,700,000 Telereal Securitisation FRN 8.2988% 10/09/2031	3,389	0.82	
£1,200,000 Tesco IL 6.6207% 05/11/2025	2,348	0.57	
US\$2,700,000 T-Mobile USA 4.95% 15/03/2028	2,092	0.51	
€4,425,000 Unicredit FRN 4.6% 14/02/2030	3,883	0.94	
€1,200,000 Vier Gas Transport 4% 26/09/2027	1,026	0.25	
£2,500,000 Volkswagen Financial Services 2.125% 18/01/2028	2,224	0.54	
€1,200,000 Vonovia 0.375% 16/06/2027	916	0.22	
€1,416,000 Warnermedia 4.302% 17/01/2030	1,204	0.29	

Portfolio statement

Investments (continued)

Holding	as at 31.05.24 £'000	as at 31.05.24 %	as at 31.05.23 %
Fixed income (continued)			
Debt securities (continued)			
'BBB' credit rated bonds (continued)			
US\$4,900,000 Wells Fargo Var. Rate 2.188% 30/04/2026	3,725	0.91	
£2,000,000 Wells Fargo Var. Rate 3.473% 26/04/2028	1,886	0.46	
£4,550,000 Whitbread 3.375% 16/10/2025	4,399	1.07	
€1,100,000 Worldline 4.125% 12/09/2028	918	0.22	
€1,970,000 WPP Finance 2013 3.625% 12/09/2029	1,644	0.40	
£2,094,000 Yorkshire Building Society Var. Rate 7.375% 12/09/2027	2,162	0.53	
'BB' credit rated bonds	4,776	1.16	3.62
€3,205,000 Eurobank Var. Rate 4.875% 30/04/2031	2,716	0.66	
€2,378,000 Ford Motor Credit 4.867% 03/08/2027	2,060	0.50	
'B' credit rated bonds	0	0.00	0.85
Debt derivatives	866	0.21	0.18
Credit default swaps	866	0.21	0.18
€(35,000,000) Markit iTraxx Europe Series 38 V1 5 Year Dec 2027	640	0.16	
€(12,000,000) Markit iTraxx Europe Series 39 V1 5 Year Jun 2028	226	0.05	
Currency	(400)	(0.10)	0.30
Forward currency contracts	(400)	(0.10)	0.30
US\$(94,563,858) Sold for £80,616,985 (expires 26.06.24)	(103)	(0.03)	
US\$(104,428,549) Sold for £81,778,452 (expires 26.06.24)	(297)	(0.07)	
Total portfolio	398,616	96.98	98.21
Net other assets/(liabilities)	12,403	3.02	1.79
Net assets attributable to shareholders	411,019	100.00	100.00

Portfolio statement

Top ten portfolio transactions for the year to 31 May 2024

Largest purchases	£'000
UK Treasury 3.5% 22/10/2025	41,676
UK Treasury 2.75% 07/09/2024	39,346
UK Treasury 1% 22/04/2024	12,594
UK Treasury IL 2.5% 17/07/2024	9,373
Clydesdale Bank FRN 5.8315% 22/09/2028	9,008
Toronto-Dominion Bank FRN 5.9294% 12/06/2028	9,003
Canadian Imperial Bank of Commerce FRN 5.7614% 30/06/2025	5,004
Skipton Building Society FRN 5.7507% 22/06/2028	5,000
Together Asset Backed Securitisation 2023-1 FRN 6.4591% 20/01/2067	4,605
Intesa Sanpaolo 5.25% 13/01/2030	4,521
Other purchases	163,303
Total purchases	303,433

Largest sales	£'000
UK Treasury 1% 22/04/2024	76,546
UK Treasury 2.75% 07/09/2024	39,463
UK Treasury IL 2.5% 17/07/2024	9,574
JPMorgan Chase Var. Rate 2.301% 15/10/2025	5,130
RAC Bond 4.87% 06/05/2046	4,706
Royal Bank of Canada FRN 5.3852% 22/10/2026	4,354
FirstGroup 6.875% 18/09/2024	4,121
HSBC Var. Rate 2.251% 22/11/2027	4,109
Clydesdale Bank FRN 4.8931% 22/03/2026	4,034
EssilorLuxottica 0.125% 27/05/2025	4,007
Other sales	156,005
Total sales	312,049

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

Financial highlights

Fund performance

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

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

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

Long-term performance by share class

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

Share class	One year % ^a	Three years % pa	Five years % pa	Ten years % pa
Sterling				
Class 'A' Income	+6.6	+2.1	+2.3	+2.0
Class 'A' Accumulation	+6.6	n/a	n/a	n/a
Class 'I' Income	+6.8	+2.3	+2.5	+2.1
Class 'I' Accumulation	+6.8	+2.3	n/a	n/a
Class 'PP' Income	+7.0	+2.4	n/a	n/a
Class 'PP' Accumulation	+7.0	+2.4	+2.6	n/a
Benchmark	+5.9	+1.4	+1.4	+1.6

^a Not annualised.

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

Specific share class performance

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

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

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

Financial highlights

Sterling Class 'A' Income shares

The share class was launched on 29 January 1993.

for the year to 31 May	2024	2023	2022
Change in NAV per share	UK p	UK p	UK p
Opening NAV	24.59	25.12	25.96
Return before operating charges*	1.73	0.46	(0.38)
Operating charges	(0.12)	(0.12)	(0.13)
Return after operating charges*	1.61	0.34	(0.51)
Distributions	(1.30)	(0.87)	(0.33)
Closing NAV	24.90	24.59	25.12
*after direct transaction cost of	0.00	0.00	0.00
Performance			
Return after charges (%)	6.55	1.35	(1.96)
Other information			
Closing NAV (£'000)	27,389	36,358	43,466
Number of shares	110,002,845	147,861,659	173,023,568
Operating charges (%)	0.50	0.50	0.50
Direct transaction costs (%)	0.00	0.00	0.00
Prices			
Highest share price	25.33	25.23	26.10
Lowest share price	24.53	24.24	25.16

Sterling Class 'A' Accumulation shares

The share class was launched on 27 April 2023.

for the year/period to 31 May	2024	2023
Change in NAV per share	UK p	UK p
Opening NAV	99.71	100.00
Return before operating charges*	7.17	(0.23)
Operating charges	(0.52)	(0.06)
Return after operating charges*	6.65	(0.29)
Distributions	(4.86)	(0.37)
Retained distributions	4.86	0.37
Closing NAV	106.36	99.71
*after direct transaction cost of	0.00	0.00
Performance		
Return after charges (%)	6.67	(0.29)
Other information		
Closing NAV (£'000)	1,588	186
Number of shares	1,493,523	186,523
Operating charges (%)	0.50	0.50
Direct transaction costs (%)	0.00	0.00
Prices		
Highest share price	106.78	100.27
Lowest share price	99.49	99.71

Financial highlights

Sterling Class 'I' Income shares

The share class was launched on 9 November 2012.

for the year to 31 May	2024	2023	2022
Change in NAV per share	UK p	UK p	UK p
Opening NAV	995.93	1,014.89	1,046.28
Return before operating charges*	70.26	18.69	(15.49)
Operating charges	(2.52)	(2.51)	(2.62)
Return after operating charges*	67.74	16.18	(18.11)
Distributions	(52.69)	(35.14)	(13.28)
Closing NAV	1,010.98	995.93	1,014.89
*after direct transaction cost of	0.00	0.00	0.00
Performance			
Return after charges (%)	6.80	1.59	(1.73)
Other information			
Closing NAV (£'000)	282,044	301,298	176,166
Number of shares	27,897,997	30,253,066	17,358,096
Operating charges (%)	0.25	0.25	0.25
Direct transaction costs (%)	0.00	0.00	0.00
Prices			
Highest share price	1,028.58	1,020.84	1,052.50
Lowest share price	993.83	980.18	1,016.22

Sterling Class 'I' Accumulation shares

The share class was launched on 15 May 2020.

for the year to 31 May	2024	2023	2022
Change in NAV per share	UK p	UK p	UK p
Opening NAV	103.97	102.30	104.12
Return before operating charges*	7.47	1.93	(1.56)
Operating charges	(0.27)	(0.26)	(0.26)
Return after operating charges*	7.20	1.67	(1.82)
Distributions	(5.34)	(3.33)	(1.07)
Retained distributions	5.34	3.33	1.07
Closing NAV	111.17	103.97	102.30
*after direct transaction cost of	0.00	0.00	0.00
Performance			
Return after charges (%)	6.93	1.63	(1.75)
Other information			
Closing NAV (£'000)	45,732	22,356	2,727
Number of shares	41,138,258	21,502,385	2,665,244
Operating charges (%)	0.25	0.25	0.25
Direct transaction costs (%)	0.00	0.00	0.00
Prices			
Highest share price	111.59	104.53	104.74
Lowest share price	103.75	99.37	102.00

Financial highlights

Sterling Class 'PP' Income shares

The share class was launched on 5 August 2019.

for the year to 31 May	2024	2023	2022
Change in NAV per share	UK p	UK p	UK p
Opening NAV	96.51	98.25	101.18
Return before operating charges*	6.82	1.81	(1.49)
Operating charges	(0.15)	(0.15)	(0.15)
Return after operating charges*	6.67	1.66	(1.64)
Distributions	(5.11)	(3.40)	(1.29)
Closing NAV	98.07	96.51	98.25
*after direct transaction cost of	0.00	0.00	0.00
Performance			
Return after charges (%)	6.91	1.69	(1.62)
Other information			
Closing NAV (£'000)	15,227	14,725	9,102
Number of shares	15,526,811	15,256,798	9,264,779
Operating charges (%)	0.15	0.15	0.15
Direct transaction costs (%)	0.00	0.00	0.00
Prices			
Highest share price	99.77	98.89	101.81
Lowest share price	96.31	94.92	98.37

Sterling Class 'PP' Accumulation shares

The share class was launched on 8 April 2019.

for the year to 31 May	2024	2023	2022
Change in NAV per share	UK p	UK p	UK p
Opening NAV	105.95	104.15	105.89
Return before operating charges*	7.62	1.96	(1.58)
Operating charges	(0.17)	(0.16)	(0.16)
Return after operating charges*	7.45	1.80	(1.74)
Distributions	(5.55)	(3.50)	(1.19)
Retained distributions	5.55	3.50	1.19
Closing NAV	113.40	105.95	104.15
*after direct transaction cost of	0.00	0.00	0.00
Performance			
Return after charges (%)	7.03	1.73	(1.64)
Other information			
Closing NAV (£'000)	39,039	35,647	784
Number of shares	34,425,843	33,645,998	753,136
Operating charges (%)	0.15	0.15	0.15
Direct transaction costs (%)	0.00	0.00	0.00
Prices			
Highest share price	113.83	106.51	106.54
Lowest share price	105.73	101.20	103.83

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Statement of total return

for the year to 31 May	Note	2024		2023	
		£'000	£'000	£'000	£'000
Income					
Net capital gains/(losses)	3		7,566		(3,764)
Revenue	5	22,416		12,248	
Expenses	6	(1,116)		(913)	
Interest payable and similar charges		(3)		(2)	
Net revenue/(expense) before taxation		21,297		11,333	
Taxation	7	(1)		(35)	
Net revenue/(expense) after taxation			21,296		11,298
Total return before distributions			28,862		7,534
Distributions	8		(22,267)		(12,165)
Change in net assets attributable to shareholders from investment activities			6,595		(4,631)

Statement of change in net assets attributable to shareholders

for the year to 31 May	2024		2023	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		410,570		232,245
Amounts received on issue of shares	211,949		277,913	
Amounts paid on cancellation of shares	(222,326)		(96,695)	
		(10,377)		181,218
Dilution adjustments		416		501
Change in net assets attributable to shareholders from investment activities (see above)		6,595		(4,631)
Retained distributions on Accumulation shares		3,813		1,233
Unclaimed distributions		2		4
Closing net assets attributable to shareholders		411,019		410,570

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Balance sheet

as at 31 May	Note	2024 £'000	2023 £'000
Assets			
Fixed assets			
Investments		399,016	403,755
Current assets			
Debtors	9	4,688	158,655
Cash and bank balances	10	5,207	3,591
Cash equivalents		14,120	3,442
Total assets		423,031	569,443
Liabilities			
Investment liabilities		(400)	(536)
Creditors			
Overdrawn positions at futures clearing houses and collateral manager		(941)	(872)
Distribution payable		(4,394)	(3,975)
Other creditors	11	(6,277)	(153,490)
Total liabilities		(12,012)	(158,873)
Net assets attributable to shareholders		411,019	410,570

Financial statements and notes

Notes to the financial statements

1 Accounting policies

The financial statements have been prepared in accordance with the 'Summary of significant accounting policies' set out on pages 9 to 12.

2 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.

3 Net capital gains/(losses)

for the year to 31 May	2024 £'000	2023 £'000
Non-derivative securities	3,116	(4,266)
Derivative contracts	4,016	2,593
Currency gains/(losses)	434	(2,091)
Net capital gains/(losses)	7,566	(3,764)

Financial statements and notes

4 Portfolio transactions and associated costs

The following tables show portfolio transactions and their associated transaction costs. For more information about the nature of the costs please see the sections on 'Operating charges' and 'Portfolio transaction costs' within 'Notes to the financial statements' on pages 11 and 12. Total direct portfolio transaction costs are stated before dilution adjustments.

for the year to 31 May	2024 £'000	2023 £'000
a) Purchases		
Debt securities	303,433	342,811
b) Sales		
Debt securities	301,842	154,906
Other transaction types		
Corporate actions	10,207	6,471
Total sales	312,049	161,377
c) Indirect portfolio transaction costs		
Average portfolio dealing spread as at the balance sheet date	0.26	0.33

5 Revenue

for the year to 31 May	2024 £'000	2023 £'000
Bank interest	13	5
Derivative revenue	720	674
Interest distributions	476	263
Interest on debt securities	21,202	11,300
Rebate of ongoing charges from underlying funds	5	6
Total revenue	22,416	12,248

6 Expenses

for the year to 31 May	2024 £'000	2023 £'000
Payable to the ACD or associate		
Annual charge	1,116	913
Total expenses	1,116	913

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

Financial statements and notes

7 Taxation

for the year to 31 May	2024 £'000	2023 £'000
a) Analysis of charge in the year		
Corporation tax	0	0
Withholding tax	1	35
Deferred tax (note 7c)	0	0
Total taxation	1	35
b) Factors affecting taxation charge for the year		
Net revenue/(expense) before taxation	21,297	11,333
Corporation tax at 20%	4,259	2,267
Effects of:		
Interest distributions	(4,259)	(2,267)
Withholding tax	1	35
Total tax charge (note 7a)	1	35
c) Provision for deferred taxation		
Provision at the start of the year	0	0
Deferred tax in profit and loss account (note 7a)	0	0
Provision at the end of the year	0	0

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

8 Distributions

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

for the year to 31 May	2024		2023	
	Inc £'000	Acc £'000	Inc £'000	Acc £'000
Interest distributions				
First interim	4,613	472	1,519	24
Second interim	4,960	1,124	2,701	167
Third interim	4,318	1,109	3,572	422
Final	4,394	1,108	3,975	620
Total net distributions	22,098		13,000	
Income deducted on cancellation of shares	1,408		541	
Income received on issue of shares	(1,239)		(1,376)	
Distributions	22,267		12,165	
Net revenue/(expense) per statement of total return	21,296		11,298	
Expenses offset against capital	971		867	
Distributions	22,267		12,165	

Financial statements and notes

9 Debtors

as at 31 May	2024 £'000	2023 £'000
Amounts receivable on issues of shares	20	1,594
Currency deals outstanding	0	153,087
Debt security interest receivable	4,547	3,802
Derivative revenue receivable	80	144
Distributions receivable	41	28
Total debtors	4,688	158,655

10 Cash and bank balances

as at 31 May	2024 £'000	2023 £'000
Amounts held at futures clearing houses and collateral manager	4,552	1,965
Cash held as bank balances	655	1,626
Total cash and bank balances	5,207	3,591

11 Other creditors

as at 31 May	2024 £'000	2023 £'000
Amounts payable on cancellation of shares	19	237
Annual charge payable	52	47
Currency deals outstanding	0	153,206
Purchases awaiting settlement	6,206	0
Total other creditors	6,277	153,490

12 Contingent assets, liabilities and outstanding commitments

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

Financial statements and notes

13 Shares in issue

The following table shows each class of share in issue during the year. Each share class has the same rights on winding up however they may have different charging structures as set out in note 14.

Share class	Opening 01.06.23	Issued	Movements Cancelled	Converted	Closing 31.05.24
Sterling					
Class 'A' Income	147,861,659	17,790,907	(55,649,721)	0	110,002,845
Class 'A' Accumulation	186,523	1,659,906	(352,906)	0	1,493,523
Class 'I' Income	30,253,066	10,743,598	(13,098,667)	0	27,897,997
Class 'I' Accumulation	21,502,385	33,901,656	(14,265,783)	0	41,138,258
Class 'PP' Income	15,256,798	5,639,409	(5,369,396)	0	15,526,811
Class 'PP' Accumulation	33,645,998	52,543,877	(51,764,032)	0	34,425,843

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

14 Charging structure

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

Share class	Annual charge %
Sterling	
Class 'A'	0.50
Class 'I'	0.25
Class 'PP'	0.15

15 Related parties

M&G Securities Limited, as Authorised Corporate Director (ACD), is a related party and acts as principal on all the transactions of shares in the fund except with in specie transactions, where M&G Securities Limited acts as an agent. The aggregate monies received through issues, and paid on cancellations, are disclosed in the 'Statement of change in net assets attributable to shareholders' and note 8. Amounts due to/from M&G Securities Limited in respect of share transactions at the year end are disclosed in notes 9 and 11 where applicable.

Amounts paid to M&G Securities Limited in respect of the annual charge are disclosed in note 6. Amounts due at the year end from the annual charge are disclosed in note 11.

Amounts paid to M&G Securities Limited in respect of rebate arrangements for the annual charge are disclosed in notes 3 and 5. Amounts due at the year end from the ACD, and/or associate, in respect of these rebates are disclosed in note 9.

At the balance sheet date, shareholders from within M&G plc, of which M&G Securities Limited is a wholly owned subsidiary, have holdings totalling 1.21% (2023: 1.89%) of the fund's shares.

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16 Fair value analysis

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

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

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

Level 2: Valuation technique using observable market data

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

Level 3: Valuation technique using unobservable inputs

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

as at 31 May	Assets 2024	Liabilities 2024	Assets 2023	Liabilities 2023
Basis of valuation	£'000	£'000	£'000	£'000
Level 1	41,704	0	62,910	0
Level 2	357,312	(400)	340,845	(536)
Level 3	0	0	0	0
	399,016	(400)	403,755	(536)

17 Risk management policies

The general risk management policies for the fund are set out in note 3 to the financial statements on pages 12 to 15.

18 Market risk sensitivity and exposure

VaR is the risk measurement methodology used to assess the fund's leverage and market risk volatility. When VaR is calculated as a percentage of the net asset value it may not be greater than the VaR limit set for the fund.

The VaR limit set during the financial year to 31 May 2024 was 11% (2023: 11%).

The lowest, highest and average utilisation of VaR with reference to the limit above are calculated during the financial years ended 31 May 2024 and 31 May 2023.

for the year to 31 May	2024 Utilisation of VaR 11%	2023 Utilisation of VaR 11%
Lowest	9.91	7.45
Highest	13.00	17.91
Average	10.81	13.79

Financial statements and notes

19 Credit risk

The fund is exposed to credit risk both through the credit quality of the investments it holds and through the derivative positions with counterparties. The table below shows the credit quality of the investments held in the portfolio.

as at 31 May	2024 £'000	2023 £'000
Investment grade securities	393,374	382,897
Below investment grade securities	4,776	18,359
Other investments	466	1,963
Total	398,616	403,219

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

as at 31 May 2024	Swaps £'000	Forward currency contracts £'000
Bank of America Merrill Lynch	0	(300)
Barclays Bank	866	0
JPMorgan	0	(100)
Total	866	(400)

as at 31 May 2023	Swaps £'000	Forward currency contracts £'000
Bank of America Merrill Lynch	0	131
Barclays Bank	700	1,622
Citigroup	0	(16)
JPMorgan	37	0
Royal Bank of Canada	0	(12)
Standard Chartered Bank	0	9
State Street Bank	0	(508)
Total	737	1,226

20 Leverage risk

Funds using VaR approaches are required to disclose the level of leverage employed during the financial reporting period.

Derivatives can be used by the fund to generate market exposure to investments exceeding the net asset value. As a result of this exposure, the size of any positive or negative movement in markets may have a more significant effect on the net asset value of the fund.

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The lowest, highest and average level of leverage employed and utilisation of the leverage level calculated during the financial years ended 31 May 2024 and 31 May 2023 are disclosed in the table below. Leverage has been calculated using the Gross Sum of Notional Approach for derivative positions only (including forward currency contracts) and excludes all physical holdings. Percentages are expressed with reference to fund valuation.

for the year to 31 May	2024 £'000	2024 %	2023 £'000	2023 %
Lowest	202,820	47.79	131,215	48.99
Highest	587,267	136.97	524,817	141.13
Average	253,149	58.70	202,594	61.33

21 Interest distribution tables

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

Quarterly distribution periods

	Start	End	Xd	Payment
First interim	01.06.23	31.08.23	01.09.23	31.10.23
Second interim	01.09.23	30.11.23	01.12.23	31.01.24
Third interim	01.12.23	29.02.24	01.03.24	30.04.24
Final	01.03.24	31.05.24	03.06.24	31.07.24

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

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

Group 2 shares are those purchased during a distribution period and therefore their distribution rate is made up of income and equalisation. Equalisation is the average amount of income included in the purchase price of all Group 2 shares and is refunded to the holders of these shares as a return of capital. Being capital it is not liable to Income Tax. Instead, it must be deducted from the cost of shares for Capital Gains Tax purposes. The tables below show the split of the Group 2 rates into the income and equalisation components.

Sterling Class 'A' Income shares

Interest distributions for the year to 31 May	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
First interim	0.1951	0.1030	0.2981	0.1420
Second interim	0.1503	0.1757	0.3260	0.1973
Third interim	0.1356	0.2024	0.3380	0.2518
Final	0.1353	0.2018	0.3371	0.2775

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Sterling Class 'A' Accumulation shares

Interest distributions for the year to 31 May	Income	Group 2	Group 1 & 2	
	2024 UK p	Equalisation 2024 UK p	2024 UK p	2023 UK p
First interim	0.7041	0.3785	1.0826	n/a
Second interim	0.6813	0.5301	1.2114	n/a
Third interim	0.3036	0.9717	1.2753	n/a
Final	0.3232	0.9642	1.2874	0.3666

Sterling Class 'I' Income shares

Interest distributions for the year to 31 May	Income	Group 2	Group 1 & 2	
	2024 UK p	Equalisation 2024 UK p	2024 UK p	2023 UK p
First interim	8.5927	3.4834	12.0761	5.7383
Second interim	7.0886	6.1286	13.2172	7.9809
Third interim	6.6120	7.0979	13.7099	10.1881
Final	7.0222	6.6607	13.6829	11.2352

Sterling Class 'I' Accumulation shares

Interest distributions for the year to 31 May	Income	Group 2	Group 1 & 2	
	2024 UK p	Equalisation 2024 UK p	2024 UK p	2023 UK p
First interim	0.8572	0.3376	1.1948	0.5138
Second interim	0.6212	0.7091	1.3303	0.7466
Third interim	0.7196	0.6798	1.3994	0.9777
Final	0.6020	0.8127	1.4147	1.0942

Sterling Class 'PP' Income shares

Interest distributions for the year to 31 May	Income	Group 2	Group 1 & 2	
	2024 UK p	Equalisation 2024 UK p	2024 UK p	2023 UK p
First interim	0.7036	0.4667	1.1703	0.5560
Second interim	0.5698	0.7115	1.2813	0.7726
Third interim	0.5924	0.7370	1.3294	0.9869
Final	0.6530	0.6741	1.3271	1.0886

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Sterling Class 'PP' Accumulation shares

Interest distributions for the year to 31 May	Income	Group 2	Group 1 & 2	
	2024 UK p	Equalisation 2024 UK p	2024 UK p	2023 UK p
First interim	0.7143	0.5304	1.2447	0.5498
Second interim	0.8433	0.5397	1.3830	0.7855
Third interim	0.9075	0.5473	1.4548	1.0218
Final	0.7323	0.7389	1.4712	1.1415

22 Events after the balance sheet date

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

Authorised Corporate Director's Report

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

Investment objective

The fund aims to provide:

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

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

Investment policy

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

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

Derivatives may be used for efficient portfolio management and hedging.

Investment approach

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

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

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

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

Benchmark

Yield – FTSE All-Share Index

Total return – a composite index comprising:

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

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

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

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

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

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Risk profile

For details of the risks associated with this fund, please refer to the Prospectus. For details of the risk management policies, please refer to pages 12 to 15.

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



The above number:

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

Investment review

For the year ended 31 May 2024

Performance against objective

The fund achieved its objective of growing its income over the review period. As of 31 May 2024, the yield on the fund's Sterling Class 'A' and Sterling Class 'I' Income shares of around 5.7% was above the FTSE All-Share Index yield of 3.6%, meeting the fund's target to exceed the index yield.

Three interim distributions of 6.60p per Sterling Class 'A' Income share were declared during the review period, followed by a final distribution of 19.54p. This resulted in a total distribution over the year of 39.34p, an increase of 1.8% on the previous year. For Sterling Class 'I' Income shares, the total distribution was 65.79p – a 2.1% increase on the previous period.

Between 1 June 2023 (the start of the review period) and 31 May 2024, the fund registered a positive total

return (the combination of income and capital growth) across all share classes. This was behind the benchmark composite index, which returned 11.7% over the period. The composite index comprises 70% of the FTSE All-Share Index and 30% of the FTSE Actuaries UK Conventional Gilts All Stocks Index.

Over five years, the fund delivered a positive total return across all share classes, ahead of the benchmark, which returned 3.6% pa over the period. Therefore, the fund also achieved its objective of outperforming the benchmark over this period.

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

Performance review

The year under review was one of two disparate phases – the first phase was dominated by concerns about the impact of higher interest rates to combat ongoing inflation. Similarly to other major central banks, the Bank of England (BoE) hiked interest rates in June and August; a subsequent moderation in inflation data, combined with a deterioration in economic activity, led to rates being held at 5.25%. A second phase opened up from November as market sentiment turned and the markets began to consider a potential cut to interest rates in 2024. This sentiment was fuelled by several global inflation data releases coming in below forecasts, combined with a cooling in the US economy. This led to a rebound across the board, edging the UK market into positive territory. The first five months of 2024 saw further declines in inflation across most major economies; the annual inflation rate in the UK eased to 2.3% in April 2024, the lowest since July 2021.

Around 75% of the portfolio is made up of equities, which outperformed bonds over the review period. The broader FTSE All-Share Index (accounting for 70% of the fund's benchmark) advanced during the review period, driven by the FTSE 100 stocks (where the majority of the fund's equity portion is invested), which reached an all-time high in May 2024. The index was supported by surging hopes of a rate cut by the BoE, as inflation cooled down, and growing evidence of an

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economic upswing out of a recession in the second half of 2023. The more domestically focused FTSE 250 and Smallcap indices were also strong, especially in the later phase of the review period.

The equity segment of the portfolio lagged the FTSE All-Share Index in the period. The fund's underperformance during the period was driven primarily by stock selection. Our picks in energy detracted the most, especially our underweight exposure to Shell. Additionally, our stock choices in real estate hindered performance due to our off-benchmark exposure to Grit Real Estate Income. On the other hand in the consumer staples, industrials, and healthcare sectors, stock selection aided fund performance.

At the individual holding level, a zero weight in Rolls-Royce worked against us following a rebound in its share price, as did our overweight (above benchmark) position in gambling group Entain. Conversely, our decision to avoid investing in global beverage company Diageo, consumer goods company Reckitt Benckiser, and insurance company Prudential, proved beneficial.

During the review period, bond yields demonstrated a mixed performance, with government bond prices experiencing a decline, whilst corporate bonds delivered positive returns. UK government bonds (gilts), however, generated moderate positive returns and were among the strongest performers among other developed market sovereigns.

The first half of the period saw much volatility across global bond markets, as the spectre of high interest rates (which cause yields to rise) continued to dominate investor sentiment. Inflation steadily declined in the fourth quarter of 2023, allowing central banks to adopt a more accommodative monetary policy. As 2024 unfolded, this trend of falling inflation persisted across key global economies.

Against this backdrop, the bond segment of the portfolio held up well. In the 12-month period to 31 May 2024, it was up by 7.5%, compared to the FTSE Actuaries UK Conventional Gilts All Stocks Index, which recorded a 3.0% return.

Our preference for corporate debt in the bond segment of the portfolio helped in the first half of the period as corporate bonds outperformed government bonds. Our below-benchmark exposure to interest rate risk (duration) was also helpful early in the review period, during the central banks' rate hiking cycles. The fund's defensive position in credit risk (ie, holding higher quality bonds) helped protect the portfolio from significant falls in the first half of the period as credit spreads widened.

Investment activities

Our new equity purchases included water utility company Pennon, recruitment firm, PageGroup and luxury goods company, Burberry. We exited our position in metals and mining company BHP and household durables company Vistry.

In bonds, we entered several new positions where we felt yields looked particularly compelling. In particular, we invested in bonds in the financials space (eg, Barclays, Virgin Money), the real estate sector (Annington Funding), and utilities (United Utilities), trading at wider risk premiums than bonds of industrial issuers with similar credit ratings. We also added positions in the primary market. These included new issues from Mercedes Benz (automotive), John Deere (machinery), and Yorkshire Building Society (financials), which we felt offered compelling new issue premiums compared to the outstanding bonds of these issuers.

During the period, the UK yield curve has remained inverted, in other words, yields on shorter-dated bonds have been higher than those bonds with longer maturities. The fund has taken advantage of this by adding exposure to short-dated gilts and short-dated corporate bonds. With regards to the latter, we focused buying activity on defensive, high-quality issuers (eg New York Life and Nestlé). In addition, we bought short-dated, AAA-rated bonds from supra-national entities (such as European Investment Bank and International Bank for Reconstruction and Development). The reason for our cautious stance on credit risk is that credit spreads had compressed meaningfully over the past months despite various risks lingering in the background (sticky inflation, interest

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rates uncertainty, elections, geopolitics, etc) and offer a less appealing risk-reward profile than a year ago.

Outlook

The macroeconomic environment remains supportive of financial assets, in our view. Inflationary pressures are slowly easing, while growth remains supported by a healthy labour market. Monetary policy decisions by central banks across the globe remain key drivers of market trajectory in the coming months.

We continue with our bottom-up approach, researching company fundamentals and waiting patiently for appealing valuations. We maintain our focus on strong returns and defensive names to deliver sustainable value for investors. The ambition continues to be to deliver distribution growth each year through the combination of underlying dividend growth from existing companies held and the management of holdings while maintaining the fund's premium yield.

Elina Symon

Fund manager

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

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

Portfolio statement

Investments

Holding	as at 31.05.24 £'000	as at 31.05.24 %	as at 31.05.23 %
Equities	327,698	74.73	75.77
Software & computer services	3,345	0.76	1.24
1,500,000 Moneysupermarket.com	3,345	0.76	
Telecommunication service providers	10,707	2.44	2.86
4,650,000 BT	6,019	1.37	
6,255,000 Vodafone	4,688	1.07	
Pharmaceuticals & biotechnology	34,105	7.78	7.81
137,500 AstraZeneca	16,638	3.80	
995,000 GSK	17,467	3.98	
Banks	38,416	8.76	7.94
185,000 Close Brothers	879	0.20	
3,470,000 HSBC	24,120	5.50	
8,770,000 Lloyds Banking	4,867	1.11	
6,250 Nationwide Building Society 10.25% CCD Non-cum. Irrd. Pref.	818	0.19	
2,105,000 NatWest	6,683	1.52	
900,000 Standard Chartered 8.25% Non-cum. Irrd. Pref.	1,049	0.24	
Finance & credit services	2,359	0.54	0.00
510,551 OSB	2,359	0.54	
Investment banking & brokerage services	21,710	4.95	4.56
1,525,000 abrdn	2,342	0.53	
1,135,000 Ashmore	2,204	0.50	
4,600,000 Duke Capital ^a	1,472	0.34	
396,429 EF Realisation ^b	0	0.00	
340,000 Hargreaves Lansdown	3,662	0.83	
330,000 IG	2,622	0.60	
135,000 Intermediate Capital	3,137	0.72	
3,000,000 Lloyds Banking 9.25% Non-cum. Irrd. Pref.	4,050	0.92	
500,000 Petershill Partners	1,013	0.23	
470,000 XPS Pensions	1,208	0.28	
Closed-ended investments	6,526	1.49	1.22
433,196 Atrato Onsite Energy	294	0.07	
1,015,000 BBGI Global Infrastructure	1,329	0.30	
1,150,000 International Public Partnerships	1,410	0.32	

Portfolio statement

Investments (continued)

Holding	as at 31.05.24 £'000	as at 31.05.24 %	as at 31.05.23 %
Equities (continued)			
Closed-ended investments (continued)			
940,000 Middlefield Canadian Income Trust	1,006	0.23	
3,132,267 Taylor Maritime Investments	2,487	0.57	
Life insurance	27,356	6.24	6.60
1,490,000 Aviva	7,195	1.64	
1,500,000 Aviva 8.375% Cum. Irrd. Pref.	1,875	0.43	
1,700,000 Chesnara	4,309	0.98	
2,670,000 Legal & General	6,702	1.53	
1,455,000 Phoenix	7,275	1.66	
Non-life insurance	12,110	2.76	2.72
485,000 Conduit	2,566	0.59	
535,000 Direct Line Insurance	1,136	0.26	
2,600,000 General Accident 7.875% Cum. Irrd. Pref.	3,042	0.69	
1,400,000 General Accident 8.875% Cum. Irrd. Pref.	1,820	0.41	
280,000 Lancashire	1,739	0.40	
1,075,738 Sabre Insurance	1,807	0.41	
Real estate investment & services	1,597	0.36	0.57
8,403,680 Grit Real Estate Income	1,597	0.36	
Real estate investment trusts	8,810	2.01	1.55
1,600,000 abrdn Property Income Trust	842	0.19	
530,000 British Land	2,304	0.53	
2,200,000 Channel Islands Property Fund	1,870	0.43	
1,870,260 Home ^b	265	0.06	
245,000 Land Securities	1,621	0.37	
2,325,000 NewRiver	1,681	0.38	
1,000,000 Regional	227	0.05	
Household goods & home construction	5,761	1.31	1.21
3,780,000 Taylor Wimpey	5,522	1.26	
497,116 Watkin Jones ^a	239	0.05	
Personal goods	1,942	0.44	0.00
187,000 Burberry	1,942	0.44	

Portfolio statement

Investments (continued)

Holding	as at 31.05.24 £'000	as at 31.05.24 %	as at 31.05.23 %
Equities (continued)			
Media	9,595	2.19	2.36
5,700,000 ITV	4,489	1.02	
3,548,490 Reach	2,874	0.66	
340,000 STV	908	0.21	
160,000 WPP	1,324	0.30	
Retailers	1,966	0.45	0.42
100,000 Dunelm	1,097	0.25	
625,000 Wickes	869	0.20	
Travel & leisure	2,147	0.49	1.77
320,000 Entain	2,147	0.49	
Tobacco	26,596	6.06	5.49
572,500 British American Tobacco	13,740	3.13	
667,000 Imperial Brands	12,856	2.93	
Personal care, drug & grocery stores	4,433	1.01	1.45
104,000 Unilever	4,433	1.01	
Construction & materials	5,146	1.17	1.20
830,000 Kier	1,228	0.28	
382,401 Marshalls	1,212	0.27	
3,800,000 Severfield	2,706	0.62	
General industrials	4,423	1.01	0.72
1,180,000 DS Smith	4,423	1.01	
Industrial engineering	2,576	0.59	0.47
530,000 Vesuvius	2,576	0.59	
Industrial support services	6,882	1.57	0.41
180,000 FDM	805	0.18	
255,000 Inchcape	2,040	0.47	
450,000 PageGroup	2,031	0.46	
230,000 PayPoint	1,233	0.28	
1,250,000 Smiths News	773	0.18	
Industrial transportation	2,703	0.62	0.91
585,000 International Distributions Services	1,958	0.45	
2,700,000 Pacific Basin Shipping	745	0.17	

Portfolio statement

Investments (continued)

Holding	as at 31.05.24 £'000	as at 31.05.24 %	as at 31.05.23 %
Equities (continued)			
Industrial metals & mining			
65,000 Anglo American	1,624	0.37	
600,000 Central Asia Metals ^a	1,311	0.30	
585,000 Kenmare Resources	2,088	0.48	
294,000 Rio Tinto	16,185	3.69	
Chemicals			
115,000 Victrex	1,440	0.33	
Oil & gas			
5,090,000 BP	24,862	5.67	
310,206 Diversified Energy	3,617	0.82	
405,000 Shell	11,429	2.61	
Electricity			
730,000 Drax	3,789	0.86	
292,000 SSE	5,108	1.17	
Gas, water & multi-utilities			
1,045,000 National Grid	9,246	2.11	
304,791 National Grid Rights 10/06/2024	608	0.14	
419,685 Pennon	2,550	0.58	
260,000 United Utilities	2,630	0.60	
Fixed income			
Debt securities			
'AAA' credit rated bonds			
£1,300,000 African Development Bank 0.875% 16/12/2024	1,270	0.29	
£647,000 Commonwealth Bank of Australia FRN 5.7827% 16/01/2025	648	0.15	
£1,300,000 European Investment Bank 1.375% 07/03/2025	1,265	0.29	
£2,000,000 Inter-American Development Bank 4% 17/12/2029	1,951	0.44	
£1,300,000 International Bank for Reconstruction & Development 0.875% 13/12/2024	1,271	0.29	
£1,000,000 Johnson & Johnson 5.5% 06/11/2024	1,000	0.23	
£1,500,000 KfW 0.75% 07/12/2027	1,315	0.30	
£295,000 Leeds Building Society FRN 5.7728% 15/01/2025	296	0.07	
£11,814 Precise Mortgage Funding 2020-1B FRN 6.1395% 16/10/2056	12	0.00	

Portfolio statement

Investments (continued)

Holding	as at 31.05.24 £'000	as at 31.05.24 %	as at 31.05.23 %
Fixed income (continued)			
Debt securities (continued)			
'AAA' credit rated bonds (continued)			
£905,000 Royal Bank of Canada FRN 5.8118% 03/10/2024	906	0.21	
£1,000,000 Yorkshire Building Society FRN 5.6835% 24/05/2029	1,000	0.23	
	20,230	4.61	3.93
'AA' credit rated bonds			
£1,286,000 DNB Bank Var. Rate 2.625% 10/06/2026	1,249	0.28	
£382,000 Euroclear Bank 1.25% 30/09/2024	377	0.09	
£933,000 MassMutual Global Funding II 1.375% 15/12/2026	850	0.19	
£971,000 Metropolitan Life Global Funding I 5% 10/01/2030	970	0.22	
£730,000 Nestlé Capital 4.5% 22/03/2029	717	0.16	
£607,000 New York Life Global Funding 1.25% 17/12/2026	553	0.13	
£700,000 New York Life Global Funding 4.35% 16/09/2025	692	0.16	
£3,000,000 Procter & Gamble 1.375% 03/05/2025	2,900	0.66	
£98,153 Telereal Securitisation 1.3657% 10/12/2031	85	0.02	
£2,500,000 UK Treasury 0% 19/08/2024	2,472	0.56	
£2,500,000 UK Treasury 0% 09/09/2024	2,465	0.56	
£2,500,000 UK Treasury 0.375% 22/10/2026	2,270	0.52	
£4,000,000 UK Treasury 0.5% 31/01/2029	3,370	0.77	
£2,000,000 UK Treasury 1.125% 31/01/2039	1,260	0.29	
	30,747	7.01	5.88
'A' credit rated bonds			
£742,000 American Honda Finance 5.6% 06/09/2030	762	0.17	
£1,150,000 Anheuser-Busch InBev 9.75% 30/07/2024	1,156	0.26	
£1,500,000 Banco Santander 1.375% 31/07/2024	1,489	0.34	
£1,000,000 Bank of America Var. Rate 1.667% 02/06/2029	870	0.20	
£999,000 Bank of America Var. Rate 3.584% 27/04/2031	917	0.21	
£1,500,000 Bank of Nova Scotia 1.25% 17/12/2025	1,409	0.32	
£1,500,000 Banque Fédérative du Crédit Mutuel 1.875% 26/10/2028	1,310	0.30	
£700,000 BPCE 1.375% 23/12/2026	636	0.15	
£874,000 Canadian Imperial Bank of Commerce 1.625% 25/09/2025	832	0.19	
£807,000 Caterpillar Financial Services 5.72% 17/08/2026	815	0.19	
£1,500,000 Commerzbank 1.5% 22/11/2024	1,471	0.34	
£1,171,000 Credit Suisse Var. Rate 2.125% 12/09/2025	1,159	0.26	

Portfolio statement

Investments (continued)

Holding	as at 31.05.24 £'000	as at 31.05.24 %	as at 31.05.23 %
Fixed income (continued)			
Debt securities (continued)			
'A' credit rated bonds (continued)			
£1,116,000 Equitable Financial Life Global Funding 6.375% 02/06/2028	1,157	0.26	
£1,100,000 Henkel 1.25% 30/09/2026	1,014	0.23	
£2,000,000 HSBC Var. Rate 2.256% 13/11/2026	1,905	0.43	
£421,000 HSBC Var. Rate 3% 22/07/2028	390	0.09	
£500,000 HSBC Var. Rate 3% 29/05/2030	446	0.10	
£1,000,000 John Deere Bank 5.125% 18/10/2028	1,007	0.23	
£1,275,000 JPMorgan Chase Var. Rate 0.991% 28/04/2026	1,225	0.28	
£500,000 Landesbank Baden-Wuerttemberg 1.5% 03/02/2025	486	0.11	
£1,525,000 London Merchant Securities 6.5% 16/03/2026	1,531	0.35	
£1,500,000 Mercedes Benz International Finance 5.625% 17/08/2026	1,513	0.35	
£627,000 Nestlé 0.625% 18/12/2025	586	0.13	
£918,000 Notting Hill Genesis 3.25% 12/10/2048	628	0.14	
£1,221,000 Protective Life Global Funding 5.248% 13/01/2028	1,223	0.28	
£1,242,000 Realty Income 1.125% 13/07/2027	1,089	0.25	
£1,503,000 TotalEnergies Capital International 1.75% 07/07/2025	1,449	0.33	
£1,343,000 Toyota Motor Credit 0.75% 19/11/2026	1,210	0.28	
£1,231,000 UBS Var. Rate 1.875% 03/11/2029	1,062	0.24	
'BBB' credit rated bonds	53,056	12.10	12.53
£2,000,000 ABN AMRO Bank 5.125% 22/02/2028	1,983	0.45	
£794,000 Akelius Residential Property 2.375% 15/08/2025	757	0.17	
£1,750,000 Amgen 5.5% 07/12/2026	1,760	0.40	
£326,000 Annington Funding 4.75% 09/08/2033	297	0.07	
£1,214,000 Aroundtown 3% 16/10/2029	965	0.22	
£800,000 Babcock International 1.875% 05/10/2026	735	0.17	
£800,000 Barclays Var. Rate 6.369% 31/01/2031	821	0.19	
£484,000 Barclays Var. Rate 7.09% 06/11/2029	509	0.12	
£1,300,000 BNP Paribas 1.875% 14/12/2027	1,160	0.26	
£700,000 BPCE 6.125% 24/05/2029	712	0.16	
£1,125,000 Cadent Finance 5.75% 14/03/2034	1,123	0.26	
£700,000 CaixaBank Var. Rate 3.5% 06/04/2028	659	0.15	

Portfolio statement

Investments (continued)

Holding	as at 31.05.24 £'000	as at 31.05.24 %	as at 31.05.23 %
Fixed income (continued)			
Debt securities (continued)			
'BBB' credit rated bonds (continued)			
£846,000 Channel Link Enterprises Finance Var. Rate 3.043% 30/06/2050	734	0.17	
£430,000 CK Hutchison Telecom Finance 2% 17/10/2027	382	0.09	
£523,000 Coventry Building Society FRN 5.875% 12/03/2030	521	0.12	
£644,000 Coventry Building Society FRN 7% 07/11/2027	660	0.15	
£1,500,000 Deutsche Bank Var. Rate 6.125% 12/12/2030	1,505	0.34	
£2,000,000 Deutsche Pfandbriefbank 7.625% 08/12/2025	1,949	0.44	
£208,000 Deutsche Telekom 3.125% 06/02/2034	176	0.04	
£178,000 Digital Stout 2.75% 19/07/2024	177	0.04	
£1,000,000 Digital Stout 3.75% 17/10/2030	895	0.20	
£513,000 DP World 4.25% 25/09/2030	475	0.11	
£950,000 Électricité de France 6.125% 02/06/2034	963	0.22	
£459,000 Experian Finance 0.739% 29/10/2025	430	0.10	
£485,000 Experian Finance 2.125% 27/09/2024	480	0.11	
£630,000 FirstGroup 6.875% 18/09/2024	631	0.14	
£1,500,000 Goldman Sachs 3.125% 25/07/2029	1,364	0.31	
£1,859,000 Hammerson 3.5% 27/10/2025	1,792	0.41	
£110,000 Heathrow Funding 2.75% 13/10/2029	97	0.02	
£926,000 Holcim Sterling Finance (Netherlands) 3% 12/05/2032	777	0.18	
£1,007,000 Informa 3.125% 05/07/2026	958	0.22	
£1,300,000 ING 3% 18/02/2026	1,251	0.29	
£454,000 Liberty Living Finance 2.625% 28/11/2024	447	0.10	
£658,000 Lloyds Banking Var. Rate 1.985% 15/12/2031	598	0.14	
£500,000 Lloyds Banking Var. Rate 2% 12/04/2028	453	0.10	
£492,000 Lloyds Banking Var. Rate 2.707% 03/12/2035	398	0.09	
£1,034,000 Logisor Financing 2.75% 15/01/2030	860	0.20	
£369,000 McKesson 3.125% 17/02/2029	339	0.08	
£712,000 Nationwide Building Society Var. Rate 6.178% 07/12/2027	721	0.16	
£406,000 NatWest Var. Rate 2.057% 09/11/2028	363	0.08	
£619,000 NatWest Var. Rate 3.125% 28/03/2027	593	0.14	
£205,000 Next 3% 26/08/2025	199	0.05	

Portfolio statement

Investments (continued)

Holding	as at 31.05.24 £'000	as at 31.05.24 %	as at 31.05.23 %
Fixed income (continued)			
Debt securities (continued)			
'BBB' credit rated bonds (continued)			
£874,000 Rentokil Initial 5% 27/06/2032	845	0.19	
£1,340,000 Santander Var. Rate 7.098% 16/11/2027	1,375	0.31	
£201,000 Severn Trent Utilities Finance 2.625% 22/02/2033	160	0.04	
£368,000 Severn Trent Utilities Finance 4.625% 30/11/2034	338	0.08	
£353,000 Severn Trent Utilities Finance 5.25% 04/04/2036	340	0.08	
£1,400,000 Société Générale 1.25% 07/12/2027	1,222	0.28	
£1,422,000 SP Transmission 2% 13/11/2031	1,155	0.26	
£1,384,000 Swedbank Var. Rate 7.272% 15/11/2032	1,426	0.32	
£1,000,000 Telefónica Emisiones 5.375% 02/02/2026	997	0.23	
£1,500,000 Tesco Corporate Treasury Services 1.875% 02/11/2028	1,315	0.30	
£101,000 Tesco Corporate Treasury Services 2.5% 02/05/2025	98	0.02	
£466,000 Thames Water Utilities Finance 5.125% 28/09/2037	380	0.09	
£767,000 Thames Water Utilities Finance 7.125% 30/04/2031	674	0.15	
£1,005,000 UNITE 3.5% 15/10/2028	927	0.21	
£998,000 Virgin Money Var. Rate 3.375% 24/04/2026	977	0.22	
£2,000,000 Volkswagen Financial Services 6.5% 18/09/2027	2,056	0.47	
£220,000 Wessex Water Services Finance 5.125% 31/10/2032	211	0.05	
£2,530,000 Westfield America Management 2.125% 30/03/2025	2,451	0.56	
£1,500,000 Yorkshire Building Society Var. Rate 7.375% 12/09/2027	1,549	0.35	
£2,000,000 Yorkshire Water Finance 5.25% 28/04/2030	1,891	0.43	
'BB' credit rated bonds	2,054	0.47	0.44
£734,000 Ford Motor Credit 4.535% 06/03/2025	727	0.17	
£1,390,000 Rolls-Royce 3.375% 18/06/2026	1,327	0.30	
Total portfolio	444,719	101.42	100.45
Net other assets/(liabilities)	(6,227)	(1.42)	(0.45)
Net assets attributable to shareholders	438,492	100.00	100.00

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

^a AIM quoted.

^b Suspended/delisted.

Portfolio statement

Top ten portfolio transactions for the year to 31 May 2024

Largest purchases	£'000
Pennon	3,032
British American Tobacco	2,777
PageGroup	2,675
HSBC	2,589
Hargreaves Lansdown	2,509
UK Treasury 0% 19/08/2024	2,442
UK Treasury 0% 09/09/2024	2,438
BT	2,373
Burberry	2,358
Taylor Wimpey	2,272
Other purchases	54,838
Total purchases	80,303

Largest sales	£'000
Vodafone	4,771
BP	4,308
BHP	4,258
SSE	4,201
Wincanton	3,593
GSK	3,302
Close Brothers	2,913
Volkswagen Financial Services 1.125% 18/09/2023	2,700
Aviva	2,280
Vistry	2,265
Other sales	68,302
Total sales	102,893

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

Financial highlights

Fund performance

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

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

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

Long-term performance by share class

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

Share class	One year % ^a	Three years % pa	Five years % pa	Ten years % pa
Sterling				
Class 'A' Income	+10.9	+3.7	+3.8	+4.1
Class 'A' Accumulation	+10.9	+3.7	+3.8	+4.1
Class 'C' Income	+11.8	+4.6	+4.8	+5.2
Class 'I' Income	+11.3	+4.1	+4.2	+4.6
Class 'I' Accumulation	+11.3	+4.0	+4.2	+4.6
Class 'R' Income	+11.0	+3.8	+4.0	+4.4
Class 'R' Accumulation	+11.0	+3.8	+3.9	+4.4
Benchmark	+11.7	+3.1	+3.6	+4.6

^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).

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

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

Financial highlights

Sterling Class 'A' Income shares

The share class was launched on 19 November 1973.

for the year to 31 May	2024	2023	2022
Change in NAV per share	UK p	UK p	UK p
Opening NAV	655.47	727.33	722.55
Return before operating charges*	77.34	(25.33)	48.34
Operating charges	(7.76)	(7.90)	(8.12)
Return after operating charges*	69.58	(33.23)	40.22
Distributions	(39.34)	(38.63)	(35.44)
Closing NAV	685.71	655.47	727.33
*after direct transaction cost of	0.45	0.33	0.29
Performance			
Return after charges (%)	10.62	(4.57)	5.57
Other information			
Closing NAV (£'000)	111,140	117,952	124,181
Number of shares	16,207,931	17,995,072	17,073,485
Operating charges (%)	1.17	1.14	1.10
Direct transaction costs (%)	0.07	0.05	0.04
Prices			
Highest share price	716.73	729.20	755.86
Lowest share price	635.42	638.18	683.12

Sterling Class 'A' Accumulation shares

The share class was launched on 19 November 1973.

for the year to 31 May	2024	2023	2022
Change in NAV per share	UK p	UK p	UK p
Opening NAV	7,785.89	8,165.32	7,728.60
Return before operating charges*	940.08	(289.44)	524.72
Operating charges	(93.62)	(89.99)	(88.00)
Return after operating charges*	846.46	(379.43)	436.72
Distributions	(390.45)	(355.13)	(298.66)
Retained distributions	390.45	355.13	298.66
Closing NAV	8,632.35	7,785.89	8,165.32
*after direct transaction cost of	5.39	3.80	3.16
Performance			
Return after charges (%)	10.87	(4.65)	5.65
Other information			
Closing NAV (£'000)	22,486	22,346	21,241
Number of shares	260,480	287,008	260,142
Operating charges (%)	1.17	1.14	1.10
Direct transaction costs (%)	0.07	0.05	0.04
Prices			
Highest share price	8,773.01	8,343.35	8,231.52
Lowest share price	7,547.56	7,233.78	7,507.57

Financial highlights

Sterling Class 'C' Income shares

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

The share class was launched on 1 December 2005.

for the year to 31 May	2024	2023	2022
Change in NAV per share	UK p	UK p	UK p
Opening NAV	792.93	870.48	855.39
Return before operating charges*	91.88	(32.17)	56.19
Operating charges	(0.56)	(0.31)	0.00
Return after operating charges*	91.32	(32.48)	56.19
Distributions	(46.06)	(45.07)	(41.10)
Closing NAV	838.19	792.93	870.48
*after direct transaction cost of	0.54	0.40	0.35
Performance			
Return after charges (%)	11.52	(3.73)	6.57
Other information			
Closing NAV (£'000)	50,019	50,418	57,344
Number of shares	5,967,500	6,358,396	6,587,660
Operating charges (%)	0.07	0.04	0.00
Direct transaction costs (%)	0.07	0.05	0.04
Prices			
Highest share price	875.05	878.85	901.07
Lowest share price	769.29	766.53	815.39

Financial highlights

Sterling Class 'I' Income shares

The share class was launched on 3 August 2012.

for the year to 31 May	2024	2023	2022
Change in NAV per share	UK p	UK p	UK p
Opening NAV	1,095.60	1,211.32	1,198.82
Return before operating charges*	128.74	(42.71)	79.99
Operating charges	(8.56)	(8.55)	(8.58)
Return after operating charges*	120.18	(51.26)	71.41
Distributions	(65.79)	(64.46)	(58.91)
Closing NAV	1,149.99	1,095.60	1,211.32
*after direct transaction cost of	0.75	0.56	0.48
Performance			
Return after charges (%)	10.97	(4.23)	5.96
Other information			
Closing NAV (£'000)	70,676	62,990	71,415
Number of shares	6,145,775	5,749,297	5,895,624
Operating charges (%)	0.77	0.74	0.70
Direct transaction costs (%)	0.07	0.05	0.04
Prices			
Highest share price	1,201.88	1,217.64	1,257.19
Lowest share price	1,062.47	1,064.28	1,136.57

Sterling Class 'I' Accumulation shares

The share class was launched on 3 August 2012.

for the year to 31 May	2024	2023	2022
Change in NAV per share	UK p	UK p	UK p
Opening NAV	1,814.83	1,896.35	1,788.15
Return before operating charges*	218.59	(67.96)	121.18
Operating charges	(14.38)	(13.56)	(12.98)
Return after operating charges*	204.21	(81.52)	108.20
Distributions	(97.61)	(89.34)	(76.19)
Retained distributions	97.61	89.34	76.19
Closing NAV	2,019.04	1,814.83	1,896.35
*after direct transaction cost of	1.26	0.88	0.73
Performance			
Return after charges (%)	11.25	(4.30)	6.05
Other information			
Closing NAV (£'000)	21,793	20,522	22,500
Number of shares	1,079,421	1,130,792	1,186,511
Operating charges (%)	0.77	0.74	0.70
Direct transaction costs (%)	0.07	0.05	0.04
Prices			
Highest share price	2,051.87	1,942.87	1,909.57
Lowest share price	1,759.93	1,682.30	1,742.05

Financial highlights

Sterling Class 'R' Income shares

The share class was launched on 3 August 2012.

for the year to 31 May	2024	2023	2022
Change in NAV per share	UK p	UK p	UK p
Opening NAV	106.69	118.24	117.31
Return before operating charges*	12.54	(4.15)	7.83
Operating charges	(1.10)	(1.12)	(1.14)
Return after operating charges*	11.44	(5.27)	6.69
Distributions	(6.41)	(6.28)	(5.76)
Closing NAV	111.72	106.69	118.24
*after direct transaction cost of	0.07	0.05	0.05
Performance			
Return after charges (%)	10.72	(4.46)	5.70
Other information			
Closing NAV (£'000)	139,657	144,964	168,960
Number of shares	125,002,578	135,877,048	142,892,526
Operating charges (%)	1.02	0.99	0.95
Direct transaction costs (%)	0.07	0.05	0.04
Prices			
Highest share price	116.78	118.65	122.83
Lowest share price	103.44	103.80	111.02

Sterling Class 'R' Accumulation shares

The share class was launched on 3 August 2012.

for the year to 31 May	2024	2023	2022
Change in NAV per share	UK p	UK p	UK p
Opening NAV	176.86	185.25	175.12
Return before operating charges*	21.28	(6.62)	11.85
Operating charges	(1.85)	(1.77)	(1.72)
Return after operating charges*	19.43	(8.39)	10.13
Distributions	(9.07)	(8.28)	(7.00)
Retained distributions	9.07	8.28	7.00
Closing NAV	196.29	176.86	185.25
*after direct transaction cost of	0.12	0.09	0.07
Performance			
Return after charges (%)	10.99	(4.53)	5.78
Other information			
Closing NAV (£'000)	22,721	22,245	22,022
Number of shares	11,575,457	12,578,303	11,887,286
Operating charges (%)	1.02	0.99	0.95
Direct transaction costs (%)	0.07	0.05	0.04
Prices			
Highest share price	199.49	189.46	186.68
Lowest share price	171.46	164.19	170.28

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Statement of total return

for the year to 31 May	Note	2024		2023	
		£'000	£'000	£'000	£'000
Income					
Net capital gains/(losses)	3		23,538		(44,492)
Revenue	5	26,065		26,583	
Expenses	6	(3,646)		(4,017)	
Interest payable and similar charges		(26)		(13)	
Net revenue/(expense) before taxation		22,393		22,553	
Taxation	7	(74)		(102)	
Net revenue/(expense) after taxation			22,319		22,451
Total return before distributions			45,857		(22,041)
Distributions	8		(25,268)		(25,785)
Change in net assets attributable to shareholders from investment activities			20,589		(47,826)

Statement of change in net assets attributable to shareholders

for the year to 31 May	2024		2023	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		441,437		506,400
Amounts received on issue of shares	28,902		17,025	
Amounts paid on cancellation of shares	(55,884)		(37,392)	
		(26,982)		(20,367)
Dilution adjustments		152		129
Change in net assets attributable to shareholders from investment activities (see above)		20,589		(47,826)
Retained distributions on Accumulation shares		3,183		3,055
Unclaimed distributions		113		46
Closing net assets attributable to shareholders		438,492		441,437

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Balance sheet

as at 31 May	Note	2024 £'000	2023 £'000
Assets			
Fixed assets			
Investments		444,719	443,409
Current assets			
Debtors	9	4,448	3,742
Cash and bank balances	10	326	729
Cash equivalents		470	6,012
Total assets		449,963	453,892
Liabilities			
Creditors			
Distribution payable		(10,522)	(10,757)
Other creditors	11	(949)	(1,698)
Total liabilities		(11,471)	(12,455)
Net assets attributable to shareholders		438,492	441,437

Financial statements and notes

Notes to the financial statements

1 Accounting policies

The financial statements have been prepared in accordance with the 'Summary of significant accounting policies' set out on pages 9 to 12.

2 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.

3 Net capital gains/(losses)

for the year to 31 May	2024 £'000	2023 £'000
Non-derivative securities	23,577	(44,357)
Currency gains/(losses)	(39)	(135)
Net capital gains/(losses)	23,538	(44,492)

Financial statements and notes

4 Portfolio transactions and associated costs

The following tables show portfolio transactions and their associated transaction costs. For more information about the nature of the costs please see the sections on 'Operating charges' and 'Portfolio transaction costs' within 'Notes to the financial statements' on pages 11 and 12. Total direct portfolio transaction costs are stated before dilution adjustments.

for the year to 31 May	2024 £'000	% of transaction	2023 £'000	% of transaction
a) Purchases				
Equities				
Equities before transaction costs	51,466		40,106	
Commissions	21	0.04	16	0.04
Taxes	243	0.47	187	0.46
Equities after transaction costs	51,730		40,309	
Debt securities				
	25,856		34,559	
Collective investment schemes				
Collective investment schemes before transaction costs	2,716		421	
Commissions	1	0.05	0	0.00
Taxes	0	0.00	2	0.50
Collective investment schemes after transaction costs	2,717		423	
Total purchases after transaction costs	80,303		75,291	
b) Sales				
Equities				
Equities before transaction costs	80,351		65,626	
Commissions	(30)	0.04	(25)	0.04
Equities after transaction costs	80,321		65,601	
Debt securities				
	19,469		28,665	
Collective investment schemes				
Collective investment schemes before transaction costs	342		837	
Commissions	0	0.05	0	0.01
Collective investment schemes after transaction costs	342		837	
Other transaction types				
Corporate actions	2,761		1,268	
Total sales after transaction costs	102,893		96,371	

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	2024 £'000	% of average NAV	2023 £'000	% of average NAV
c) Direct portfolio transaction costs				
Commissions paid				
Equities	51	0.01	41	0.01
Collective investment schemes	1	0.00	0	0.00
Total commissions paid	52	0.01	41	0.01
Taxes paid				
Equities	243	0.06	187	0.04
Collective investment schemes	0	0.00	2	0.00
Total taxes paid	243	0.06	189	0.04
Total direct portfolio transaction costs	295	0.07	230	0.05
		%		%
d) Indirect portfolio transaction costs				
Average portfolio dealing spread as at the balance sheet date		0.38		0.44

5 Revenue

for the year to 31 May	2024 £'000	2023 £'000
Bank interest	2	3
Distributions from collective investment schemes: non-taxable	145	145
Distributions from collective investment schemes: taxable	72	150
Dividends from equity investments: non-taxable	21,081	22,461
Dividends from equity investments: taxable	23	107
Interest distributions	43	102
Interest on debt securities	4,301	3,144
Property distribution: non-taxable	26	20
Property distribution: taxable	372	449
Rebate of ongoing charges from underlying funds	0	2
Total revenue	26,065	26,583

6 Expenses

for the year to 31 May	2024 £'000	2023 £'000
Payable to the ACD or associate		
Annual charge	3,646	4,017
Total expenses	3,646	4,017

Audit fees for the financial year ending 2024 were £12,000 (2023: £11,000) (including VAT), which are covered by the annual charge.

Financial statements and notes

7 Taxation

for the year to 31 May	2024 £'000	2023 £'000
a) Analysis of charge in the year		
Corporation tax	0	0
Withholding tax	74	102
Deferred tax (note 7c)	0	0
Total taxation	74	102
b) Factors affecting taxation charge for the year		
Net revenue/(expense) before taxation	22,393	22,553
Corporation tax at 20%	4,479	4,511
Effects of:		
Dividends from equity investments: non-taxable	(4,250)	(4,525)
Relief for indexation on UK gilts	0	(71)
Current year expenses utilised/not utilised	(229)	85
Withholding tax	74	102
Total tax charge (note 7a)	74	102
c) Provision for deferred taxation		
Provision at the start of the year	0	0
Deferred tax in profit and loss account (note 7a)	0	0
Provision at the end of the year	0	0

The fund has not recognised a deferred tax asset of £2,440,000 (2023: £2,669,000) arising as a result of having excess management expenses. We do not expect this asset to be utilised in the foreseeable future.

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8 Distributions

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

for the year to 31 May	2024		2023	
	Inc £'000	Acc £'000	Inc £'000	Acc £'000
Ordinary distributions				
First interim	3,781	551	3,944	536
Second interim	3,720	539	3,905	519
Third interim	3,654	504	3,833	481
Final	10,522	1,589	10,757	1,519
Total net distributions		24,860		25,494
Income deducted on cancellation of shares		662		580
Income received on issue of shares		(254)		(289)
Distributions		25,268		25,785
Net revenue/(expense) per statement of total return		22,319		22,451
Expenses offset against capital		3,054		3,413
Sharing of relief between classes		(105)		(79)
Distributions		25,268		25,785

9 Debtors

as at 31 May	2024 £'000	2023 £'000
Amounts receivable on issues of shares	79	125
Debt security interest receivable	1,882	1,601
Distributions receivable	1	21
Dividends receivable	1,912	1,995
Sales awaiting settlement	574	0
Total debtors	4,448	3,742

10 Cash and bank balances

as at 31 May	2024 £'000	2023 £'000
Cash held as bank balances	326	729
Total cash and bank balances	326	729

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11 Other creditors

as at 31 May	2024 £'000	2023 £'000
Amounts payable on cancellation of shares	762	412
Annual charge payable	187	171
Purchases awaiting settlement	0	1,115
Total other creditors	949	1,698

12 Contingent assets, liabilities and outstanding commitments

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

13 Shares in issue

The following table shows each class of share in issue during the year. Each share class has the same rights on winding up however they may have different charging structures as set out in note 14.

Share class	Opening 01.06.23	Issued	Movements Cancelled	Converted	Closing 31.05.24
Sterling					
Class 'A' Income	17,995,072	415,555	(2,202,696)	0	16,207,931
Class 'A' Accumulation	287,008	16,812	(43,340)	0	260,480
Class 'C' Income	6,358,396	456,792	(847,688)	0	5,967,500
Class 'I' Income	5,749,297	971,085	(574,607)	0	6,145,775
Class 'I' Accumulation	1,130,792	180,327	(231,698)	0	1,079,421
Class 'R' Income	135,877,048	5,001,737	(15,876,207)	0	125,002,578
Class 'R' Accumulation	12,578,303	959,996	(1,962,842)	0	11,575,457

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

14 Charging structure

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

Share class	Annual charge %
Sterling	
Class 'A'	1.10
Class 'C'	0.00
Class 'I'	0.70
Class 'R'	0.95

Financial statements and notes

15 Related parties

M&G Securities Limited, as Authorised Corporate Director (ACD), is a related party and acts as principal on all the transactions of shares in the fund except with in specie transactions, where M&G Securities Limited acts as an agent. The aggregate monies received through issues, and paid on cancellations, are disclosed in the 'Statement of change in net assets attributable to shareholders' and note 8. Amounts due to/from M&G Securities Limited in respect of share transactions at the year end are disclosed in notes 9 and 11 where applicable.

Amounts paid to M&G Securities Limited in respect of the annual charge are disclosed in note 6. Amounts due at the year end in respect of the annual charge are disclosed in note 11.

Amounts paid to M&G Securities Limited in respect of rebate arrangements for the annual charge are disclosed in notes 3 and 5. Amounts due at the year end from the ACD, and/or associate, in respect of these rebates are disclosed in note 9.

At the balance sheet date, shareholders from within M&G plc, of which M&G Securities Limited is a wholly owned subsidiary, have holdings totalling 3.63% (2023: 3.57%) of the fund's shares.

16 Fair value analysis

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

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

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

Level 2: Valuation technique using observable market data

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

Level 3: Valuation technique using unobservable inputs

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

as at 31 May	Assets 2024	Liabilities 2024	Assets 2023	Liabilities 2023
Basis of valuation	£'000	£'000	£'000	£'000
Level 1	326,616	0	331,700	0
Level 2	117,838	0	110,997	0
Level 3	265	0	712	0
	444,719	0	443,409	0

Level 3 assets comprise solely of Home REIT (2023: Home REIT) which is held at a discount to estimated NAV.

17 Risk management policies

The general risk management policies for the fund are set out in note 3 to the financial statements on pages 12 to 15.

Financial statements and notes

18 Market risk sensitivity

A five per cent increase in the value of the fund's investment portfolio would have the effect of increasing the return and net assets by £22,236,000 (2023: £22,170,000). A five per cent decrease would have an equal and opposite effect.

19 Currency risk sensitivity and exposure

Currency risk is not considered significant for the fund and is therefore not disclosed.

20 Interest rate risk sensitivity and exposure

Changes in interest rates or changes in expectations of future interest rates may result in an increase or decrease in the market value of the investments held. A one per cent increase in interest rates (based on current parameters used by the Manager's Investment Risk department) would have the effect of decreasing the return and net assets by £(1,557,000) (2023: £(1,489,000)). A one per cent decrease would have the effect of increasing the return and net assets by £2,011,000 (2023: £1,892,000). The table below sets out the fund's exposure to interest rate risk.

for the year to 31 May	2024 £'000	2023 £'000
Investments with fixed interest rates	91,074	88,604
Investments with variable interest rates	25,947	20,320
Non-interest bearing investments	327,698	334,485
Total	444,719	443,409

21 Credit risk

The fund is exposed to credit risk both through the credit quality of the investments it holds. The table below shows the credit quality of the investments held in the portfolio.

as at 31 May	2024 £'000	2023 £'000
Investment grade securities	114,967	106,978
Below investment grade securities	2,054	1,946
Other investments	327,698	334,485
Total	444,719	443,409

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22 Dividend distribution tables

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

Quarterly distribution periods

	Start	End	Xd	Payment
First interim	01.06.23	31.08.23	01.09.23	31.10.23
Second interim	01.09.23	30.11.23	01.12.23	31.01.24
Third interim	01.12.23	29.02.24	01.03.24	30.04.24
Final	01.03.24	31.05.24	03.06.24	31.07.24

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

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

Group 2 shares are those purchased during a distribution period and therefore their distribution rate is made up of income and equalisation. Equalisation is the average amount of income included in the purchase price of all Group 2 shares and is refunded to the holders of these shares as a return of capital. Being capital it is not liable to Income Tax. Instead, it must be deducted from the cost of shares for Capital Gains Tax purposes. The tables below show the split of the Group 2 rates into the income and equalisation components.

Sterling Class 'A' Income shares

Ordinary distributions for the year to 31 May	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
First interim	2.1082	4.4918	6.6000	6.6000
Second interim	0.0000	6.6000	6.6000	6.6000
Third interim	0.0000	6.6000	6.6000	6.6000
Final	4.7812	14.7605	19.5417	18.8323

Sterling Class 'A' Accumulation shares

Ordinary distributions for the year to 31 May	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
First interim	33.6778	31.8222	65.5000	62.8500
Second interim	0.0000	64.6200	64.6200	60.5000
Third interim	0.0000	60.8500	60.8500	55.8000
Final	69.7675	129.7150	199.4825	175.9781

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Sterling Class 'C' Income shares

Ordinary distributions for the year to 31 May	Income	Group 2	Group 1 & 2	
	2024 UK p	Equalisation 2024 UK p	2024 UK p	2023 UK p
First interim	1.7522	5.9478	7.7000	7.7500
Second interim	0.0000	7.7300	7.7300	7.7500
Third interim	0.0000	7.6500	7.6500	7.6200
Final	22.9825	0.0000	22.9825	21.9501

Sterling Class 'I' Income shares

Ordinary distributions for the year to 31 May	Income	Group 2	Group 1 & 2	
	2024 UK p	Equalisation 2024 UK p	2024 UK p	2023 UK p
First interim	3.2677	7.7823	11.0500	11.0000
Second interim	0.0000	11.0000	11.0000	11.0000
Third interim	0.0000	11.1000	11.1000	11.0000
Final	8.1353	24.5018	32.6371	31.4550

Sterling Class 'I' Accumulation shares

Ordinary distributions for the year to 31 May	Income	Group 2	Group 1 & 2	
	2024 UK p	Equalisation 2024 UK p	2024 UK p	2023 UK p
First interim	9.2879	6.9621	16.2500	15.5000
Second interim	0.0000	16.2000	16.2000	15.2500
Third interim	0.0000	15.6500	15.6500	14.4700
Final	12.4836	37.0223	49.5059	44.1229

Sterling Class 'R' Income shares

Ordinary distributions for the year to 31 May	Income	Group 2	Group 1 & 2	
	2024 UK p	Equalisation 2024 UK p	2024 UK p	2023 UK p
First interim	0.3437	0.7313	1.0750	1.0750
Second interim	0.0000	1.0750	1.0750	1.0750
Third interim	0.0000	1.0750	1.0750	1.0700
Final	0.6070	2.5750	3.1820	3.0642

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Sterling Class 'R' Accumulation shares

Ordinary distributions for the year to 31 May	Income	Group 2	Group 1 & 2	
	2024 UK p	Equalisation 2024 UK p	2024 UK p	2023 UK p
First interim	0.7092	0.8108	1.5200	1.4500
Second interim	0.0000	1.5000	1.5000	1.4200
Third interim	0.0000	1.4300	1.4300	1.3100
Final	2.0523	2.5658	4.6181	4.0970

23 Events after the balance sheet date

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

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

Investment objective

The fund has two aims:

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

Investment policy

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

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

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

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

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

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

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

Derivatives may be used for efficient portfolio management and hedging.

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

Investment approach

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

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

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

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

ESG Information

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

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

Benchmark

FTSE All-Share Index

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

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

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

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

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

Risk profile

For details of the risks associated with this fund, please refer to the Prospectus. For details of the risk management policies, please refer to pages 12 to 15.

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



The above number:

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

Investment review

For the year ended 31 May 2024

Performance against objective

Between 1 June 2023 (the start of the review period) and 31 May 2024, the fund's sterling share classes delivered a positive total return (the combination of income and growth of capital). Fund performance was behind its benchmark, the FTSE All-Share Index, which advanced 15.4% in the review period.

Over five years, the fund generated a positive return but trailed its benchmark, which returned 6.5% pa over this period. Therefore, the fund did not meet the objective of providing a higher total return (the combination of

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capital growth and income), net of the ongoing charge figure, than the FTSE All-Share 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 year under review can be separated into two distinct phases. In the first half of the period, up to December 2023, equity markets largely traded sideways, with the FTSE All-Share Index delivering -1%. Market participants generally took a defensive stance, wary that the US regional banking crisis might be a 'canary in the coal mine' of further economic cracks emerging. Concern was particularly acute in the UK given the higher absolute level of inflation and tighter monetary conditions. This fear peaked during the Autumn when the UK entered technical recession.

However, as we rolled through 2023 and into 2024, labour markets and consumer spending remained rock-solid, and the US, European and UK GDP outlook began to improve. Meanwhile inflation started to abate, with US core CPI falling from 5% to 2%, undershooting expectations. Likewise, UK core CPI dropped from 7% to 3.5%, its lowest since September 2021. The combination of bearish positioning and goldilocks data was the catalyst for an equity rally that started in December and extended through 2024. During the second half of the period under review the FTSE All-Share Index delivered +10.3%.

Either side of the Atlantic, the underlying components that drove equity markets in period were very different. In the US, the Magnificent 7 (Alphabet, Amazon, Apple, Meta, Microsoft, NVIDIA and Tesla), fuelled by Artificial Intelligence (AI) momentum, contributed to 30% of the S&P 500 performance. Contrastingly, in the UK, 'value' as a factor was in the ascendancy with the traditional 'value' sectors of energy, basic materials, banks, tobacco and aerospace and defence contributed 60% of the FTSE All-Shares Index total return. This dynamic represented a stiff headwind to the M&G UK Sustain Paris Aligned Fund that invests in high quality structural

growth companies that contribute towards the Paris Agreement climate change goal. As part of our sustainable credentials we are excluded from investing in a number of the carbon intensive industries that performed well during the period.

The fund had some great success within the technology sector. Darktrace, a global leader in AI enabled cyber security software was bid for by Thoma Bravo in April. The fund initiated its position towards the end of 2023. We thought Darktrace was materially under-priced for its differentiated technology, growth outlook and margin potential. We believed the valuation was unfairly depressed due to corporate governance concerns. We voted against the Thoma Bravo bid in the belief that the price offered still undervalues Darktrace's opportunity. We also saw positive contribution from Ascential, a global media and technology company most famous for its Cannes Lions events. The business decided to do a strategic review, which resulted in two of their data businesses being sold. This action unlocked material unrealised value that was largely returned to shareholders. Lastly, IQE, a global leader in epitaxy (growth of thin crystals) for compound semiconductors performed well having done a fund raise in early 2023. IQE will be a key industry beneficiary of gallium nitride and MicroLED uptake in power and display markets. We hope further share price performance can accrue from government funding, particularly from US Chips Act, and large outsourcing partnerships with larger semiconductor partners.

The main performance detractors were Oxford Nanopore Technologies and Reckitt Benckiser. The former is suffering from weakness in life science markets and the uptake of their novel gene sequencers. They were also impacted by a large Emirati contract that didn't meet its expected levels of profitability. Reckitt Benckiser was hit from an adverse litigation verdict regarding infant nutrition and the accusation that it leads to NEC (necrotizing enterocolitis) in premature babies. The company fundamentally disagrees with this ruling and has put aside zero provision in the belief the verdict will be overturned. The company is very clear in its view that mother's milk

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is always best, but where that isn't available then infant formula is a vital life saving alternative.

Investment activities

The period was a busy one for new positions, but all of those were initiated in October and November when we felt like the market was negatively episodic on both the UK and US companies. As long-term investors we are willing to build up a hit-list of desirable targets and then patiently wait for compelling valuation opportunity to invest. The last time we were this active was during the peak of Covid sell-off in March and April 2020. The companies in question were DiscoverIE, Taylor Wimpey, PageGroup, Darktrace, Savills and Beazley. Each of these names represents a high-quality structural growth business that understands value creation as well as their role within a more sustainable future.

We also completely sold five companies. Gaztransport Technigaz has been an unmitigated success since we invested in January 2021, delivering 85% total returns. As the monopoly provider of cryogenic membranes for LNG ships they have been a beneficiary of the energy dynamics post Covid and especially after Russia's invasion of Ukraine. The valuation reached a point where we didn't see further upside, and we're not sure about their ability to profitably transition from a maturing LNG business into smart shipping, hydrogen and LNG as a shipping fuel. We also sold St. James's Place due to our concern on the regulatory environment, changing fee structure and attitude to modernisation and attracting new clients. Within Real Estate we sold Vistry and Watkin Jones, with capital being recycled into Mortgage Advice Bureau, Segro and Taylor Wimpey where we have more conviction in the business characteristics.

Outlook

Recent data in both the US and Europe appears to show inflationary pressures easing. Labour markets are also beginning to loosen, which could add another supportive dynamic in bringing down inflation

sufficiently to allow central banks to lower rates to less restrictive levels. If central banks can execute a soft landing accompanied by gradual monetary easing then financial assets should continue to behave favourably. Furthermore, if the AI phenomenon continues with the associated rampant investment, as companies equip themselves for a new AI driven era of productivity, then risk assets could act more favourably still.

As ever, risks are ever-present. The US attitude to national debt is a worry to us. Interest payments as a percent of government spending is nearing historic highs at 13% and 3.1% of GDP. This is higher than the total defence budget. French elections and the rise of the Far Right and a Truss-type market reaction is a live subject at the time of writing this report (30 June 2024). We also need to hope that the weak economic data coming out of US and Europe is just helpful slack rather than the beginning of something more self-fulfilling and sinister. The oil and shipping markets remain on tenterhooks depending on geo-political happenings in the Middle-East, potentially providing a sting in the tail for the improving inflation outlook.

As for the UK specifically, we're particularly bullish in the M&G UK Equity team. We believe the UK market is generationally cheap versus other global indices. We also think the UK is underappreciated. Whilst the UK is not the US (with its uniquely dynamic economy), compared to other developed markets the UK is still a financial powerhouse, with decent demographics, an educated workforce and liberal labour restrictions. We believe that a catalyst is required to reverse the UK's deep discount. We think political stability and a future government that might gently position us closer to Europe has the potential to unwind much of the hugely negative sentiment towards the UK. Deep value and improving sentiment is a powerful double-act.

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Within the M&G UK Sustain Paris Aligned team we remain committed to our belief that high quality businesses that understand sustainability and their role within a zero carbon future should outperform in the long-term.

Rory Alexander

Fund manager

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

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

Portfolio statement

Investments

Holding	as at 31.05.24 £'000	as at 31.05.24 %	as at 31.05.23 %
Equities	447,258	97.35	95.61
Software & computer services	21,845	4.76	4.07
1,800,384 Ascential	5,842	1.27	
1,671,316 Bytes Technology	9,477	2.07	
1,111,764 Darktrace	6,526	1.42	
Technology hardware & equipment	9,804	2.13	1.10
28,417,775 IQE ^a	9,804	2.13	
Medical equipment & services	8,513	1.85	2.15
32,218 Stryker	8,513	1.85	
Pharmaceuticals & biotechnology	67,506	14.69	14.02
336,814 AstraZeneca	40,754	8.87	
1,245,021 GSK	21,856	4.76	
4,601,115 Oxford Nanopore Technologies	4,896	1.06	
Banks	43,640	9.50	9.09
4,789,497 HSBC	33,292	7.25	
1,322,930 Standard Chartered	10,348	2.25	
36,725 SVB Financial ^b	0	0.00	
Finance & credit services	21,357	4.65	3.91
197,479 London Stock Exchange	18,141	3.95	
364,657 Mortgage Advice Bureau ^a	3,216	0.70	
Investment banking & brokerage services	31,116	6.77	7.94
1,005,634 Burford Capital ^a	11,132	2.42	
2,701,586 IntegraFin	9,564	2.08	
3,943,928 Man	10,420	2.27	
Life insurance	7,588	1.65	1.98
1,249,800 AIA	7,588	1.65	
Non-life insurance	5,487	1.20	0.00
795,815 Beazley	5,487	1.20	
Real estate investment & services	2,198	0.48	0.00
193,141 Savills	2,198	0.48	
Real estate investment trusts	11,922	2.60	0.77
1,304,084 Segro	11,922	2.60	

Portfolio statement

Investments (continued)

Holding	as at 31.05.24 £'000	as at 31.05.24 %	as at 31.05.23 %
Equities (continued)			
Household goods & home construction	3,461	0.75	1.14
2,368,589 Taylor Wimpey	3,461	0.75	
Leisure goods	9,033	1.97	2.28
91,059 Games Workshop	9,033	1.97	
Retailers	10,191	2.22	1.65
552,586 ASOS	2,046	0.45	
8,573,540 Victorian Plumbing ^a	8,145	1.77	
Travel & leisure	8,607	1.87	2.62
2,636,237 Hollywood Bowl	8,607	1.87	
Beverages	27,022	5.88	7.53
717,736 Diageo	18,726	4.08	
785,670 Fevertree Drinks ^a	8,296	1.80	
Food producers	10,025	2.18	2.38
226,557 Cranswick	10,025	2.18	
Personal care, drug & grocery stores	41,615	9.06	10.39
295,043 Reckitt Benckiser	12,970	2.82	
672,112 Unilever	28,645	6.24	
Construction & materials	7,368	1.60	1.19
1,642,812 Genuit	7,368	1.60	
Electronic & electrical equipment	11,915	2.59	2.16
787,810 discoverIE	5,790	1.26	
1,814,158 Rotork	6,125	1.33	
General industrials	9,948	2.17	1.54
11,621,038 Coats	9,948	2.17	
Industrial engineering	20,509	4.47	3.66
111,642 Spirax-Sarco Engineering	9,987	2.18	
491,691 Weir	10,522	2.29	
Industrial support services	35,210	7.66	7.37
463,185 Experian	16,698	3.63	
1,425,853 FDM	6,381	1.39	
217,615 Intertek	10,367	2.26	
390,795 PageGroup	1,764	0.38	

Portfolio statement

Investments (continued)

Holding	as at 31.05.24 £'000	as at 31.05.24 %	as at 31.05.23 %
Equities (continued)			
Industrial transportation	9,176	2.00	1.92
226,295 Clarkson	9,176	2.00	
Chemicals	5,618	1.22	1.52
448,747 Victrex	5,618	1.22	
Oil & gas	0	0.00	1.99
Alternative energy	6,584	1.43	1.24
2,648,925 Ceres Power	5,875	1.28	
1,095,646 ITM Power ^a	709	0.15	
Total portfolio	447,258	97.35	95.61
Net other assets/(liabilities)	12,172	2.65	4.39
Net assets attributable to shareholders	459,430	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 year to 31 May 2024

Largest purchases	£'000
AstraZeneca	7,656
Segro	6,707
discoverIE	5,006
Spirax-Sarco Engineering	4,649
Beazley	4,375
Darktrace	3,924
Taylor Wimpey	3,085
FDM	2,860
Mortgage Advice Bureau	2,511
Ceres Power	2,452
Other purchases	21,276
Total purchases	64,501

Largest sales	£'000
Gaztransport Technigaz	11,019
Ascential	6,328
St. James's Place	5,536
Hollywood Bowl	4,457
HUTCHMED ^a	3,863
Rotork	3,437
Cranswick	3,350
Vistry	3,112
IntegraFin	2,890
Games Workshop	2,799
Other sales	18,417
Total sales	65,208

^a AIM quoted.

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

Financial highlights

Fund performance

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

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

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

Long-term performance by share class

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

Share class	One year % ^a	Three years % pa	Five years % pa	Ten years % pa
Sterling				
Class 'A' Income	+11.0	-1.0	+2.7	+3.4
Class 'A' Accumulation	+11.0	-1.0	+2.7	+3.4
Class 'C' Income	+12.2	+0.1	+4.7	+5.8
Class 'I' Income	+11.4	-0.6	+3.2	+4.1
Class 'I' Accumulation	+11.4	-0.6	+3.2	+4.1
Class 'PP' Income	+11.6	-0.5	n/a	n/a
Class 'PP' Accumulation	+11.6	-0.5	n/a	n/a
Class 'R' Income	+11.2	-0.9	+2.9	+3.8
Class 'R' Accumulation	+11.2	-0.9	+2.9	+3.8
Benchmark	+15.4	+7.9	+6.5	+5.9

^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).

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

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

Financial highlights

Sterling Class 'A' Income shares

The share class was launched on 19 October 1982.

for the year to 31 May	2024	2023	2022
Change in NAV per share	UK p	UK p	UK p
Opening NAV	2,716.93	2,882.52	3,267.29
Return before operating charges*	327.04	(60.35)	(285.69)
Operating charges	(31.20)	(30.30)	(35.14)
Return after operating charges*	295.84	(90.65)	(320.83)
Distributions	(83.91)	(74.94)	(63.94)
Closing NAV	2,928.86	2,716.93	2,882.52
*after direct transaction cost of	2.13	2.53	2.57
Performance			
Return after charges (%)	10.89	(3.14)	(9.82)
Other information			
Closing NAV (£'000)	217,961	196,533	216,475
Number of shares	7,441,822	7,233,658	7,509,954
Operating charges (%)	1.14	1.10	1.10
Direct transaction costs (%)	0.08	0.09	0.08
Prices			
Highest share price	3,021.27	2,942.89	3,425.15
Lowest share price	2,521.78	2,470.84	2,721.96

Sterling Class 'A' Accumulation shares

The share class was launched on 17 December 1968.

for the year to 31 May	2024	2023	2022
Change in NAV per share	UK p	UK p	UK p
Opening NAV	4,828.45	4,985.27	5,531.54
Return before operating charges*	586.42	(104.24)	(486.56)
Operating charges	(55.59)	(52.58)	(59.71)
Return after operating charges*	530.83	(156.82)	(546.27)
Distributions	(96.13)	(77.58)	(48.92)
Retained distributions	96.13	77.58	48.92
Closing NAV	5,359.28	4,828.45	4,985.27
*after direct transaction cost of	3.80	4.39	4.37
Performance			
Return after charges (%)	10.99	(3.15)	(9.88)
Other information			
Closing NAV (£'000)	142,794	139,216	160,904
Number of shares	2,664,433	2,883,240	3,227,608
Operating charges (%)	1.14	1.10	1.10
Direct transaction costs (%)	0.08	0.09	0.08
Prices			
Highest share price	5,410.32	5,126.34	5,798.22
Lowest share price	4,481.66	4,273.19	4,636.91

Financial highlights

Sterling Class 'C' Income shares

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

The share class was launched on 13 March 2013.

for the year to 31 May	2024	2023	2022
Change in NAV per share	UK p	UK p	UK p
Opening NAV	2,965.92	3,112.00	3,488.23
Return before operating charges*	360.41	(64.65)	(307.53)
Operating charges	(1.20)	0.00	0.00
Return after operating charges*	359.21	(64.65)	(307.53)
Distributions	(92.17)	(81.43)	(68.70)
Closing NAV	3,232.96	2,965.92	3,112.00
*after direct transaction cost of	2.34	2.74	2.76
Performance			
Return after charges (%)	12.11	(2.08)	(8.82)
Other information			
Closing NAV (£'000)	11,049	11,158	12,328
Number of shares	341,752	376,202	396,133
Operating charges (%)	0.04	0.00	0.00
Direct transaction costs (%)	0.08	0.09	0.08
Prices			
Highest share price	3,333.89	3,201.66	3,667.92
Lowest share price	2,765.25	2,678.44	2,931.01

Financial highlights

Sterling Class 'I' Income shares

The share class was launched on 3 August 2012.

for the year to 31 May Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	1,375.23	1,453.18	1,640.48
Return before operating charges*	166.09	(30.34)	(143.85)
Operating charges	(10.25)	(9.74)	(11.27)
Return after operating charges*	155.84	(40.08)	(155.12)
Distributions	(42.57)	(37.87)	(32.18)
Closing NAV	1,488.50	1,375.23	1,453.18
*after direct transaction cost of	1.08	1.28	1.30
Performance			
Return after charges (%)	11.33	(2.76)	(9.46)
Other information			
Closing NAV (£'000)	21,885	19,505	23,276
Number of shares	1,470,271	1,418,283	1,601,721
Operating charges (%)	0.74	0.70	0.70
Direct transaction costs (%)	0.08	0.09	0.08
Prices			
Highest share price	1,535.29	1,487.76	1,721.64
Lowest share price	1,278.53	1,247.48	1,370.94

Sterling Class 'I' Accumulation shares

The share class was launched on 3 August 2012.

for the year to 31 May Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	1,785.37	1,836.00	2,028.98
Return before operating charges*	217.59	(38.29)	(179.00)
Operating charges	(13.36)	(12.34)	(13.98)
Return after operating charges*	204.23	(50.63)	(192.98)
Distributions	(42.86)	(35.71)	(25.97)
Retained distributions	42.86	35.71	25.97
Closing NAV	1,989.60	1,785.37	1,836.00
*after direct transaction cost of	1.41	1.62	1.61
Performance			
Return after charges (%)	11.44	(2.76)	(9.51)
Other information			
Closing NAV (£'000)	34,691	31,245	38,026
Number of shares	1,743,620	1,750,034	2,071,119
Operating charges (%)	0.74	0.70	0.70
Direct transaction costs (%)	0.08	0.09	0.08
Prices			
Highest share price	2,008.37	1,893.22	2,129.15
Lowest share price	1,659.85	1,576.09	1,706.12

Financial highlights

Sterling Class 'PP' Income shares

The share class was launched on 19 February 2021.

for the year to 31 May	2024	2023	2022
Change in NAV per share	UK p	UK p	UK p
Opening NAV	88.42	93.29	105.16
Return before operating charges*	10.70	(1.95)	(9.30)
Operating charges	(0.53)	(0.49)	(0.51)
Return after operating charges*	10.17	(2.44)	(9.81)
Distributions	(2.74)	(2.43)	(2.06)
Closing NAV	95.85	88.42	93.29
*after direct transaction cost of	0.07	0.08	0.07
Performance			
Return after charges (%)	11.50	(2.62)	(9.33)
Other information			
Closing NAV (£'000)	1,794	1,819	1,544
Number of shares	1,872,010	2,057,010	1,655,010
Operating charges (%)	0.59	0.55	0.55
Direct transaction costs (%)	0.08	0.09	0.08
Prices			
Highest share price	98.86	95.61	110.41
Lowest share price	82.25	80.13	87.98

Sterling Class 'PP' Accumulation shares

The share class was launched on 19 February 2021.

for the year to 31 May	2024	2023	2022
Change in NAV per share	UK p	UK p	UK p
Opening NAV	93.67	96.18	106.13
Return before operating charges*	11.43	(2.00)	(9.43)
Operating charges	(0.56)	(0.51)	(0.52)
Return after operating charges*	10.87	(2.51)	(9.95)
Distributions	(2.39)	(2.01)	(1.51)
Retained distributions	2.39	2.01	1.51
Closing NAV	104.54	93.67	96.18
*after direct transaction cost of	0.07	0.09	0.08
Performance			
Return after charges (%)	11.60	(2.61)	(9.38)
Other information			
Closing NAV (£'000)	2,650	2,564	1,712
Number of shares	2,534,517	2,737,474	1,780,000
Operating charges (%)	0.59	0.55	0.55
Direct transaction costs (%)	0.08	0.09	0.08
Prices			
Highest share price	105.52	99.28	111.42
Lowest share price	87.14	82.61	89.34

Financial highlights

Sterling Class 'R' Income shares

The share class was launched on 3 August 2012.

for the year to 31 May	2024	2023	2022
Change in NAV per share	UK p	UK p	UK p
Opening NAV	135.20	143.22	162.09
Return before operating charges*	16.29	(2.99)	(14.19)
Operating charges	(1.35)	(1.30)	(1.51)
Return after operating charges*	14.94	(4.29)	(15.70)
Distributions	(4.18)	(3.73)	(3.17)
Closing NAV	145.96	135.20	143.22
*after direct transaction cost of	0.11	0.13	0.13
Performance			
Return after charges (%)	11.05	(3.00)	(9.69)
Other information			
Closing NAV (£'000)	4,695	5,125	5,576
Number of shares	3,216,732	3,790,880	3,892,995
Operating charges (%)	0.99	0.95	0.95
Direct transaction costs (%)	0.08	0.09	0.08
Prices			
Highest share price	150.56	146.37	169.99
Lowest share price	125.56	122.83	135.20

Sterling Class 'R' Accumulation shares

The share class was launched on 3 August 2012.

for the year to 31 May	2024	2023	2022
Change in NAV per share	UK p	UK p	UK p
Opening NAV	173.71	179.08	198.41
Return before operating charges*	21.13	(3.74)	(17.48)
Operating charges	(1.74)	(1.63)	(1.85)
Return after operating charges*	19.39	(5.37)	(19.33)
Distributions	(3.72)	(3.05)	(2.05)
Retained distributions	3.72	3.05	2.05
Closing NAV	193.10	173.71	179.08
*after direct transaction cost of	0.14	0.16	0.16
Performance			
Return after charges (%)	11.16	(3.00)	(9.74)
Other information			
Closing NAV (£'000)	21,911	21,717	22,982
Number of shares	11,347,018	12,501,707	12,832,916
Operating charges (%)	0.99	0.95	0.95
Direct transaction costs (%)	0.08	0.09	0.08
Prices			
Highest share price	194.93	184.34	208.06
Lowest share price	161.33	153.59	166.51

Financial statements and notes

Financial statements

Statement of total return

for the year to 31 May	Note	2024		2023	
		£'000	£'000	£'000	£'000
Income					
Net capital gains/(losses)	3		37,911		(23,199)
Revenue	5	13,223		12,178	
Expenses	6	(4,329)		(4,534)	
Interest payable and similar charges		0		0	
Net revenue/(expense) before taxation		8,894		7,644	
Taxation	7	(14)		(32)	
Net revenue/(expense) after taxation			8,880		7,612
Total return before distributions			46,791		(15,587)
Distributions	8		(11,302)		(10,088)
Change in net assets attributable to shareholders from investment activities			35,489		(25,675)

Statement of change in net assets attributable to shareholders

for the year to 31 May	2024		2023	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		428,882		490,472
Amounts received on issue of shares	38,622		6,196	
Amounts paid on cancellation of shares	(47,655)		(45,534)	
		(9,033)		(39,338)
Dilution adjustments		226		62
Change in net assets attributable to shareholders from investment activities (see above)		35,489		(25,675)
Retained distributions on Accumulation shares		3,815		3,328
Unclaimed distributions		51		33
Closing net assets attributable to shareholders		459,430		428,882

Financial statements and notes

Financial statements

Balance sheet

as at 31 May	Note	2024 £'000	2023 £'000
Assets			
Fixed assets			
Investments		447,258	410,062
Current assets			
Debtors	9	6,317	4,356
Cash and bank balances	10	251	8
Cash equivalents		11,890	19,882
Total assets		465,716	434,308
Liabilities			
Creditors			
Distribution payable		(5,614)	(4,733)
Other creditors	11	(672)	(693)
Total liabilities		(6,286)	(5,426)
Net assets attributable to shareholders		459,430	428,882

Financial statements and notes

Notes to the financial statements

1 Accounting policies

The financial statements have been prepared in accordance with the 'Summary of significant accounting policies' set out on pages 9 to 12.

2 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, 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.

3 Net capital gains/(losses)

for the year to 31 May	2024 £'000	2023 £'000
Non-derivative securities	37,903	(23,148)
Currency gains/(losses)	8	(51)
Net capital gains/(losses)	37,911	(23,199)

Financial statements and notes

4 Portfolio transactions and associated costs

The following tables show portfolio transactions and their associated transaction costs. For more information about the nature of the costs please see the sections on 'Operating charges' and 'Portfolio transaction costs' within 'Notes to the financial statements' on pages 11 and 12. Total direct portfolio transaction costs are stated before dilution adjustments.

for the year to 31 May	2024 £'000	% of transaction	2023 £'000	% of transaction
a) Purchases				
Equities				
Equities before transaction costs	64,194		94,908	
Commissions	26	0.04	34	0.04
Taxes	281	0.44	328	0.34
Total purchases after transaction costs	64,501		95,270	
b) Sales				
Equities				
Equities before transaction costs	65,235		136,641	
Commissions	(23)	0.04	(46)	0.03
Taxes	(4)	0.01	(4)	0.00
Total sales after transaction costs	65,208		136,591	
	2024 £'000	% of average NAV	2023 £'000	% of average NAV
c) Direct portfolio transaction costs				
Commissions paid				
Equities	49	0.01	80	0.02
Taxes paid				
Equities	285	0.07	332	0.07
Total direct portfolio transaction costs	334	0.08	412	0.09
		%		%
d) Indirect portfolio transaction costs				
Average portfolio dealing spread as at the balance sheet date		0.18		0.17

Financial statements and notes

5 Revenue

for the year to 31 May	2024 £'000	2023 £'000
Bank interest	4	3
Dividends from equity investments: non-taxable	12,280	11,600
Interest distributions	628	563
Property distribution: taxable	305	0
Rebate of ongoing charges from underlying funds	6	12
Total revenue	13,223	12,178

6 Expenses

for the year to 31 May	2024 £'000	2023 £'000
Payable to the ACD or associate		
Annual charge	4,329	4,534
Total expenses	4,329	4,534

Audit fees for the financial year ending 2024 were £12,000 (2023: £11,000) (including VAT), which are covered by the annual charge.

Financial statements and notes

7 Taxation

for the year to 31 May	2024 £'000	2023 £'000
a) Analysis of charge in the year		
Corporation tax	0	0
Withholding tax	14	32
Deferred tax (note 7c)	0	0
Total taxation	14	32
b) Factors affecting taxation charge for the year		
Net revenue/(expense) before taxation	8,894	7,644
Corporation tax at 20%	1,779	1,529
Effects of:		
Dividends from equity investments: non-taxable	(2,456)	(2,320)
Current year expenses not utilised	677	791
Withholding tax	14	32
Total tax charge (note 7a)	14	32
c) Provision for deferred taxation		
Provision at the start of the year	0	0
Deferred tax in profit and loss account (note 7a)	0	0
Provision at the end of the year	0	0

The fund has not recognised a deferred tax asset of £31,818,000 (2023: £31,141,000) arising as a result of having excess management expenses. We do not expect this asset to be utilised in the foreseeable future.

8 Distributions

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

for the year to 31 May	2024		2023	
	Inc £'000	Acc £'000	Inc £'000	Acc £'000
Dividend distributions				
Interim	1,826	843	1,791	733
Final	5,614	2,972	4,733	2,595
Total net distributions	11,255		9,852	
Income deducted on cancellation of shares	344		280	
Income received on issue of shares	(297)		(44)	
Distributions	11,302		10,088	
Net revenue/(expense) per statement of total return	8,880		7,612	
Expenses offset against capital	2,422		2,476	
Distributions	11,302		10,088	

Financial statements and notes

9 Debtors

as at 31 May	2024 £'000	2023 £'000
Amounts receivable on issues of shares	19	46
Distributions receivable	46	72
Dividends receivable	1,497	1,570
Rebate of ongoing charges from underlying funds	0	1
Sales awaiting settlement	4,727	2,638
Withholding tax recoverable	28	29
Total debtors	6,317	4,356

10 Cash and bank balances

as at 31 May	2024 £'000	2023 £'000
Cash held as bank balances	251	8
Total cash and bank balances	251	8

11 Other creditors

as at 31 May	2024 £'000	2023 £'000
Amounts payable on cancellation of shares	439	498
Annual charge payable	233	195
Total other creditors	672	693

12 Contingent assets, liabilities and outstanding commitments

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

Financial statements and notes

13 Shares in issue

The following table shows each class of share in issue during the year. Each share class has the same rights on winding up however they may have different charging structures as set out in note 14.

Share class	Opening 01.06.23	Issued	Movements Cancelled	Converted	Closing 31.05.24
Sterling					
Class 'A' Income	7,233,658	812,227	(604,063)	0	7,441,822
Class 'A' Accumulation	2,883,240	175,138	(393,945)	0	2,664,433
Class 'C' Income	376,202	13,800	(48,250)	0	341,752
Class 'I' Income	1,418,283	256,864	(204,876)	0	1,470,271
Class 'I' Accumulation	1,750,034	225,545	(231,959)	0	1,743,620
Class 'PP' Income	2,057,010	0	(185,000)	0	1,872,010
Class 'PP' Accumulation	2,737,474	44,999	(247,956)	0	2,534,517
Class 'R' Income	3,790,880	120,852	(695,000)	0	3,216,732
Class 'R' Accumulation	12,501,707	175,378	(1,330,067)	0	11,347,018

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

14 Charging structure

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

Share class	Annual charge %
Sterling	
Class 'A'	1.10
Class 'C'	0.00
Class 'I'	0.70
Class 'P'	0.55
Class 'R'	0.95

15 Related parties

M&G Securities Limited, as Authorised Corporate Director (ACD), is a related party and acts as principal on all the transactions of shares in the fund except with in specie transactions, where M&G Securities Limited acts as an agent. The aggregate monies received through issues, and paid on cancellations, are disclosed in the 'Statement of change in net assets attributable to shareholders' and note 8. Amounts due to/from M&G Securities Limited in respect of share transactions at the year end are disclosed in notes 9 and 11 where applicable.

Amounts paid to M&G Securities Limited in respect of the annual charge are disclosed in note 6. Amounts due at the year end in respect of the annual charge are disclosed in note 11.

Financial statements and notes

Amounts paid to M&G Securities Limited in respect of rebate arrangements for the annual charge are disclosed in notes 3 and 5. Amounts due at the year end from the ACD, and/or associate, in respect of these rebates are disclosed in note 9.

At the balance sheet date, shareholders from within M&G plc, of which M&G Securities Limited is a wholly owned subsidiary, have holdings totalling 7.70% (2023: 4.83%) of the fund's shares.

16 Fair value analysis

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

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

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

Level 2: Valuation technique using observable market data

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

Level 3: Valuation technique using unobservable inputs

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

as at 31 May	Assets 2024 £'000	Liabilities 2024 £'000	Assets 2023 £'000	Liabilities 2023 £'000
Basis of valuation				
Level 1	447,258	0	410,062	0
Level 2	0	0	0	0
Level 3	0	0	0	0
	447,258	0	410,062	0

17 Risk management policies

The general risk management policies for the fund are set out in note 3 to the financial statements on pages 12 to 15.

18 Market risk sensitivity

A five per cent increase in the value of the fund's investment portfolio would have the effect of increasing the return and net assets by £22,363,000 (2023: £20,503,000). A five per cent decrease would have an equal and opposite effect.

19 Currency risk sensitivity and exposure

Currency risk is not considered significant for the fund and is therefore not disclosed.

20 Interest rate risk sensitivity and exposure

As the majority of the fund's financial assets are non-interest bearing, the risk is not considered significant and is therefore not disclosed.

Financial statements and notes

21 Credit risk

Credit risk with regard to derivative balances is not considered significant and is therefore not disclosed.

22 Dividend distribution tables

This fund pays semi-annual ordinary distributions and the following table sets out the distribution periods.

Semi-annual distribution periods

	Start	End	Xd	Payment
Interim	01.06.23	30.11.23	01.12.23	31.01.24
Final	01.12.23	31.05.24	03.06.24	31.07.24

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

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

Group 2 shares are those purchased during a distribution period and therefore their distribution rate is made up of income and equalisation. Equalisation is the average amount of income included in the purchase price of all Group 2 shares and is refunded to the holders of these shares as a return of capital. Being capital it is not liable to Income Tax. Instead, it must be deducted from the cost of shares for Capital Gains Tax purposes. The tables below show the split of the Group 2 rates into the income and equalisation components.

Sterling Class 'A' Income shares

Ordinary distributions for the year to 31 May	Group 2		Group 1 & 2 Distribution	
	Income 2024 UK p	Equalisation 2024 UK p	2024 UK p	2023 UK p
Interim	0.0000	20.0000	20.0000	20.0000
Final	38.2854	25.6198	63.9052	54.9398

Sterling Class 'A' Accumulation shares

Ordinary distributions for the year to 31 May	Group 2		Group 1 & 2 Distribution	
	Income 2024 UK p	Equalisation 2024 UK p	2024 UK p	2023 UK p
Interim	0.0000	20.5086	20.5086	15.9432
Final	55.5465	20.0708	75.6173	61.6407

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Sterling Class 'C' Income shares

Ordinary distributions for the year to 31 May	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Interim	10.8785	11.0094	21.8879	21.6443
Final	29.5277	40.7512	70.2789	59.7888

Sterling Class 'I' Income shares

Ordinary distributions for the year to 31 May	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Interim	3.1924	6.9404	10.1328	10.0915
Final	18.2104	14.2237	32.4341	27.7775

Sterling Class 'I' Accumulation shares

Ordinary distributions for the year to 31 May	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Interim	0.0000	9.6136	9.6136	8.3757
Final	13.9702	19.2750	33.2452	27.3327

Sterling Class 'PP' Income shares

Ordinary distributions for the year to 31 May	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Interim	0.3927	0.2590	0.6517	0.6480
Final	1.4138	0.6736	2.0874	1.7852

Sterling Class 'PP' Accumulation shares

Ordinary distributions for the year to 31 May	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Interim	0.0000	0.5444	0.5444	0.4880
Final	0.4757	1.3728	1.8485	1.5231

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Sterling Class 'R' Income shares

Ordinary distributions for the year to 31 May	Income	Group 2	Group 1 & 2	
	2024 UK p	Equalisation 2024 UK p	2024 UK p	2023 UK p
Interim	0.1350	0.8605	0.9955	0.9941
Final	1.3093	1.8739	3.1832	2.7327

Sterling Class 'R' Accumulation shares

Ordinary distributions for the year to 31 May	Income	Group 2	Group 1 & 2	
	2024 UK p	Equalisation 2024 UK p	2024 UK p	2023 UK p
Interim	0.1051	0.7067	0.8118	0.6643
Final	1.2604	1.6526	2.9130	2.3834

23 Events after the balance sheet date

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

Other regulatory disclosures

Remuneration

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

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

The remuneration policy is designed to ensure that any relevant conflicts of interest can be managed appropriately at all times and that the remuneration of employees is in line with the risk policies and objectives of the UCITS funds managed by the UCITS Management Company. Further details of the remuneration policy can be found on our website at mandgplc.com/our-business/mandg-investments/mandg-investments-business-policies

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

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

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

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

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

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

