

# M&G Investment Funds (7)

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

## Contents

Authorised Corporate Director's Report .....	1
Directors' statement .....	4
Depository's Responsibilities and Report .....	5
Independent Auditor's Report .....	6
Financial statements and notes .....	9
Authorised Corporate Director's Reports, including the portfolio statements, financial highlights, financial statements and notes for:	
M&G Emerging Markets Monthly Income Fund ...	16
M&G Global Convertibles Fund .....	48
M&G Global Emerging Markets Fund .....	81
M&G Global Floating Rate High Yield Fund .....	111
Other regulatory disclosures .....	138
Glossary .....	139

# Authorised Corporate Director's Report

The Authorised Corporate Director (ACD) of M&G Investment Funds (7) presents its annual report and audited financial statements for the year ended 31 January 2023.

The audited financial statements of M&G Investment Funds (7) and the investment report and 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 we have included an explanation of key investment terminology in the 'Glossary' (at the back of this report).

## Company information

M&G Investment Funds (7) is an umbrella Open-Ended Investment Company (OEIC) and contains four sub-funds, hereinafter referred to as 'funds' in the rest of this report. Each fund is a 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 29 June 2007. The M&G Global Convertibles Fund was launched on 13 July 2007, the M&G Global Emerging Markets Fund was launched on 5 February 2009, the M&G Global Floating Rate High Yield Fund was launched on 11 September 2014 and the M&G Emerging Markets Monthly Income Fund was launched on 21 April 2020.

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

As at 31 January 2023, none of the funds held shares of the other funds within this OEIC.

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

## Fund managers

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

### **M&G Emerging Markets Monthly Income Fund**

Michael Bourke and Charles De Quinsonas

### **M&G Global Convertibles Fund**

Léonard Vinville

### **M&G Global Emerging Markets Fund**

Michael Bourke

### **M&G Global Floating Rate High Yield Fund**

James Tomlins

## ACD

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

## Directors of the ACD

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

## Investment manager

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

# Authorised Corporate Director's Report

## Registrar

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

## Depositary

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

## Independent auditor

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

## Annual value assessment

An annual assessment report is available which shows the value provided to investors in each of M&G's UK-based funds. The assessment report evaluates whether M&G's charges are justified in the context of the overall service delivered to its investors. The latest report to 31 March 2022 can be found on our website at [mandg.co.uk/valueassessment](http://mandg.co.uk/valueassessment)

## Important information

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

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

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

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

On 11 May 2023, following approval from the FCA investors were formally notified of the ACD's intention to close M&G Emerging Markets Monthly Income Fund on 13 July 2023.

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

## Investor information

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

# Authorised Corporate Director's Report

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

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

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

Telephone: 0800 390 390 (UK only)

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

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

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

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

Telephone: +352 2605 9944

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

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

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

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

# Authorised Corporate Director's Report

## Authorised Corporate Director's Responsibilities

The Authorised Corporate Director (ACD) is required to prepare annual and interim reports for the Company. The ACD must ensure that the financial statements, contained in this report, for 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.

For the reasons stated in the ACD's Report and Note 2a, the financial statements of the M&G Emerging Markets Monthly Income Fund have not been prepared on a going concern basis.

## Directors' statement

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

M&G Securities Limited  
16 May 2023

# Depository's Responsibilities and Report

## Statement of the Depository's Responsibilities and Report of the Depository to the Shareholders of M&G Investment Funds (7) ('the Company') for the year ended 31 January 2023

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

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

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

The Depository must ensure that:

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

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

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

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

Edinburgh  
16 May 2023

NatWest Trustee and  
Depository Services Limited

# Independent Auditor's Report

## Independent Auditor's Report to the shareholders of M&G Investment Funds (7)

### Opinion

We have audited the financial statements of M&G Investment Funds (7) ("the Company") comprising each of its sub-funds for the year ended 31 January 2023, which comprise the Statement of Total Return, the Statement of Change in Net Assets Attributable to Shareholders, the Balance Sheet, the related notes and the Distribution Tables, and the accounting policies of the Company, which include a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland'.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Company comprising each of its sub-funds as at 31 January 2023 and of the net revenue and the net capital 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.

### Emphasis of matter – financial statements prepared on a break-up basis

We draw attention to note 2a to the financial statements which explains that the Authorised Corporate Director ("the ACD") intends to terminate the M&G Emerging Markets Monthly Income Fund and therefore does not consider it to be appropriate to adopt the going concern basis of accounting in preparing the financial statements. Accordingly, the financial statements for this sub-fund only, have been prepared on a break-up basis as described in note 2a. The financial statements for the Company as a whole remain prepared on a going concern basis. Our opinion is not modified in respect of this matter.

### Conclusions relating to going concern

The financial statements for the M&G Emerging Markets Monthly Income Fund have been prepared on a break-up basis as disclosed in note 2a.

In auditing the financial statements of the remaining sub-funds, we have concluded that the ACD's 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 remaining sub-funds' 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 remaining sub-funds' 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



# Independent Auditor's Report

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.

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 Collective Investment Schemes Sourcebook of the FCA requires 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 wind up or terminate 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.

# Independent Auditor's Report

## 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.

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), 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 material special dividends as either a capital or revenue return.

- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved review of the reporting to the ACD with respect to the application of the documented policies and procedures and review of the financial statements to test compliance with the reporting requirements of the Company.
- Due to the regulated nature of the Company, the Statutory Auditor considered the experience and expertise of the engagement team to ensure that the team had the appropriate competence and capabilities, which included the use of specialists where appropriate, to identify non-compliance with the applicable laws and regulations.

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

## Use of our report

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

Edinburgh  
16 May 2023

Ernst & Young LLP  
Statutory Auditor

# Financial statements and notes

The financial statements for M&G Investment Funds (7) 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 (7) 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, key service provider's operational resilience, and the impact of COVID-19.

The financial statements of M&G Investment Funds (7) 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.

The ACD intends to terminate the M&G Emerging Markets Monthly Income Fund. As a result the financial statements of this Sub-fund have been prepared on a break-up basis. Under this basis assets are recorded at their recoverable value and liabilities are recorded at their expected settlement value. Any additional costs in respect of the termination of the Sub-fund will be borne by the ACD.

#### b. Functional and presentational currency

Where the functional and presentational currency of a fund is not US dollars this is disclosed in the financial statements and notes of that fund.

#### 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 January 2023 being the last business day of the accounting period.

#### d. Investments – recognition and valuation

The provisions of both Section 11 and Section 12 of FRS 102 have been applied in full. All investments have been classified as fair value through profit and loss and recognised initially at fair value, which is normally the transaction price (excluding transaction costs 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 January 2023, being the last valuation point of the accounting period, as this is not materially different from a valuation carried out at close of business on the balance sheet date.

Where separate bid and offer prices are available, the bid price is used for investment assets and the offer price for investment liabilities. Otherwise, the single price or most recent transaction price is used. Interest accrued is not included in the fair

# Financial statements and notes

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.
  - 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.

# Financial statements and notes

- 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.
  - 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.

# Financial statements and notes

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

## h. Portfolio transaction costs

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

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

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.



# Financial statements and notes

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.

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.

Instrument and portfolio modelling techniques are based on market accepted practices and are subject to regular audit (back-testing). Market risk factors that are analysed include swap rates, government yield curves, equity prices, exchange rates, market volatility, credit spreads and credit default swap (CDS) spreads.

The VaR model is based on a Monte Carlo process with actual VaR being reported on the basis of a 99% confidence interval over a one month period (20 business days). Risk factor history used in the Monte Carlo process is based on 250 business days. From the variance/covariance matrices, a parametric Monte Carlo scenario set of 5,000 simulations is derived and applied to the fund.

VaR does have limitations in its ability to present valid levels of risk in extreme market conditions. Accordingly, the Risk Analysis team also carries out monthly stress testing and scenario based analysis. Stress testing allows for extreme sets of

# Financial statements and notes

market circumstances which may not be reflected in historical data sets thereby enabling further assessment of combinations of market movements which may cause serious damage to portfolio values. The key element to the scenario based analysis is challenging the correlation assumptions implicit within statistical based models such as VaR.

The stress test and scenario based analysis is customised for each fund type and the VaR analysis is produced on a daily basis.

The table below shows funds using the ‘commitment’ approach and those using the ‘Value at Risk (VaR)’ approach:

Fund	Global exposure approach
M&G Emerging Markets Monthly Income Fund	VaR
M&G Global Convertibles Fund	VaR
M&G Global Emerging Markets Fund	Commitment
M&G Global Floating Rate High Yield Fund	VaR

#### 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



# Financial statements and notes

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

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 31 October 2022 has been used.

## Investment objective

The fund aims to provide:

- an annual yield of 4-6%; and
- capital growth, net of the ongoing charge figure, over any five-year period.

## Investment policy

At least 80% of the fund is invested directly and indirectly in emerging market assets including:

- at least 25% of the fund directly in equity securities and equity-related securities of companies across any sector and market capitalisation that are incorporated, domiciled or do most of their business in emerging markets;
- at least 25% of the fund directly in bonds issued by companies or other similar issuers, or by governments and other public issuers that are incorporated, domiciled or do most of their business in emerging markets;
- real estate investment trusts.

The fund may also invest in other transferable securities, including developed market equities and bonds, 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 employs a bottom-up approach to find the best investments across the capital structure to deliver on the fund's investment objective. The fund aims to leverage the fund manager's emerging market equity and credit selection capabilities to identify the most attractive investments.

The fund's allocation between bonds and equities is an output of the investment process and portfolio construction and is the result of the fund manager investing in the best ideas, individually and relatively, across the capital spectrum.

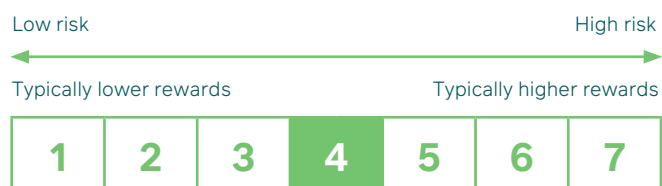
## Benchmark

The fund is actively managed and it has no benchmark. Investors can assess the performance of the fund by its objective. The fund's annual report for each financial year will include details of the fund's performance in relation to its objective.

## 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 January 2023

### Performance against objective

Between 1 February 2022 (the start of the review period) and 31 January 2023, all share classes of the M&G Emerging Markets Monthly Income Fund produced a positive total return (the combination of income and growth of capital).

The fund aims to provide an annual yield of 4-6% and capital growth, net of the ongoing charge figure, over any five-year period.

The fund's distributions over the past 12 months amounted to a yield of more than 5% for all share classes. The fund has therefore achieved its aim to provide an annual yield of between 4% and 6%.

It is not possible yet to state whether the fund has met the capital growth element of its objective, as the fund is less than five years old.

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 12-month review period was one of unprecedented volatility across global financial markets, resulting in double-digit falls in prices across the board. Emerging market equities (company shares) registered some of their worst falls since the 2008 global financial crisis and lagged developed market stocks.

Similarly, emerging market debt recorded one of its worst years on record, with hard currency government bonds underperforming local currency government bonds and corporate bonds.

The global economy experienced high turbulence during the review period, with Russia's invasion of Ukraine in February 2022 leading to spikes in commodity prices. Those shocks forced major central banks to increase their benchmark interest rates aggressively in order to curb rising inflation. Amid an

uncertain economic outlook, a flight of capital from emerging markets was exacerbated by a stronger dollar.

Against this background, the fund delivered a positive return. Among equities, financials, real estate and utilities contributed positively. However, our Russian holdings detracted, as we opted to write down the value of these investments to zero.

Financials outperformed the broader market as higher interest rates should potentially lead to better net interest margins – the difference between interest rates the banks charge for the loans they give out and the interest rates they pay on savings. Our positions in South Korean banks Shinhan Financial and Hana Financial contributed positively.

In real estate, Mexican commercial real estate company Fibra Uno and Brazilian house builder Cyrela Brazil Realty added value. Brazilian utility Eletrobras and Turkish utility Enerjisa also contributed positively to our equity portfolio.

By contrast, our positioning in Russia weighed heavily on performance. After the introduction of sanctions following Russia's invasion of Ukraine, there was generally a lack of liquidity in Russian stocks. Therefore, we chose to write off (reduce to zero value) our Russian stocks: energy firm Lukoil, financial group Sberbank, retailer X5 and property company Etalon.

Among our bond holdings, positions in debt issued by Ukrainian sunflower oil producer Kernel, Russian oil & gas company Gaz Capital and Swedish cosmetics company Oriflame were notable detractors.

### Investment activities

We seek to identify the most attractive income-generating opportunities among emerging market equities and emerging market corporate bonds. We assess the relative merits of the best ideas that we find in each asset class and select the combination of equities and bonds that we believe will enable the fund to meet its objective. The exact balance between equities and bonds in the portfolio reflects where we

# Authorised Corporate Director's Report

are finding the most compelling investment opportunities at any particular time.

In financials, we started new positions in Hong Kong-listed life insurer AIA and Egyptian bank Commercial International Bank. We also added to our existing holdings in South Korean lender Shinhan Financial and Chinese financial services firm Far East Horizon. On the other hand, we sold our entire stakes in Chinese insurer PICC Property and Casualty and South African financial services group Sanlam on valuation grounds.

The war in Ukraine has triggered a prolonged rally in commodities. In response, we took some profits in commodity-related holdings, notably Chinese oil & gas firm Cnooc – we eventually sold the entire stake. Nevertheless, we added new investments in Portuguese energy firm Galp Energia and India's Oil and Natural Gas Corporation.

In China, we had to close our position in telecommunications firm China Mobile as the company was placed on a US sanctions list. Later in the year, we opened a new position in China Communication Services, a provider of engineering and construction services to the telecommunications industry in China.

In corporate bonds, we invested in debt issued by Dubai-based port operator DP World and Costa Rican telecommunications company Liberty Costa Rica. In contrast, we sold bonds from Brazilian electricity company Light Servicos de Eletricidade and Trinidad & Tobago's state-owned oil company Heritage Petroleum.

## Outlook

After having their worst year since the global financial crisis, investors are hoping that emerging markets may see some overdue out-performance in 2023. As US short-term interest rates peak, we could, in our opinion, see a reversal of the capital flight experienced by emerging markets in 2022. While developed countries continue to grapple with high inflation rates, emerging markets are starting to see prices falling (albeit from a high base) as supply chain and commodities shocks wane.

While certain emerging market equities (such as China) have entered bull market territories (rising by more than 20% since their October 2022 lows), we maintain our bottom-up ethos and expect a further rise in stock dispersions this year. As value-oriented investors, we will continue to drill down beyond macroeconomic and geopolitical situations to focus on individual stock opportunities.

Despite a rebound in emerging market debt towards the end of the review period, we believe valuations remain at historically attractive levels.

On 11 May 2023, following approval from the FCA investors were formally notified of the ACD's intention to close the fund on 13 July 2023.

## Michael Bourke and Charles De Quinsonas Co-fund managers

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

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

# Portfolio statement

## Investments

Holding	as at 31.01.23 \$'000	as at 31.01.23 %	as at 31.01.22 %
<b>Argentina</b>	<b>195</b>	<b>0.68</b>	<b>0.57</b>
<b>Argentinian debt securities</b>	<b>195</b>	<b>0.68</b>	
US\$215,000 YPF 8.5% 28/07/2025	195	0.68	
<b>Brazil</b>	<b>1,885</b>	<b>6.58</b>	<b>8.63</b>
<b>Brazilian equities</b>	<b>1,626</b>	<b>5.68</b>	
121,951 Banco Bradesco Preference Shares	327	1.14	
228,225 CCR	521	1.82	
24,828 Centrais Elétricas Brasileiras Preference Shares	205	0.72	
122,781 Cyrela Brazil Realty Empreendimentos e Participacoes	353	1.23	
348,362 Raizen Preference Shares	220	0.77	
<b>Brazilian debt securities</b>	<b>259</b>	<b>0.90</b>	
US\$300,000 Globo Comunicacao e Participacoes 5.5% 14/01/2032	259	0.90	
<b>Burundi</b>	<b>172</b>	<b>0.60</b>	<b>0.69</b>
<b>Burundian debt securities</b>	<b>172</b>	<b>0.60</b>	
US\$200,000 Eastern and Southern African Trade and Development Bank 4.125% 30/06/2028	172	0.60	
<b>Canada</b>	<b>342</b>	<b>1.19</b>	<b>1.15</b>
<b>Canadian debt securities</b>	<b>342</b>	<b>1.19</b>	
US\$176,000 ERO Copper 6.5% 15/02/2030	150	0.52	
US\$200,000 First Quantum Minerals 6.875% 01/03/2026	192	0.67	
<b>Cayman Islands</b>	<b>1,004</b>	<b>3.51</b>	<b>2.43</b>
<b>Cayman Island debt securities</b>	<b>1,004</b>	<b>3.51</b>	
US\$200,000 Banco Mercantil del Norte Var. Rate 5.875% Perpetual	185	0.65	
US\$200,000 Banco Nacional de Comercio Exterior Var. Rate 2.72% 11/08/2031	168	0.59	
US\$200,000 DP World Salaam Var. Rate 6% Perpetual	200	0.70	
US\$200,000 Liberty Costa Rica Senior Secured Finance 10.875% 15/01/2031	195	0.68	
US\$260,000 MAF Global Securities Var. Rate 6.375% Perpetual	256	0.89	
<b>Chile</b>	<b>607</b>	<b>2.12</b>	<b>1.78</b>
<b>Chilean equities</b>	<b>607</b>	<b>2.12</b>	
252,197 Embotelladora Andina Preference Shares	607	2.12	
<b>China</b>	<b>2,297</b>	<b>8.02</b>	<b>9.03</b>
<b>Chinese equities</b>	<b>2,297</b>	<b>8.02</b>	
572,000 China Communications Services	217	0.76	

# Portfolio statement

## Investments (continued)

Holding	as at 31.01.23 \$'000	as at 31.01.23 %	as at 31.01.22 %
<b>China (continued)</b>			
<b>Chinese equities (continued)</b>			
844,000 China Construction Bank	546	1.91	
836,000 China Petroleum & Chemical	448	1.56	
775,000 China Railway Signal & Communication	263	0.92	
106,500 Ping An Insurance Group Company of China	823	2.87	
<b>Colombia</b>	<b>317</b>	<b>1.11</b>	<b>0.49</b>
<b>Colombian equities</b>			
33,595 Banco Davivienda Preference Shares	181	0.63	
2,686 Bancolombia ADR	79	0.28	
<b>Colombian debt securities</b>			
US\$56,000 Ecopetrol 8.875% 13/01/2033	57	0.20	
<b>Egypt</b>	<b>410</b>	<b>1.43</b>	<b>0.00</b>
<b>Egyptian equities</b>			
252,889 Commercial International Bank Egypt GDR	410	1.43	
<b>Georgia</b>	<b>387</b>	<b>1.35</b>	<b>1.41</b>
<b>Georgian debt securities</b>			
US\$200,000 Georgia Capital 6.125% 09/03/2024	191	0.67	
US\$200,000 Silknet 8.375% 31/01/2027	196	0.68	
<b>Guernsey</b>	<b>276</b>	<b>0.96</b>	<b>1.02</b>
<b>Guernsey equities</b>			
745,196 Grit Real Estate Income	276	0.96	
<b>Hong Kong</b>	<b>2,618</b>	<b>9.14</b>	<b>10.59</b>
<b>Hong Kong equities</b>			
37,600 AIA	424	1.48	
885,000 Far East Horizon	794	2.77	
1,220,000 First Pacific	425	1.48	
1,148,000 Greatview Aseptic Packaging <sup>a</sup>	316	1.10	
386,000 Kunlun Energy	304	1.06	
49,200 VTech	325	1.14	
<b>Hong Kong debt securities</b>			
US\$200,000 Yuzhou 7.7% 20/02/2025	30	0.11	

# Portfolio statement

## Investments (continued)

Holding	as at 31.01.23 \$'000	as at 31.01.23 %	as at 31.01.22 %
<b>India</b>	<b>551</b>	<b>1.92</b>	<b>1.44</b>
<b>Indian equities</b>	<b>403</b>	<b>1.41</b>	
227,879 Oil & Natural Gas	403	1.41	
<b>Indian debt securities</b>	<b>148</b>	<b>0.51</b>	
US\$200,000 Adani Green Energy 4.375% 08/09/2024	148	0.51	
<b>Ireland</b>	<b>191</b>	<b>0.67</b>	<b>0.74</b>
<b>Irish debt securities</b>	<b>191</b>	<b>0.67</b>	
US\$200,000 C&W Senior Financing 6.875% 15/09/2027	191	0.67	
<b>Israel</b>	<b>55</b>	<b>0.19</b>	<b>0.20</b>
<b>Israeli debt securities</b>	<b>55</b>	<b>0.19</b>	
US\$58,394 Energean Israel Finance 4.875% 30/03/2026	55	0.19	
<b>Luxembourg</b>	<b>1,070</b>	<b>3.74</b>	<b>3.64</b>
<b>Luxembourg debt securities</b>	<b>1,070</b>	<b>3.74</b>	
US\$200,000 EIG Pearl 3.545% 31/08/2036	173	0.60	
US\$100,000 Gazprom 7.288% 16/08/2037	78	0.27	
US\$200,000 Kenbourne Invest 4.7% 22/01/2028	151	0.53	
US\$200,000 MHP Lux 6.95% 03/04/2026	96	0.34	
US\$400,000 Nexa Resources 5.375% 04/05/2027	387	1.35	
US\$200,000 Rede D'or Finance 4.95% 17/01/2028	185	0.65	
<b>Mauritius</b>	<b>370</b>	<b>1.29</b>	<b>0.73</b>
<b>Mauritian debt securities</b>	<b>370</b>	<b>1.29</b>	
US\$200,000 Axian Telecom 7.375% 16/02/2027	184	0.64	
US\$200,000 Greenko Solar Mauritius 5.95% 29/07/2026	186	0.65	
<b>Mexico</b>	<b>2,638</b>	<b>9.21</b>	<b>8.50</b>
<b>Mexican equities</b>	<b>1,648</b>	<b>5.75</b>	
572,035 Alfa	411	1.43	
718,575 Fibra Uno Administracion REIT	985	3.44	
292,629 Nemark	93	0.32	
78,776 Orbia Advance	159	0.56	
<b>Mexican debt securities</b>	<b>990</b>	<b>3.46</b>	
US\$200,000 Cemex 5.45% 19/11/2029	192	0.67	
US\$250,000 KUO 5.75% 07/07/2027	236	0.82	
US\$183,000 Petroleos Mexicanos 6.75% 21/09/2047	125	0.44	

# Portfolio statement

## Investments (continued)

Holding	as at 31.01.23 \$'000	as at 31.01.23 %	as at 31.01.22 %
<b>Mexico (continued)</b>			
<b>Mexican debt securities (continued)</b>			
US\$200,000 Sitios Latinoamerica 5.375% 04/04/2032	186	0.65	
US\$300,000 Total Play Telecomunicaciones 6.375% 20/09/2028	251	0.88	
<b>Netherlands</b>	<b>504</b>	<b>1.76</b>	<b>2.59</b>
<b>Dutch debt securities</b>			
US\$300,000 Teva Pharmaceutical Finance Netherlands III 6.75% 01/03/2028	298	1.04	
US\$220,000 Vivo Energy Investments 5.125% 24/09/2027	206	0.72	
<b>Oman</b>	<b>192</b>	<b>0.67</b>	<b>0.73</b>
<b>Omanian debt securities</b>			
US\$200,000 Bank Muscat 4.75% 17/03/2026	192	0.67	
<b>Pakistan</b>	<b>4</b>	<b>0.01</b>	<b>0.03</b>
<b>Pakistani equities</b>			
11,897 United Bank	4	0.01	
<b>Paraguay</b>	<b>187</b>	<b>0.65</b>	<b>0.73</b>
<b>Paraguayan debt securities</b>			
US\$200,000 Telefónica Celular del Paraguay 5.875% 15/04/2027	187	0.65	
<b>Peru</b>	<b>64</b>	<b>0.22</b>	<b>0.89</b>
<b>Peruvian equities</b>			
480 Credicorp	64	0.22	
<b>Portugal</b>	<b>602</b>	<b>2.10</b>	<b>0.00</b>
<b>Portuguese equities</b>			
44,598 Galp Energia	602	2.10	
<b>Russia</b>	<b>0</b>	<b>0.00</b>	<b>5.94</b>
<b>Russian equities</b>			
80,633 Etalon GDR <sup>b</sup>	0	0.00	
8,022 Lukoil <sup>b</sup>	0	0.00	
146,908 Sberbank of Russia <sup>b</sup>	0	0.00	
14,715 X5 Retail GDR <sup>b</sup>	0	0.00	
<b>Saudi Arabia</b>	<b>0</b>	<b>0.00</b>	<b>0.73</b>
<b>Singapore</b>	<b>975</b>	<b>3.40</b>	<b>3.44</b>
<b>Singaporean equities</b>			
28,000 DBS	760	2.65	



# Portfolio statement

## Investments (continued)

Holding	as at 31.01.23 \$'000	as at 31.01.23 %	as at 31.01.22 %
<b>Singapore (continued)</b>			
<b>Singaporean debt securities</b>			
US\$200,000 ABJA Investment 5.45% 24/01/2028	194	0.68	
US\$200,000 China Evergrande 8.75% 28/06/2025	21	0.07	
<b>South Africa</b>			
<b>South African equities</b>			
33,233 Absa	382	1.33	
114,952 Sibanye Stillwater	301	1.05	
<b>South Korea</b>			
<b>South Korean equities</b>			
21,131 Hana Financial	836	2.92	
17,399 Samsung Electronics	862	3.01	
381 Samsung Electronics GDR	467	1.63	
4,002 Samsung Fire & Marine Insurance	658	2.30	
1,262 Samsung Life Insurance	73	0.25	
25,063 Shinhan Financial	844	2.95	
4,393 SK Hynix	315	1.10	
<b>Spain</b>			
<b>Spanish debt securities</b>			
US\$250,000 EnfraGen Energia 5.375% 30/12/2030	180	0.63	
<b>Switzerland</b>			
<b>Swiss debt securities</b>			
US\$300,000 Oriflame Investment 5.125% 04/05/2026	188	0.66	
<b>Taiwan</b>			
<b>Taiwanese equities</b>			
88,000 Hon Hai Precision Industry	292	1.02	
18,000 Taiwan Semiconductor Manufacturing	313	1.09	
<b>Thailand</b>			
<b>Thai equities</b>			
86,500 SCB X	273	0.95	
<b>Türkiye</b>			
<b>Turkish equities</b>			
285,695 Enerjisa Enerji	499	1.74	

# Portfolio statement

## Investments (continued)

Holding	as at 31.01.23 \$'000	as at 31.01.23 %	as at 31.01.22 %
<b>Türkiye (continued)</b>			
<b>Turkish debt securities</b>		<b>681</b>	<b>2.38</b>
US\$350,000	Aydem Yenilenebilir Enerji 7.75% 02/02/2027	294	1.03
US\$200,000	TC Ziraat Bankasi 9.5% 01/08/2026	197	0.69
US\$200,000	Turk Telekomunikasyon 6.875% 28/02/2025	190	0.66
<b>Ukraine</b>		<b>84</b>	<b>0.29</b>
<b>Ukrainian debt securities</b>		<b>84</b>	<b>0.29</b>
US\$200,000	Kernel 6.75% 27/10/2027	84	0.29
<b>United Arab Emirates</b>		<b>212</b>	<b>0.74</b>
<b>United Arab Emirates debt securities</b>		<b>212</b>	<b>0.74</b>
US\$200,000	Mashreqbank Var. Rate 7.875% 24/02/2033	212	0.74
<b>United Kingdom</b>		<b>300</b>	<b>1.05</b>
<b>UK debt securities</b>		<b>300</b>	<b>1.05</b>
US\$300,000	Bidvest 3.625% 23/09/2026	275	0.96
US\$50,000	State Savings Bank of Ukraine 9.625% 20/03/2025	25	0.09
<b>United States</b>		<b>1,414</b>	<b>4.94</b>
<b>US equities</b>		<b>377</b>	<b>1.32</b>
10,642	Autohome ADR	377	1.32
<b>US debt securities</b>		<b>1,037</b>	<b>3.62</b>
US\$200,000	Kosmos Energy 7.125% 04/04/2026	181	0.63
US\$200,000	Sasol Financing USA 5.875% 27/03/2024	197	0.69
US\$800,000	US Treasury 0.875% 15/11/2030	659	2.30
<b>Uzbekistan</b>		<b>206</b>	<b>0.72</b>
<b>Uzbek debt securities</b>		<b>206</b>	<b>0.72</b>
US\$220,000	National Bank of Uzbekistan 4.85% 21/10/2025	206	0.72
<b>Total portfolio</b>		<b>27,293</b>	<b>95.27</b>
<b>Net other assets/(liabilities)</b>		<b>1,354</b>	<b>4.73</b>
<b>Net assets attributable to shareholders</b>		<b>28,647</b>	<b>100.00</b>

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

<sup>a</sup> Suspended.

<sup>b</sup> M&G's Valuation Sub Committee are valuing these securities at £nil until further notice.

# Portfolio statement

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

Largest purchases	\$'000
Galp Energia	677
Samsung Electronics	593
Cyrela Brazil Realty Empreendimentos e Participacoes	451
Far East Horizon	415
Commercial International Bank Egypt GDR	374
Oil & Natural Gas	370
AIA	354
Shinhan Financial	319
China Railway Signal & Communication	277
SK Hynix	274
Other purchases	6,255
<b>Total purchases</b>	<b>10,359</b>

Largest sales	\$'000
CNOOC	573
Centrais Elébricas Brasileiras Preference Shares	547
PICC Property & Casualty	506
China Mobile	426
Sanlam	411
Banco Bradesco Preference Shares	329
Hacı Ömer Sabanci	314
Credicorp	308
Light Serviços de Eletricidade 4.375% 18/06/2026	282
Hon Hai Precision Industry	258
Other sales	5,021
<b>Total sales</b>	<b>8,975</b>

# Financial highlights

## Fund performance

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

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

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

## Long-term performance by share class

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

Share class	One year % <sup>a</sup>	Three years % pa	Five years % pa	Ten years % pa
<b>Sterling</b>				
Class 'A' Income	+4.6	n/a	n/a	n/a
Class 'A' Accumulation	+4.6	n/a	n/a	n/a
Class 'I' Income	+4.9	n/a	n/a	n/a
Class 'I' Accumulation	+5.0	n/a	n/a	n/a
Class 'L' Income	+5.1	n/a	n/a	n/a
Class 'L' Accumulation	+5.1	n/a	n/a	n/a
Class 'PP' Income	+5.0	n/a	n/a	n/a
Class 'PP' Accumulation	+5.0	n/a	n/a	n/a
Class 'R' Income	+4.7	n/a	n/a	n/a
Class 'R' Accumulation	+4.8	n/a	n/a	n/a

<sup>a</sup> Not annualised.

## Specific share class performance

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

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

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

# Financial highlights

## Sterling Class 'A' Income share performance

The share class was launched on 21 April 2020.

for the year to 31 January Change in NAV per share	2023 UK p	2022 UK p	2021 UK p
Opening NAV	116.88	112.36	100.00
Return before operating charges	5.91	12.03	17.73
Operating charges	(1.12)	(1.19)	(0.96)
Return after operating charges	4.79	10.84	16.77
Distributions	(6.16)	(6.32)	(4.41)
Closing NAV	115.51	116.88	112.36
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.07	0.05	0.09
Dilution adjustments	(0.01)	0.00	0.00
Total direct transaction costs	0.06	0.05	0.09
Performance and charges	%	%	%
Direct portfolio transaction costs	0.05	0.04	0.09
Operating charges	1.00	1.00	1.10
Return after charges	+4.10	+9.65	+16.77
Other information			
Closing NAV (\$'000)	572	451	94
Number of shares	401,531	288,067	60,817
Highest share price (UK p)	120.50	122.08	118.73
Lowest share price (UK p)	105.94	114.25	100.00

## Sterling Class 'A' Accumulation share performance

The share class was launched on 21 April 2020.

for the year to 31 January Change in NAV per share	2023 UK p	2022 UK p	2021 UK p
Opening NAV	128.43	117.06	100.00
Return before operating charges	7.05	12.65	18.02
Operating charges	(1.25)	(1.28)	(0.96)
Return after operating charges	5.80	11.37	17.06
Distributions	(5.70)	(5.49)	(3.57)
Retained distributions	5.70	5.49	3.57
Closing NAV	134.23	128.43	117.06
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.08	0.06	0.09
Dilution adjustments	(0.01)	(0.01)	0.00
Total direct transaction costs	0.07	0.05	0.09
Performance and charges	%	%	%
Direct portfolio transaction costs	0.05	0.04	0.09
Operating charges	1.00	1.00	1.10
Return after charges	+4.52	+9.71	+17.06
Other information			
Closing NAV (\$'000)	134	53	32
Number of shares	81,217	31,000	20,000
Highest share price (UK p)	137.57	125.78	123.23
Lowest share price (UK p)	116.83	113.02	100.00

# Financial highlights

## Sterling Class 'I' Income share performance

The share class was launched on 21 April 2020.

for the year to 31 January Change in NAV per share	2023 UK p	2022 UK p	2021 UK p
Opening NAV	117.80	112.80	100.00
Return before operating charges	5.95	11.98	17.67
Operating charges	(0.67)	(0.71)	(0.54)
Return after operating charges	5.28	11.27	17.13
Distributions	(6.15)	(6.27)	(4.33)
Closing NAV	116.93	117.80	112.80
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.07	0.05	0.10
Dilution adjustments	(0.01)	0.00	0.00
Total direct transaction costs	0.06	0.05	0.10
Performance and charges	%	%	%
Direct portfolio transaction costs	0.05	0.04	0.09
Operating charges	0.60	0.60	0.60
Return after charges	+4.48	+9.99	+17.13
Other information			
Closing NAV (\$'000)	1,304	575	211
Number of shares	904,768	363,326	136,657
Highest share price (UK p)	121.48	119.15	119.16
Lowest share price (UK p)	106.84	108.67	100.00

## Sterling Class 'I' Accumulation share performance

The share class was launched on 21 April 2020.

for the year to 31 January Change in NAV per share	2023 UK p	2022 UK p	2021 UK p
Opening NAV	129.24	117.42	100.00
Return before operating charges	7.04	12.58	17.95
Operating charges	(0.77)	(0.76)	(0.53)
Return after operating charges	6.27	11.82	17.42
Distributions	(6.11)	(5.92)	(3.91)
Retained distributions	6.11	5.92	3.91
Closing NAV	135.51	129.24	117.42
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.08	0.06	0.10
Dilution adjustments	(0.01)	(0.01)	0.00
Total direct transaction costs	0.07	0.05	0.10
Performance and charges	%	%	%
Direct portfolio transaction costs	0.05	0.04	0.09
Operating charges	0.60	0.60	0.60
Return after charges	+4.85	+10.07	+17.42
Other information			
Closing NAV (\$'000)	515	343	178
Number of shares	308,164	198,281	110,662
Highest share price (UK p)	138.87	127.87	123.58
Lowest share price (UK p)	117.60	114.51	100.00

# Financial highlights

## Sterling Class 'L' Income share performance

The share class was launched on 21 April 2020.

for the year to 31 January	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	118.22	112.98	100.00
Return before operating charges	5.87	11.96	17.62
Operating charges	(0.45)	(0.48)	(0.34)
Return after operating charges	5.42	11.48	17.28
Distributions	(6.08)	(6.24)	(4.30)
Closing NAV	117.56	118.22	112.98
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.07	0.05	0.09
Dilution adjustments	(0.01)	0.00	0.00
Total direct transaction costs	0.06	0.05	0.09
Performance and charges	%	%	%
Direct portfolio transaction costs	0.05	0.04	0.09
Operating charges	0.40	0.40	0.40
Return after charges	+4.58	+10.16	+17.28
Other information			
Closing NAV (\$'000)	29	32	31
Number of shares	20,350	20,350	20,350
Highest share price (UK p)	121.91	115.70	119.32
Lowest share price (UK p)	107.24	105.60	100.00

## Sterling Class 'L' Accumulation share performance

The share class was launched on 21 April 2020.

for the year to 31 January	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	129.60	117.56	100.00
Return before operating charges	6.99	12.55	17.91
Operating charges	(0.51)	(0.51)	(0.35)
Return after operating charges	6.48	12.04	17.56
Distributions	(6.31)	(6.14)	(4.05)
Retained distributions	6.31	6.14	4.05
Closing NAV	136.08	129.60	117.56
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.08	0.06	0.09
Dilution adjustments	(0.01)	(0.01)	0.00
Total direct transaction costs	0.07	0.05	0.09
Performance and charges	%	%	%
Direct portfolio transaction costs	0.05	0.04	0.09
Operating charges	0.40	0.40	0.40
Return after charges	+5.00	+10.24	+17.56
Other information			
Closing NAV (\$'000)	25,172	26,084	24,223
Number of shares	15,010,289	15,014,300	15,020,300
Highest share price (UK p)	139.48	132.43	123.74
Lowest share price (UK p)	117.96	119.57	100.00

# Financial highlights

## Sterling Class 'PP' Income share performance

The share class was launched on 21 April 2020.

for the year to 31 January	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	118.01	112.89	100.00
Return before operating charges	5.88	11.97	17.63
Operating charges	(0.57)	(0.60)	(0.43)
Return after operating charges	5.31	11.37	17.20
Distributions	(6.09)	(6.25)	(4.31)
Closing NAV	117.23	118.01	112.89
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.07	0.05	0.09
Dilution adjustments	(0.01)	0.00	0.00
Total direct transaction costs	0.06	0.05	0.09
Performance and charges	%	%	%
Direct portfolio transaction costs	0.05	0.04	0.09
Operating charges	0.50	0.50	0.50
Return after charges	+4.50	+10.07	+17.20
Other information			
Closing NAV (\$'000)	29	32	32
Number of shares	20,450	20,450	20,450
Highest share price (UK p)	121.70	124.70	119.23
Lowest share price (UK p)	107.04	111.74	100.00

## Sterling Class 'PP' Accumulation share performance

The share class was launched on 21 April 2020.

for the year to 31 January	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	129.42	117.49	100.00
Return before operating charges	7.00	12.57	17.93
Operating charges	(0.64)	(0.64)	(0.44)
Return after operating charges	6.36	11.93	17.49
Distributions	(6.19)	(6.03)	(3.98)
Retained distributions	6.19	6.03	3.98
Closing NAV	135.78	129.42	117.49
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.08	0.06	0.09
Dilution adjustments	(0.01)	(0.01)	0.00
Total direct transaction costs	0.07	0.05	0.09
Performance and charges	%	%	%
Direct portfolio transaction costs	0.05	0.04	0.09
Operating charges	0.50	0.50	0.50
Return after charges	+4.91	+10.15	+17.49
Other information			
Closing NAV (\$'000)	34	35	33
Number of shares	20,400	20,400	20,400
Highest share price (UK p)	139.18	126.53	123.66
Lowest share price (UK p)	117.79	113.60	100.00



# Financial highlights

## Sterling Class 'R' Income share performance

The share class was launched on 21 April 2020.

for the year to 31 January	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	117.28	112.59	100.00
Return before operating charges	5.93	11.99	17.70
Operating charges	(0.96)	(1.01)	(0.74)
Return after operating charges	4.97	10.98	16.96
Distributions	(6.15)	(6.29)	(4.37)
Closing NAV	116.10	117.28	112.59
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.07	0.05	0.09
Dilution adjustments	(0.01)	0.00	0.00
Total direct transaction costs	0.06	0.05	0.09
Performance and charges	%	%	%
Direct portfolio transaction costs	0.05	0.04	0.09
Operating charges	0.85	0.85	0.85
Return after charges	+4.24	+9.75	+16.96
Other information			
Closing NAV (\$'000)	538	429	321
Number of shares	375,831	273,132	207,565
Highest share price (UK p)	120.93	118.37	118.94
Lowest share price (UK p)	106.33	108.12	100.00

## Sterling Class 'R' Accumulation share performance

The share class was launched on 21 April 2020.

for the year to 31 January	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	128.78	117.23	100.00
Return before operating charges	7.05	12.63	17.98
Operating charges	(1.07)	(1.08)	(0.75)
Return after operating charges	5.98	11.55	17.23
Distributions	(5.84)	(5.65)	(3.73)
Retained distributions	5.84	5.65	3.73
Closing NAV	134.76	128.78	117.23
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.08	0.06	0.10
Dilution adjustments	(0.01)	(0.01)	0.00
Total direct transaction costs	0.07	0.05	0.10
Performance and charges	%	%	%
Direct portfolio transaction costs	0.05	0.04	0.09
Operating charges	0.85	0.85	0.85
Return after charges	+4.64	+9.85	+17.23
Other information			
Closing NAV (\$'000)	320	231	69
Number of shares	192,763	133,858	42,853
Highest share price (UK p)	138.13	127.22	123.41
Lowest share price (UK p)	117.18	114.06	100.00

# Financial statements and notes

## Financial statements

### Statement of total return

for the year to 31 January	Note	2023		2022	
		\$'000	\$'000	\$'000	\$'000
<b>Income</b>					
Net capital gains/(losses)	3		(2,203)		599
Revenue	5	1,626		1,660	
Expenses	6	(114)		(118)	
Interest payable and similar charges		(10)		0	
Net revenue/(expense) before taxation		1,502		1,542	
Taxation	7	(216)		(209)	
Net revenue/(expense) after taxation			1,286		1,333
<b>Total return before distributions</b>			<b>(917)</b>		<b>1,932</b>
Distributions	8		(1,300)		(1,340)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>(2,217)</b>		<b>592</b>

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

for the year to 31 January	2023		2022	
	\$'000	\$'000	\$'000	\$'000
<b>Opening net assets attributable to shareholders</b>		<b>28,265</b>		<b>25,224</b>
Amounts received on issue of shares	2,295		1,425	
Amounts paid on cancellation of shares	(900)		(263)	
		1,395		1,162
Dilution adjustments		7		4
Change in net assets attributable to shareholders from investment activities (see above)		(2,217)		592
Retained distributions on Accumulation shares		1,197		1,283
<b>Closing net assets attributable to shareholders</b>		<b>28,647</b>		<b>28,265</b>

# Financial statements and notes

## Financial statements

### Balance sheet

as at 31 January	Note	2023 \$'000	2022 \$'000
<b>Assets</b>			
<b>Fixed assets</b>			
Investments		0	28,042
<b>Current assets</b>			
Investments		27,293	0
Debtors	9	583	225
Cash and bank balances	10	1,266	355
<b>Total assets</b>		<b>29,142</b>	<b>28,622</b>
<b>Liabilities</b>			
<b>Creditors</b>			
Bank overdrafts		0	(78)
Distribution payable		(14)	(11)
Other creditors	11	(481)	(268)
<b>Total liabilities</b>		<b>(495)</b>	<b>(357)</b>
<b>Net assets attributable to shareholders</b>		<b>28,647</b>	<b>28,265</b>

# 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 January	2023 \$'000	2022 \$'000
Non-derivative securities	(2,205)	610
Currency gains/(losses)	2	(11)
<b>Net capital gains/(losses)</b>	<b>(2,203)</b>	<b>599</b>

# 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. Please refer to the 'Financial highlights' section for the effect of dilution adjustments.

for the year to 31 January	2023 \$'000	% of transaction	2022 \$'000	% of transaction
<b>a) Purchases</b>				
<b>Equities</b>				
Equities before transaction costs	7,079		5,228	
Commissions	4	0.06	4	0.08
Taxes	3	0.04	3	0.06
<b>Equities after transaction costs</b>	<b>7,086</b>		<b>5,235</b>	
<b>Debt securities</b>	<b>3,273</b>		<b>5,905</b>	
<b>Total purchases after transaction costs</b>	<b>10,359</b>		<b>11,140</b>	
<b>b) Sales</b>				
<b>Equities</b>				
Equities before transaction costs	5,735		4,053	
Commissions	(4)	0.07	(2)	0.05
Taxes	(5)	0.09	(3)	0.08
<b>Equities after transaction costs</b>	<b>5,726</b>		<b>4,048</b>	
<b>Debt securities</b>	<b>3,249</b>		<b>4,265</b>	
<b>Total sales after transaction costs</b>	<b>8,975</b>		<b>8,313</b>	
	2023 \$'000	% of average NAV	2022 \$'000	% of average NAV
<b>c) Direct portfolio transaction costs</b>				
<b>Commissions paid</b>				
Equities	8	0.03	6	0.02
<b>Taxes paid</b>				
Equities	8	0.03	6	0.02
<b>Total direct portfolio transaction costs</b>	<b>16</b>	<b>0.06</b>	<b>12</b>	<b>0.04</b>
		%		%
<b>d) Indirect portfolio transaction costs</b>				
Average portfolio dealing spread as at the balance sheet date		0.79		0.63

# Financial statements and notes

## 5 Revenue

for the year to 31 January	2023 \$'000	2022 \$'000
Bank interest	4	0
Dividends from equity investments: non-taxable	859	851
Dividends from equity investments: taxable	56	126
Interest on debt securities	631	652
Property distribution: taxable	76	31
<b>Total revenue</b>	<b>1,626</b>	<b>1,660</b>

## 6 Expenses

for the year to 31 January	2023 \$'000	2022 \$'000
<b>Payable to the ACD or associate</b>		
Annual charge	114	118
<b>Total expenses</b>	<b>114</b>	<b>118</b>

Audit fees for the financial year ending 2023 were £14,000 (2022: £12,000) (including VAT), which are covered by the annual charge.

# Financial statements and notes

## 7 Taxation

for the year to 31 January	2023 \$'000	2022 \$'000
<b>a) Analysis of charge in the year</b>		
Corporation tax	130	138
Withholding tax	106	89
Double taxation relief	(20)	(18)
Deferred tax (note 7c)	0	0
<b>Total taxation</b>	<b>216</b>	<b>209</b>
<b>b) Factors affecting taxation charge for the year</b>		
Net revenue/(expense) before taxation	1,502	1,542
Corporation tax at 20%	301	308
<b>Effects of:</b>		
Dividends from equity investments: non-taxable	(171)	(170)
Total double taxation relief	(20)	(18)
Withholding tax	106	89
<b>Total tax charge (note 7a)</b>	<b>216</b>	<b>209</b>
<b>c) Provision for deferred taxation</b>		
Provision at the start of the year	0	0
Deferred tax in profit and loss account (note 7a)	0	0
<b>Provision at the end of the year</b>	<b>0</b>	<b>0</b>

The fund has not recognised a deferred tax asset in the current financial year (2022: 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 January	2023		2022	
	Inc \$'000	Acc \$'000	Inc \$'000	Acc \$'000
<b>Dividend distributions</b>				
First interim	5	79	2	64
Second interim	6	87	4	110
Third interim	10	140	4	118
Fourth interim	10	92	5	131
Fifth interim	20	231	7	176
Sixth interim	10	113	6	152
Seventh interim	6	57	3	45
Eighth interim	12	126	11	205
Ninth interim	5	50	4	55
Tenth interim	10	97	3	55
Eleventh interim	5	51	7	107
Final	9	74	4	65
<b>Total net distributions</b>		<b>1,305</b>		<b>1,343</b>
Income deducted on cancellation of shares		3		1
Income received on issue of shares		(8)		(4)
<b>Distributions</b>		<b>1,300</b>		<b>1,340</b>
Net revenue/(expense) per statement of total return		1,286		1,333
Expenses offset against capital		14		7
<b>Distributions</b>		<b>1,300</b>		<b>1,340</b>

## 9 Debtors

as at 31 January	2023 \$'000	2022 \$'000
Amounts receivable on issues of shares	53	11
Currency deals outstanding	134	21
Debt security interest receivable	139	160
Dividends receivable	50	33
Sales awaiting settlement	206	0
Withholding tax recoverable	1	0
<b>Total debtors</b>	<b>583</b>	<b>225</b>



# Financial statements and notes

## 10 Cash and bank balances

as at 31 January	2023 \$'000	2022 \$'000
Cash held as bank balances	1,266	355
<b>Total cash and bank balances</b>	<b>1,266</b>	<b>355</b>

## 11 Other creditors

as at 31 January	2023 \$'000	2022 \$'000
Amounts payable on cancellation of shares	6	0
Annual charge payable	2	7
Corporation tax payable	110	120
Currency deals outstanding	134	21
Purchases awaiting settlement	227	120
Withholding tax payable	2	0
<b>Total other creditors</b>	<b>481</b>	<b>268</b>

## 12 Contingent assets, liabilities and outstanding commitments

There were no contingent assets, liabilities or outstanding commitments at the balance sheet date (2022: 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		Movements		Closing
	01.02.22	Issued	Cancelled	Converted	
<b>Sterling</b>					
Class 'A' Income	288,067	150,087	(36,623)	0	401,531
Class 'A' Accumulation	31,000	55,409	(5,192)	0	81,217
Class 'I' Income	363,326	742,361	(200,919)	0	904,768
Class 'I' Accumulation	198,281	209,009	(99,126)	0	308,164
Class 'L' Income	20,350	0	0	0	20,350
Class 'L' Accumulation	15,014,300	0	(4,011)	0	15,010,289
Class 'PP' Income	20,450	0	0	0	20,450
Class 'PP' Accumulation	20,400	0	0	0	20,400
Class 'R' Income	273,132	349,497	(246,798)	0	375,831
Class 'R' Accumulation	133,858	97,938	(39,033)	0	192,763

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 %
<b>Sterling</b>	
Class 'A'	1.00
Class 'I'	0.60
Class 'L'	0.40
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.

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 86.53% (2022: 91.67%) 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 January	Assets 2023 \$'000	Liabilities 2023 \$'000	Assets 2022 \$'000	Liabilities 2022 \$'000
Level 1	18,382	0	18,512	0
Level 2	8,595	0	9,530	0
Level 3	316	0	0	0
	27,293	0	28,042	0

Level 3 assets include only Greatview Aspective Packing which temporarily had trading suspended.

## 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 January 2023 was 20% (2022: 20%).

The lowest, highest and average VaR, as well as utilisation of VaR with reference to the limit above, are calculated during the financial years ended 31 January 2023 and 31 January 2022.

for the year to 31 January	2023 % of VaR	2023 Utilisation of VaR 20%	2022 % of VaR	2022 Utilisation of VaR 20%
Lowest	6.86	34.30	7.89	39.45
Highest	9.74	48.70	13.39	66.95
Average	8.21	41.07	9.99	49.97

## 19 Credit risk

The fund is exposed to credit risk 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 January	2023 \$'000	2022 \$'000
Investment grade securities	1,571	1,616
Below investment grade securities	7,685	8,656
Other investments	18,037	17,770
<b>Total</b>	<b>27,293</b>	<b>28,042</b>

# 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 January 2023 and 31 January 2022 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 January	2023 \$'000	2023 %	2022 \$'000	2022 %
Lowest	0	0.00	0	0.00
Highest	0	0.00	405	1.47
Average	0	0.00	40	0.14

## 21 Dividend distribution tables

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

### Monthly distribution periods

	Start	End	Xd	Payment
First interim	01.02.22	28.02.22	01.03.22	31.03.22
Second interim	01.03.22	31.03.22	01.04.22	30.04.22
Third interim	01.04.22	30.04.22	03.05.22	31.05.22
Fourth interim	01.05.22	31.05.22	01.06.22	30.06.22
Fifth interim	01.06.22	30.06.22	01.07.22	31.07.22
Sixth interim	01.07.22	31.07.22	01.08.22	31.08.22
Seventh interim	01.08.22	31.08.22	01.09.22	30.09.22
Eighth interim	01.09.22	30.09.22	03.10.22	31.10.22
Ninth interim	01.10.22	31.10.22	01.11.22	30.11.22
Tenth interim	01.11.22	30.11.22	01.12.22	31.12.22
Eleventh interim	01.12.22	31.12.22	03.01.23	31.01.23
Final	01.01.23	31.01.23	01.02.23	28.02.23

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

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

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

# Financial statements and notes

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 January	Income 2023 UK p	Group 2 Equalisation 2023 UK p	Group 1 & 2 Distribution 2023 UK p	2022 UK p
First interim	0.0970	0.2848	0.3818	0.3269
Second interim	0.1739	0.2625	0.4364	0.5574
Third interim	0.2369	0.4610	0.6979	0.5829
Fourth interim	0.0663	0.4022	0.4685	0.6161
Fifth interim	0.3437	0.7901	1.1338	0.8319
Sixth interim	0.2240	0.3436	0.5676	0.7281
Seventh interim	0.1406	0.1855	0.3261	0.2499
Eighth interim	0.2301	0.4632	0.6933	0.9669
Ninth interim	0.0496	0.2320	0.2816	0.2767
Tenth interim	0.3073	0.1855	0.4928	0.3011
Eleventh interim	0.0575	0.2187	0.2762	0.5314
Final	0.0877	0.3171	0.4048	0.3462

## Sterling Class 'A' Accumulation shares

Ordinary distributions for the year to 31 January	Income 2023 UK p	Group 2 Equalisation 2023 UK p	Group 1 & 2 Distribution 2023 UK p	2022 UK p
First interim	0.1573	0.1838	0.3411	0.2574
Second interim	0.3042	0.0729	0.3771	0.4767
Third interim	0.5629	0.0999	0.6628	0.5047
Fourth interim	0.1457	0.2759	0.4216	0.5551
Fifth interim	0.6932	0.4586	1.1518	0.7701
Sixth interim	0.2063	0.3390	0.5453	0.6585
Seventh interim	0.1491	0.1192	0.2683	0.1723
Eighth interim	0.4546	0.2095	0.6641	0.9460
Ninth interim	0.1493	0.0793	0.2286	0.2088
Tenth interim	0.2351	0.2319	0.4670	0.2207
Eleventh interim	0.0747	0.1453	0.2200	0.4585
Final	0.1993	0.1495	0.3488	0.2634

# Financial statements and notes

## Sterling Class 'I' Income shares

Ordinary distributions for the year to 31 January	Income 2023 UK p	Group 2 Equalisation 2023 UK p	Group 1 & 2 Distribution	
			2023 UK p	2022 UK p
First interim	0.1885	0.1907	0.3792	0.3212
Second interim	0.0407	0.3920	0.4327	0.5516
Third interim	0.4300	0.2660	0.6960	0.5774
Fourth interim	0.0000	0.4655	0.4655	0.6120
Fifth interim	0.3631	0.7750	1.1381	0.8279
Sixth interim	0.2083	0.3580	0.5663	0.7231
Seventh interim	0.0552	0.2670	0.3222	0.2442
Eighth interim	0.2810	0.4106	0.6916	0.9715
Ninth interim	0.1662	0.1118	0.2780	0.2762
Tenth interim	0.1428	0.3485	0.4913	0.2953
Eleventh interim	0.0525	0.2199	0.2724	0.5263
Final	0.1995	0.2147	0.4142	0.3404

## Sterling Class 'I' Accumulation shares

Ordinary distributions for the year to 31 January	Income 2023 UK p	Group 2 Equalisation 2023 UK p	Group 1 & 2 Distribution	
			2023 UK p	2022 UK p
First interim	0.2410	0.1280	0.3690	0.2874
Second interim	0.0983	0.3143	0.4126	0.5121
Third interim	0.5773	0.1252	0.7025	0.5411
Fourth interim	0.0000	0.4565	0.4565	0.5875
Fifth interim	0.7371	0.4402	1.1773	0.8094
Sixth interim	0.2308	0.3488	0.5796	0.6990
Seventh interim	0.0500	0.2534	0.3034	0.2040
Eighth interim	0.3061	0.4041	0.7102	0.9823
Ninth interim	0.1941	0.0668	0.2609	0.2377
Tenth interim	0.2273	0.2758	0.5031	0.2559
Eleventh interim	0.0822	0.1716	0.2538	0.4999
Final	0.1573	0.2253	0.3826	0.3024

# Financial statements and notes

## Sterling Class 'L' Income shares

Ordinary distributions for the year to 31 January	Income 2023 UK p	Group 2 Equalisation 2023 UK p	Group 1 & 2 Distribution 2023 UK p	2022 UK p
First interim	0.3777	0.0000	0.3777	0.3186
Second interim	0.4303	0.0000	0.4303	0.5485
Third interim	0.6950	0.0000	0.6950	0.5743
Fourth interim	0.4642	0.0000	0.4642	0.6099
Fifth interim	1.1197	0.0000	1.1197	0.8256
Sixth interim	0.5653	0.0000	0.5653	0.7209
Seventh interim	0.3200	0.0000	0.3200	0.2413
Eighth interim	0.6904	0.0000	0.6904	0.9711
Ninth interim	0.2763	0.0000	0.2763	0.2765
Tenth interim	0.4903	0.0000	0.4903	0.2919
Eleventh interim	0.2700	0.0000	0.2700	0.5238
Final	0.3806	0.0000	0.3806	0.3372

## Sterling Class 'L' Accumulation shares

Ordinary distributions for the year to 31 January	Income 2023 UK p	Group 2 Equalisation 2023 UK p	Group 1 & 2 Distribution 2023 UK p	2022 UK p
First interim	0.3825	0.0000	0.3825	0.3002
Second interim	0.4310	0.0000	0.4310	0.5298
Third interim	0.7224	0.0000	0.7224	0.5591
Fourth interim	0.4740	0.0000	0.4740	0.6036
Fifth interim	1.1952	0.0000	1.1952	0.8288
Sixth interim	0.5968	0.0000	0.5968	0.7204
Seventh interim	0.3211	0.0000	0.3211	0.2199
Eighth interim	0.7334	0.0000	0.7334	1.0020
Ninth interim	0.2771	0.0000	0.2771	0.2582
Tenth interim	0.5214	0.0000	0.5214	0.2738
Eleventh interim	0.2709	0.0000	0.2709	0.5208
Final	0.3864	0.0000	0.3864	0.3219

# Financial statements and notes

## Sterling Class 'PP' Income shares

Ordinary distributions for the year to 31 January	Income 2023 UK p	Group 2 Equalisation 2023 UK p	Group 1 & 2 Distribution 2023 UK p	2022 UK p
First interim	0.3786	0.0000	0.3786	0.3198
Second interim	0.4314	0.0000	0.4314	0.5500
Third interim	0.6956	0.0000	0.6956	0.5757
Fourth interim	0.4647	0.0000	0.4647	0.6109
Fifth interim	1.1200	0.0000	1.1200	0.8266
Sixth interim	0.5660	0.0000	0.5660	0.7220
Seventh interim	0.3210	0.0000	0.3210	0.2427
Eighth interim	0.6910	0.0000	0.6910	0.9720
Ninth interim	0.2774	0.0000	0.2774	0.2780
Tenth interim	0.4912	0.0000	0.4912	0.2935
Eleventh interim	0.2717	0.0000	0.2717	0.5251
Final	0.3822	0.0000	0.3822	0.3386

## Sterling Class 'PP' Accumulation shares

Ordinary distributions for the year to 31 January	Income 2023 UK p	Group 2 Equalisation 2023 UK p	Group 1 & 2 Distribution 2023 UK p	2022 UK p
First interim	0.3757	0.0000	0.3757	0.2938
Second interim	0.4220	0.0000	0.4220	0.5208
Third interim	0.7128	0.0000	0.7128	0.5499
Fourth interim	0.4654	0.0000	0.4654	0.5958
Fifth interim	1.1824	0.0000	1.1824	0.8193
Sixth interim	0.5880	0.0000	0.5880	0.7097
Seventh interim	0.3125	0.0000	0.3125	0.2121
Eighth interim	0.7222	0.0000	0.7222	0.9934
Ninth interim	0.2690	0.0000	0.2690	0.2501
Tenth interim	0.5120	0.0000	0.5120	0.2648
Eleventh interim	0.2616	0.0000	0.2616	0.5102
Final	0.3709	0.0000	0.3709	0.3122



# Financial statements and notes

## Sterling Class 'R' Income shares

Ordinary distributions for the year to 31 January	Income 2023 UK p	Group 2 Equalisation 2023 UK p	Group 1 & 2 Distribution 2023 UK p	2022 UK p
First interim	0.1070	0.2743	0.3813	0.3242
Second interim	0.1511	0.2839	0.4350	0.5556
Third interim	0.0000	0.6976	0.6976	0.5811
Fourth interim	0.0374	0.4303	0.4677	0.6149
Fifth interim	0.2306	0.9013	1.1319	0.8309
Sixth interim	0.1181	0.4492	0.5673	0.7275
Seventh interim	0.1287	0.1962	0.3249	0.2479
Eighth interim	0.3632	0.3299	0.6931	0.9635
Ninth interim	0.1183	0.1621	0.2804	0.2739
Tenth interim	0.1488	0.3437	0.4925	0.2990
Eleventh interim	0.1018	0.1731	0.2749	0.5298
Final	0.2296	0.1716	0.4012	0.3443

## Sterling Class 'R' Accumulation shares

Ordinary distributions for the year to 31 January	Income 2023 UK p	Group 2 Equalisation 2023 UK p	Group 1 & 2 Distribution 2023 UK p	2022 UK p
First interim	0.1235	0.2281	0.3516	0.2713
Second interim	0.2993	0.0919	0.3912	0.4900
Third interim	0.3857	0.2922	0.6779	0.5187
Fourth interim	0.0000	0.4349	0.4349	0.5676
Fifth interim	0.3050	0.8504	1.1554	0.7852
Sixth interim	0.2290	0.3292	0.5582	0.6729
Seventh interim	0.1534	0.1282	0.2816	0.1842
Eighth interim	0.2918	0.3899	0.6817	0.9589
Ninth interim	0.2164	0.0243	0.2407	0.2144
Tenth interim	0.2452	0.2354	0.4806	0.2336
Eleventh interim	0.0803	0.1524	0.2327	0.4741
Final	0.1579	0.1911	0.3490	0.2781

## 22 Events after the balance sheet date

On 11 May 2023, following approval from the FCA investors were formally notified of the ACD's intention to close M&G Emerging Markets Monthly Income Fund on 13 July 2023. There were no other events after the balance sheet date to disclose.

# Authorised Corporate Director's Report

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

## Investment objective

The fund aims to provide a higher total return (the combination of capital growth and income), net of the ongoing charges figure, than the Refinitiv Global Focus Convertible Bond Index over any five-year period.

## Investment policy

At least 70% of the fund is invested in the convertible securities of companies across any sector and market capitalisation that are domiciled in any country, including emerging markets. Exposure to these securities is achieved, either directly or indirectly, through various combinations of corporate bonds, equities and derivatives.

The convertible securities may be denominated in any currency.

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

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

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

## Investment approach

The fund employs a disciplined approach to investment which concentrates on the selection of convertible securities based upon fundamental analysis of individual companies, and their bond and equity characteristics.

The fund manager focuses on convertible securities that provide the best risk-reward features in their view. For these convertible securities, the fund manager expects that the potential gain from the option on the underlying share price exceeds the potential loss from the share price falling.

## Benchmark

Benchmark: Refinitiv Global Focus Convertible Bond Index.

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

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

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

## Risk profile

For details of the risks associated with this fund, please refer to the Prospectus. For details of the risk management policies, please refer to pages 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 January 2023

### Performance against objective

Between 1 February 2022 (the start of the review period) and 31 January 2023, the unhedged share classes of the M&G Global Convertibles Fund delivered a modest positive total return (the combination of income and growth of capital). Hedged-currency share classes, which aim to mitigate the impact of currency movements on holdings of the fund that are denominated in currencies other than sterling, delivered negative returns, as they did not benefit from the strength of the US dollar and euro relative to sterling.

Over the 12 months, the fund's return was significantly ahead of that of its benchmark, the Refinitiv Global Focus Convertible Index, which was -2.8% (unhedged) and -9.1% (hedged).

Over five years, the fund had a total positive return, but did not meet its objective of delivering a higher total return, net of the ongoing charge figure, than that of the Refinitiv Global Focus Convertible Bond Index, which returned 4.1% pa (unhedged) and 1.9% pa (hedged) 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 12-month period under review was a traumatic one for many investors, who became increasingly concerned about the impact of the higher interest rates being imposed to control inflation, which led to significant selling of both stocks and bonds. Russia's invasion of Ukraine was another negative factor. Later, investors began to hope that signs of weakening inflation might cause central banks to slow the pace of their interest rate increases, and this led to strong rallies. However, central banks temporarily dashed this optimism by asserting that interest rates will stay high, reigniting fears that the global economy might tip into recession. Further declines in inflation at the end of the

period caused stocks to experience a sharp rise, cutting losses and, in some cases, leading to gains over the period.

The prospect of multiple interest rate increases weighed heavily on government bond markets, which fell sharply in price, with yields (which move inversely to bond prices) reaching multi-decade highs at the end of 2022, before falling at the start of 2023. UK government bond prices were particularly weak. Investment grade corporate bonds reflected the weakness, as did riskier high yield and emerging market bonds.

Among equities (company shares), the weakest performers in local terms included the technology-dominated US index Nasdaq, where investors questioned the valuations of high-growth companies in a high interest rate environment. Russia, China and other emerging markets also fell sharply, as did the UK's FTSE 250 Index, which was hit by recession fears. The FTSE 100 rose a little, helped by a high weighting of oil companies and exporters who could benefit from sterling weakness. Japan and France also ended the period in positive territory, as did several Latin American countries, helped by higher commodity prices. In terms of sectors, communication services, consumer discretionary and technology stocks dropped the most, although a massive spike in oil and gas prices early in the period was reflected in the strong performance of the energy sector. Areas such as healthcare and basic materials, were also relatively resilient.

In currency markets, sterling declined sharply against most of its rivals. This increased the returns to sterling-based investors of many overseas assets.

The period under review was very challenging for convertibles, which reflected the weakness in both equity and bond markets, despite the tailwind of a significantly stronger US dollar relative to sterling, and also suffered from their own asset-class related problems.

For example, convertibles were adversely affected by rising interest rates, which weighed on their bond floors, meaning that some fell further in price than would have been expected. The convertibles market

# Authorised Corporate Director's Report

was also hit by the high representation of growth stocks, such as technology and communication services business, in the universe, as well as the expensive terms that had been obtained for many new issues in 2021. Higher interest rates and wider credit spreads caused many of these issues to decline, as did falling share prices.

Against this depressing background, the fund's unhedged share classes eked out a small gain, much of it due to foreign currency movements. This return was ahead of its benchmark. The hedged share classes, which did not experience the benefit of the strong dollar or euro, delivered a negative return over the 12 month period, albeit ahead of its benchmark.

In absolute terms, the best performers were convertibles in the utilities, healthcare and technology sectors, while the laggards were in the financial, basic materials and telecommunications sectors. In terms of regions, Asia and the US were the strongest, while Europe declined.

In terms of individual holdings, stocks linked to Russia were among the weakest, particularly a convertible from internet firm Yandex and an equity position in steel producer Severstal. Other main detractors included a convertible from cryptocurrency exchange platform Coinbase, which was badly affected by collapsing prices in the cryptocurrency market, and US mobile camera application group Snap, which warned of lower profits.

On the other hand, some holdings generated substantial positive contributions after their issuers were acquired. This included convertibles from French electricity generator EDF, which was nationalised by the French government, and Twitter, bought by Elon Musk. A position in a convertible from Box also added value when the US cloud-based content management platform announced forecast-beating results, while hotels group H-World (formerly Huazhu) benefited from China's reopening once the zero-COVID policy was abandoned.

## Investment activities

We were active in adjusting the positioning of the portfolio, buying what we believed were attractively priced convertibles while reducing or selling those that no longer satisfied our selection criteria. For example, we purchased several bonds that we had owned previously but sold after good performance had made them vulnerable to potential share price falls. The general weakness in the market gave us an opportunity to buy them back at what we thought were significantly more attractive prices. Among these were convertibles from Chinese online food delivery firm Meituan, European semiconductor manufacturer STMicroelectronics, German chemicals producer Evonik and Southwest Airlines.

We also bought several exchangeable bonds (bonds issued by investment banks that convert into different companies) that give us exposure to what we thought were interesting companies previously unrepresented in the convertibles universe, with the issuers giving them what should be robust credit quality. This included bonds converting into Deutsche Telekom, Merck and Mercedes Benz. Among the other large additions to the portfolio were convertibles from French bank BNP Paribas, US diagnostic equipment manufacturer Lantheus and US ride hailing group Lyft.

To make room for the additions, we sold convertibles that we thought had little chance of generating a decent return. This included convertibles into companies such as Longfor, Etsy and Siemens (although we used subsequent price weakness to rebuild a position in Siemens). Concerns about deteriorating credit quality led us to dispose of convertibles from Dish Networks and Coinbase. We also sold our holding of a convertible from Booking Holdings, replacing it with a convertible and equity stake from Airbnb.

Other convertibles left the fund through corporate action or redemption, including EDF, where the issuer was nationalised by France, Twitter, acquired by Elon Musk, and Zynga, bought by Take-Two Interactive Software. We also accepted the option to sell our

# Authorised Corporate Director's Report

holdings of convertibles from Yandex and China Education back to the issuers.

Finally, in order to ensure that we did not take on too much credit risk to the issuers of the exchangeable bonds mentioned above, and also feeling there were better opportunities elsewhere, we cut our holdings of exchangeable bonds converting into Tencent, LVMH and Voya.

## Outlook

In our opinion, current market conditions offer attractive entry points to the convertibles market, with large pockets of the convertibles universe appearing well valued. In particular, we feel that large market movements have left many convertibles trading on high yields relative to, for example, other corporate bonds. In our opinion, this is unjustified by the issuers' business and credit quality and gives us the opportunity to invest in what we consider to be profitable, high-quality businesses with robust credit quality. Of course, a market where many opportunities are driven by yield means that investors have to be highly selective and perform rigorous credit analysis.

The issuers of many higher-yielding convertibles have no other debt on their balance sheets apart from their convertibles, which tend to have low coupons and a relatively long time until they have to be repaid or refinanced. In our opinion, this increases the chances that they will be able to avoid default. At the moment, our analysis suggests that a large proportion of the convertibles market is trading below issue price, giving investors the opportunity to identify stocks that will pay a decent yield, with the potential of a gradual capital uplift to maturity. While the prospects for the equity market are currently uncertain given the obvious inflationary and geopolitical risks, we believe there are many attractively priced yield plays around. Should we get further stockmarket rallies, convertibles should also participate, in our view.

We think convertibles from Asia are particularly interesting at the moment, given the prospect of credit spreads (the difference between the yields on safer government bonds and riskier corporate bonds, which

is considered to be a measure of investors' appetite for risk) narrowing. We also feel that the convertible market could benefit from merger and acquisition activity, as many issuers are still exhibiting good growth.

The new issues market, having been very quiet for much of the period, sprung into life in late 2022, with new convertibles being launched on more attractive terms than in the previous year, paying higher coupons and offering good sensitivity to share price movements. We are optimistic that this will continue, with higher interest rates boosting the attractions of convertibles as a way for companies to raise money relative to other forms of financing (convertibles typically pay a lower rate of interest in return for the option to convert into shares). Continued recovery in the equity market could also encourage further issuance. Newly issued convertibles can be a source of attractive investment opportunities.

Overall, we have tried to construct a portfolio that should be able to navigate all possible scenarios, remaining agile should the background change significantly one way or the other.

## Léonard Vinville

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 <sup>a</sup>	as at 31.01.23 \$'000	as at 31.01.23 %	as at 31.01.22 %
<b>Equities</b>	<b>4,202</b>	<b>2.00</b>	<b>3.15</b>
<b>Europe</b>	<b>0</b>	<b>0.00</b>	<b>1.76</b>
<b>European equities</b>	<b>0</b>	<b>0.00</b>	<b>1.76</b>
50,379 Severstal GDR <sup>b</sup>	0	0.00	
<b>North America</b>	<b>4,202</b>	<b>2.00</b>	<b>1.24</b>
<b>North American equities</b>	<b>4,202</b>	<b>2.00</b>	<b>1.24</b>
10,549 Airbnb	1,148	0.55	
3,118 Palo Alto Networks	490	0.23	
19,027 Take-Two Interactive Software	2,133	1.01	
14,670 Uber Technologies	431	0.21	
<b>Asia Pacific</b>	<b>0</b>	<b>0.00</b>	<b>0.15</b>
<b>Asia Pacific equities</b>	<b>0</b>	<b>0.00</b>	<b>0.15</b>
<b>Fixed income</b>	<b>202,639</b>	<b>96.34</b>	<b>96.19</b>
<b>United Kingdom</b>	<b>12,950</b>	<b>6.16</b>	<b>4.76</b>
<b>Investment grade corporate bonds</b>	<b>3,128</b>	<b>1.49</b>	<b>2.04</b>
US\$2,925,000 Barclays Bank 0% 18/02/2025 (Visa)	3,128	1.49	
<b>Corporate bonds with no credit rating</b>	<b>9,822</b>	<b>4.67</b>	<b>2.72</b>
€2,600,000 Barclays Bank 0% 24/01/2025 (Mercedes-Benz)	2,863	1.36	
£2,900,000 Capital & Counties Properties 2% 30/03/2026 (Shaftesbury)	3,101	1.48	
US\$1,600,000 HTA 2.875% 18/03/2027 (Helios Towers)	1,265	0.60	
£2,300,000 WH Smith 1.625% 07/05/2026 (WH Smith)	2,593	1.23	
<b>Denmark</b>	<b>700</b>	<b>0.33</b>	<b>0.90</b>
<b>Corporate bonds with no credit rating</b>	<b>700</b>	<b>0.33</b>	<b>0.90</b>
€700,000 GN Store Nord 0% 21/05/2024 (GN Store Nord)	700	0.33	
<b>France</b>	<b>13,450</b>	<b>6.39</b>	<b>4.68</b>
<b>Below investment grade corporate bonds</b>	<b>3,873</b>	<b>1.84</b>	<b>0.00</b>
€1,000,000 Atos 0% 06/11/2024 (Worldline)	949	0.45	
US\$3,000,000 Carrefour 0% 27/03/2024 (Carrefour)	2,924	1.39	
<b>Corporate bonds with no credit rating</b>	<b>9,577</b>	<b>4.55</b>	<b>4.68</b>
€3,700,000 BNP Paribas 0% 13/05/2025 (BNP Paribas)	4,734	2.25	
€2,452,266 SOITEC 0% 01/10/2025 (SOITEC)	2,767	1.31	
€1,900,000 SPIE 2% 17/01/2028 (SPIE)	2,076	0.99	

# Portfolio statement

## Investments (continued)

Holding <sup>a</sup>	as at 31.01.23 \$'000	as at 31.01.23 %	as at 31.01.22 %
<b>Fixed income (continued)</b>			
<b>Germany</b>	<b>8,329</b>	<b>3.96</b>	<b>2.73</b>
<b>Corporate bonds with no credit rating</b>	<b>8,329</b>	<b>3.96</b>	<b>2.73</b>
€3,500,000 RAG-Stiftung 0% 17/06/2026 (Evonik Industries)	3,588	1.71	
€1,600,000 Zalando 0.05% 06/08/2025 (Zalando)	1,560	0.74	
€3,500,000 Zalando 0.625% 06/08/2027 (Zalando)	3,181	1.51	
<b>Ireland</b>	<b>5,414</b>	<b>2.57</b>	<b>2.02</b>
<b>Below investment grade corporate bonds</b>	<b>5,414</b>	<b>2.57</b>	<b>2.02</b>
US\$4,661,000 Jazz Investments I 2% 15/06/2026 (Jazz Pharma)	5,414	2.57	
<b>Italy</b>	<b>9,297</b>	<b>4.42</b>	<b>4.55</b>
<b>Below investment grade corporate bonds</b>	<b>8,287</b>	<b>3.94</b>	<b>0.00</b>
€1,500,000 Nexi 1.75% 24/04/2027 (Nexi)	1,411	0.67	
€6,000,000 Prysmian 0% 02/02/2026 (Prysmian)	6,876	3.27	
<b>Corporate bonds with no credit rating</b>	<b>1,010</b>	<b>0.48</b>	<b>4.55</b>
€1,100,000 DiaSorin 0% 05/05/2028 (DiaSorin)	1,010	0.48	
<b>Luxembourg</b>	<b>3,735</b>	<b>1.78</b>	<b>5.81</b>
<b>Corporate bonds with no credit rating</b>	<b>3,735</b>	<b>1.78</b>	<b>5.81</b>
€2,400,000 Global Fashion 1.25% 15/03/2028 (Global Fashion)	2,003	0.95	
£1,800,000 IWG 0.5% 09/12/2027 (IWG)	1,732	0.83	
<b>Netherlands</b>	<b>7,700</b>	<b>3.66</b>	<b>4.74</b>
<b>Corporate bonds with no credit rating</b>	<b>7,700</b>	<b>3.66</b>	<b>4.74</b>
US\$2,000,000 ELM 3.25% 13/06/2024 (Swiss Re)	2,198	1.05	
€900,000 Pharming 3% 21/01/2025 (Pharming)	892	0.42	
US\$4,000,000 Qiagen 1% 13/11/2024 (Qiagen)	4,610	2.19	
<b>Russia</b>	<b>0</b>	<b>0.00</b>	<b>2.00</b>
<b>Corporate bonds with no credit rating</b>	<b>0</b>	<b>0.00</b>	<b>2.00</b>
<b>Spain</b>	<b>4,635</b>	<b>2.20</b>	<b>1.78</b>
<b>Investment grade corporate bonds</b>	<b>0</b>	<b>0.00</b>	<b>1.78</b>
<b>Below investment grade corporate bonds</b>	<b>4,635</b>	<b>2.20</b>	<b>0.00</b>
€3,900,000 Cellnex Telecom 0.5% 05/07/2028 (Cellnex Telecom)	4,635	2.20	



# Portfolio statement

## Investments (continued)

Holding <sup>a</sup>	as at 31.01.23 \$'000	as at 31.01.23 %	as at 31.01.22 %
<b>Fixed income (continued)</b>			
<b>Switzerland</b>	<b>6,645</b>	<b>3.16</b>	<b>0.00</b>
<b>Below investment grade corporate bonds</b>	<b>6,645</b>	<b>3.16</b>	<b>0.00</b>
US\$1,800,000 STMicroelectronics 0% 04/08/2025 (STMicroelectronics)	2,132	1.01	
US\$3,800,000 STMicroelectronics 0% 04/08/2027 (STMicroelectronics)	4,513	2.15	
<b>United States</b>	<b>85,715</b>	<b>40.75</b>	<b>44.29</b>
<b>Investment grade corporate bonds</b>	<b>4,470</b>	<b>2.12</b>	<b>11.37</b>
US\$2,087,000 BofA Finance 0.6% 25/05/2027 (Merck)	2,326	1.10	
€1,900,000 JPMorgan Chase Bank 0% 18/02/2024 (Siemens)	2,144	1.02	
<b>Below investment grade corporate bonds</b>	<b>8,642</b>	<b>4.11</b>	<b>1.60</b>
US\$2,603,000 Live Nation Entertainment 3.125% 15/01/2029 (Live Nation Entertainment)	2,754	1.31	
US\$2,807,000 Southwest Airlines 1.25% 01/05/2025 (Southwest Airlines)	3,376	1.61	
US\$613,000 Uber Technologies 7.5% 15/05/2025	618	0.29	
US\$1,868,000 Uber Technologies 8% 01/11/2026	1,894	0.90	
<b>Corporate bonds with no credit rating</b>	<b>72,603</b>	<b>34.52</b>	<b>31.32</b>
US\$1,749,000 Airbnb 0% 15/03/2026 (Airbnb)	1,495	0.71	
US\$6,703,000 Akamai Technologies 0.375% 01/09/2027 (Akamai Technologies)	6,596	3.14	
US\$2,941,000 Bentley Systems 0.375% 01/07/2027 (Bentley Systems)	2,434	1.16	
US\$6,265,000 Box 0% 15/01/2026 (Box)	8,313	3.95	
US\$2,221,000 Coupa Software 0.375% 15/06/2026 (Coupa Software)	2,152	1.02	
US\$2,302,000 Exact Sciences 0.375% 01/03/2028 (Exact Sciences)	2,035	0.97	
US\$2,369,000 Halozyme Therapeutics 1% 15/08/2028 (Halozyme Therapeutics)	2,613	1.24	
US\$430,000 Helix Energy Solutions 6.75% 15/02/2026 (Helix Energy Solutions)	597	0.28	
US\$949,000 InterDigital 3.5% 01/06/2027 (InterDigital)	1,029	0.49	
€2,200,000 JPMorgan Chase Financial 0% 14/01/2025 (Sanofi)	2,426	1.15	
€3,700,000 JPMorgan Chase Financial 0% 29/04/2025 (Deutsche Telekom)	4,268	2.03	
US\$3,060,000 Lantheus 2.625% 15/12/2027 (Lantheus)	3,233	1.54	
US\$1,925,000 Live Nation Entertainment 2% 15/02/2025 (Live Nation Entertainment)	1,976	0.94	
US\$1,295,000 Livongo Health 0.875% 01/06/2025 (Teladoc Health)	1,159	0.55	
US\$3,322,000 Lyft 1.5% 15/05/2025 (Lyft)	3,018	1.43	



# Portfolio statement

## Investments (continued)

Holding <sup>a</sup>	as at 31.01.23 \$'000	as at 31.01.23 %	as at 31.01.22 %
<b>Fixed income (continued)</b>			
<b>United States (continued)</b>			
<b>Corporate bonds with no credit rating (continued)</b>			
US\$3,752,000	MACOM Technology Solutions 0.25% 15/03/2026 (MACOM Technology Solutions)	3,825	1.82
US\$4,429,000	Mp Materials 0.25% 01/04/2026 (Mp Materials)	4,385	2.08
US\$4,867,000	NextEra Energy Partners 0% 15/11/2025 (NextEra Energy Partners)	4,920	2.34
US\$2,044,000	NRG Energy 2.75% 01/06/2048 (NRG Energy)	2,081	0.99
US\$3,186,000	Pacira BioSciences 0.75% 01/08/2025 (Pacira BioSciences)	2,917	1.39
US\$1,007,000	Palo Alto Networks 0.75% 01/07/2023 (Palo Alto Networks)	1,787	0.85
US\$1,163,000	Silicon Laboratories 0.625% 15/06/2025 (Silicon Laboratories)	1,573	0.75
US\$4,186,000	Snap 0.125% 01/03/2028 (Snap)	2,989	1.42
US\$1,371,000	Stride 1.125% 01/09/2027 (Stride)	1,405	0.67
US\$1,500,000	Uber Technologies 0% 15/12/2025 (Uber Technologies)	1,296	0.62
US\$922,000	Viavi Solutions 1% 01/03/2024 (Viavi Solutions)	952	0.45
US\$901,000	Workiva 1.125% 15/08/2026 (Workiva)	1,129	0.54
<b>Canada</b>		<b>0</b>	<b>0.00</b>
<b>Corporate bonds with no credit rating</b>		<b>0</b>	<b>0.00</b>
<b>Japan</b>		<b>2,866</b>	<b>1.36</b>
<b>Corporate bonds with no credit rating</b>		<b>2,866</b>	<b>1.36</b>
¥300,000,000	Sosei 0.25% 27/07/2026 (Sosei)	2,866	1.36
<b>Australia</b>		<b>2,244</b>	<b>1.07</b>
<b>Investment grade corporate bonds</b>		<b>2,244</b>	<b>1.07</b>
AU\$3,000,000	DEXUS Finance 3.5% 24/11/2027 (Dexus)	2,244	1.07
<b>China</b>		<b>19,046</b>	<b>9.06</b>
<b>Investment grade corporate bonds</b>		<b>0</b>	<b>0.00</b>
<b>Below investment grade corporate bonds</b>		<b>4,320</b>	<b>2.06</b>
US\$5,000,000	Meituan 0% 27/04/2028 (Meituan)	4,320	2.06
<b>Corporate bonds with no credit rating</b>		<b>14,726</b>	<b>7.00</b>
US\$3,565,000	H World 3% 01/05/2026 (H World)	4,855	2.31
US\$2,700,000	Pharmaron Beijing 0% 18/06/2026 (Pharmaron Beijing)	2,426	1.15
US\$1,269,000	Pinduoduo 0% 01/12/2025 (Pinduoduo)	1,218	0.58
HK\$24,000,000	Sail Vantage 0% 13/01/2027 (China Meidong Auto)	2,767	1.32

# Portfolio statement

## Investments (continued)

Holding <sup>a</sup>	as at 31.01.23 \$'000	as at 31.01.23 %	as at 31.01.22 %
<b>Fixed income (continued)</b>			
<b>China (continued)</b>			
<b>Corporate bonds with no credit rating (continued)</b>			
HK\$7,000,000 Zhongsheng 0% 21/05/2025 (Zhongsheng)	1,056	0.50	
US\$2,179,000 ZTO Express 1.5% 01/09/2027 (ZTO Express)	2,404	1.14	
<b>Hong Kong</b>	<b>5,531</b>	<b>2.63</b>	<b>1.99</b>
<b>Corporate bonds with no credit rating</b>	<b>5,531</b>	<b>2.63</b>	<b>1.99</b>
HK\$21,000,000 CIMC Enric 0% 30/11/2026 (CIMC Enric)	2,744	1.30	
US\$2,924,000 ESR Cayman 1.5% 30/09/2025 (ESR Cayman)	2,787	1.33	
<b>India</b>	<b>3,684</b>	<b>1.75</b>	<b>2.10</b>
<b>Investment grade corporate bonds</b>	<b>0</b>	<b>0.00</b>	<b>2.10</b>
<b>Below investment grade corporate bonds</b>	<b>3,684</b>	<b>1.75</b>	<b>0.00</b>
US\$2,901,000 Bharti Airtel 1.5% 17/02/2025 (Bharti Airtel)	3,684	1.75	
<b>Taiwan</b>	<b>1,005</b>	<b>0.48</b>	<b>0.92</b>
<b>Corporate bonds with no credit rating</b>	<b>1,005</b>	<b>0.48</b>	<b>0.92</b>
US\$900,000 Yageo 0% 26/05/2025 (Yageo)	1,005	0.48	
<b>Israel</b>	<b>9,693</b>	<b>4.61</b>	<b>4.31</b>
<b>Corporate bonds with no credit rating</b>	<b>9,693</b>	<b>4.61</b>	<b>4.31</b>
US\$4,059,000 CyberArk Software 0% 15/11/2024 (CyberArk Software)	4,428	2.11	
US\$3,794,000 Nice 0% 15/09/2025 (Nice)	3,596	1.71	
US\$1,281,000 Nova 0% 15/10/2025 (Nova)	1,669	0.79	
<b>United States Virgin Islands</b>	<b>0</b>	<b>0.00</b>	<b>0.36</b>
<b>Investment grade corporate bonds</b>	<b>0</b>	<b>0.00</b>	<b>0.36</b>
<b>Currency</b>	<b>421</b>	<b>0.20</b>	<b>(0.07)</b>
<b>Forward currency contracts</b>	<b>421</b>	<b>0.20</b>	<b>(0.07)</b>
¥1,191,519,493 Bought for \$8,728,965 (expires 17.02.23)	421	0.20	
<b>Portfolio of investments</b>	<b>207,262</b>	<b>98.54</b>	
<b>Share class hedging</b>	<b>37</b>	<b>0.02</b>	<b>(0.06)</b>
<b>Forward currency contracts for share class hedging</b>	<b>37</b>	<b>0.02</b>	<b>(0.06)</b>
€32,448 Bought for £57,292 (expires 08.02.23)	0	0.00	
¥1,137,450 Bought for £14,350 (expires 08.02.23)	0	0.00	
£1,915,564 Bought for \$2,327,256 (expires 08.02.23)	34	0.02	
£667,134 Bought for €1,513,218 (expires 08.02.23)	2	0.00	

# Portfolio statement

## Investments (continued)

Holding <sup>a</sup>	as at 31.01.23 \$'000	as at 31.01.23 %	as at 31.01.22 %
<b>Share class hedging (continued)</b>			
<b>Forward currency contracts for share class hedging (continued)</b>			
£84,811 Bought for HKD1,611,249 (expires 08.02.23)	2	0.00	
£160,811 Bought for ¥51,513,456 (expires 08.02.23)	0	0.00	
£29,929 Bought for AUD104,962 (expires 08.02.23)	0	0.00	
£(46,714) Sold for \$56,769 (expires 08.02.23)	(1)	0.00	
<b>Total portfolio</b>	<b>207,299</b>	<b>98.56</b>	<b>99.21</b>
<b>Net other assets/(liabilities)</b>	<b>3,023</b>	<b>1.44</b>	<b>0.79</b>
<b>Net assets attributable to shareholders</b>	<b>210,322</b>	<b>100.00</b>	<b>100.00</b>

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

<sup>a</sup> The underlying stock for each convertible bond is shown in brackets.

<sup>b</sup> M&G's Valuation Sub Committee are valuing these securities at £nil until further notice.

# Portfolio statement

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

Largest purchases	\$'000
STMicroelectronics 0% 04/08/2027 (STMicroelectronics)	4,770
Take-Two Interactive Software	4,720
Snap 0.125% 01/03/2028 (Snap)	4,501
BNP Paribas 0% 13/05/2025 (BNP Paribas)	4,298
JPMorgan Chase Financial 0% 29/04/2025 (Deutsche Telekom)	4,191
Meituan 0% 27/04/2028 (Meituan)	3,988
RAG-Stiftung 0% 17/06/2026 (Evonik Industries)	3,843
Lyft 1.5% 15/05/2025 (Lyft)	3,695
Southwest Airlines 1.25% 01/05/2025 (Southwest Airlines)	3,638
Carrefour 0% 27/03/2024 (Carrefour)	3,293
Other purchases	62,862
<b>Total purchases</b>	<b>103,799</b>

Largest sales	\$'000
Électricité de France 0% 14/09/2024 (Électricité de France)	8,665
Citigroup Global Markets Funding Luxembourg 0% 25/07/2024 (Longfor)	8,336
Booking 0.75% 01/05/2025 (Booking)	8,278
Zynga 0.25% 01/06/2024 (Zynga)	6,647
JPMorgan Chase Bank 0% 18/02/2024 (Siemens)	6,358
Twitter 0.25% 15/06/2024 (Twitter)	4,996
STMicroelectronics	4,139
JPMorgan Chase Bank 0% 07/08/2022 (Tencent Holdings)	4,009
ELM 3.25% 13/06/2024 (Swiss Re)	3,965
Palo Alto Networks 0.75% 01/07/2023 (Palo Alto Networks)	3,848
Other sales	95,060
<b>Total sales</b>	<b>154,301</b>

# Financial highlights

## Fund performance

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

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

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

## Long-term performance by share class

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

Share class	One year % <sup>a</sup>	Three years % pa	Five years % pa	Ten years % pa
<b>Sterling</b>				
Class 'A' Income	+0.5	+3.3	+2.9	+4.7
Class 'A' Accumulation	+0.5	+3.2	+2.8	+4.7
Class 'A-H' Accumulation	-7.0	+1.1	+0.2	+2.6
Class 'I' Income	+0.9	+3.8	+3.4	+5.3
Class 'I' Accumulation	+0.9	+3.7	+3.4	+5.3
Class 'I-H' Accumulation	-6.6	+1.6	+0.8	+3.2
Class 'PP' Income	+1.1	+3.8	n/a	n/a
Class 'PP' Accumulation	+1.1	+3.9	n/a	n/a
Class 'R' Income	+0.6	+3.5	+3.2	+5.1
Class 'R' Accumulation	+0.7	+3.4	+3.1	+5.1
Class 'R-H' Accumulation	-6.9	+1.3	+0.5	+3.0
<b>Benchmark unhedged</b>	<b>-2.8</b>	<b>+2.7</b>	<b>+4.1</b>	<b>+5.3</b>
<b>Benchmark hedged</b>	<b>-9.1</b>	<b>+1.1</b>	<b>+1.9</b>	<b>+3.7</b>

<sup>a</sup> Not annualised.

# Financial highlights

## Specific share class performance

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

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

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

# Financial highlights

## Sterling Class 'A' Income share performance

The share class was launched on 13 July 2007.

for the year to 31 January	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	170.29	184.52	163.05
Return before operating charges	2.43	(6.54)	28.92
Operating charges	(2.11)	(2.34)	(2.36)
Return after operating charges	0.32	(8.88)	26.56
Distributions	(5.62)	(5.35)	(5.09)
Closing NAV	164.99	170.29	184.52
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	1.25	1.26	1.35
Return after charges	+0.19	-4.81	+16.29
Other information			
Closing NAV (\$'000)	149,566	171,910	249,042
Number of shares	73,557,766	75,312,884	98,386,167
Highest share price (UK p)	174.53	193.81	196.28
Lowest share price (UK p)	157.13	173.64	153.21

## Sterling Class 'A' Accumulation share performance

The share class was launched on 13 July 2007.

for the year to 31 January	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	228.60	240.20	206.56
Return before operating charges	3.15	(8.56)	36.59
Operating charges	(2.83)	(3.04)	(2.95)
Return after operating charges	0.32	(11.60)	33.64
Distributions	(4.73)	(3.77)	(3.64)
Retained distributions	4.73	3.77	3.64
Closing NAV	228.92	228.60	240.20
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.18	0.00
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.18	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	1.25	1.25	1.35
Return after charges	+0.14	-4.83	+16.29
Other information			
Closing NAV (\$'000)	2,223	2,780	4,044
Number of shares	787,869	907,256	1,227,193
Highest share price (UK p)	234.17	253.09	248.64
Lowest share price (UK p)	210.83	226.00	194.09

# Financial highlights

## Sterling Class 'A-H' Accumulation share performance

The share class was launched on 28 September 2012.

for the year to 31 January	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	145.56	152.55	129.62
Return before operating charges	(8.93)	(4.99)	24.79
Operating charges	(1.75)	(2.00)	(1.86)
Return after operating charges	(10.68)	(6.99)	22.93
Distributions	(2.78)	(2.36)	(2.24)
Retained distributions	2.78	2.36	2.24
Closing NAV	134.88	145.56	152.55
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.29	0.00
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.29	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	1.28	1.28	1.38
Return after charges	-7.34	-4.58	+17.69
Other information			
Closing NAV (\$'000)	94	284	305
Number of shares	56,593	145,593	145,593
Highest share price (UK p)	149.34	162.53	156.65
Lowest share price (UK p)	123.60	143.84	112.03



# Financial highlights

## Sterling Class 'I' Income share performance

The share class was launched on 3 August 2012.

for the year to 31 January	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	1,440.12	1,554.05	1,366.28
Return before operating charges	20.53	(55.28)	243.03
Operating charges	(12.20)	(13.34)	(12.48)
Return after operating charges	8.33	(68.62)	230.55
Distributions	(47.48)	(45.31)	(42.78)
Closing NAV	1,400.97	1,440.12	1,554.05
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.03	0.13	0.03
Dilution adjustments	0.00	(0.01)	0.00
Total direct transaction costs	0.03	0.12	0.03
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	0.85	0.85	0.85
Return after charges	+0.58	-4.42	+16.87
Other information			
Closing NAV (\$'000)	12,763	20,885	43,512
Number of shares	739,241	1,081,938	2,041,024
Highest share price (UK p)	1,479.62	1,632.60	1,652.53
Lowest share price (UK p)	1,330.67	1,468.47	1,284.94

## Sterling Class 'I' Accumulation share performance

The share class was launched on 13 July 2007.

for the year to 31 January	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	249.35	260.94	223.27
Return before operating charges	3.48	(9.35)	39.71
Operating charges	(2.12)	(2.24)	(2.04)
Return after operating charges	1.36	(11.59)	37.67
Distributions	(6.16)	(5.26)	(5.07)
Retained distributions	6.16	5.26	5.07
Closing NAV	250.71	249.35	260.94
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.01
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.00	0.01
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	0.85	0.85	0.85
Return after charges	+0.55	-4.44	+16.87
Other information			
Closing NAV (\$'000)	40,863	64,986	69,662
Number of shares	13,225,597	19,443,223	19,460,634
Highest share price (UK p)	256.10	275.01	270.05
Lowest share price (UK p)	230.32	246.51	209.98

# Financial highlights

## Sterling Class 'I-H' Accumulation share performance

The share class was launched on 28 September 2012.

for the year to 31 January	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	153.94	160.64	135.76
Return before operating charges	(9.37)	(5.25)	26.13
Operating charges	(1.34)	(1.45)	(1.25)
Return after operating charges	(10.71)	(6.70)	24.88
Distributions	(3.52)	(3.17)	(3.03)
Retained distributions	3.52	3.17	3.03
Closing NAV	143.23	153.94	160.64
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	0.88	0.88	0.88
Return after charges	-6.96	-4.17	+18.33
Other information			
Closing NAV (\$'000)	3,326	22,760	25,383
Number of shares	1,883,984	11,030,423	11,518,518
Highest share price (UK p)	157.97	171.18	164.94
Lowest share price (UK p)	131.10	152.12	117.41

# Financial highlights

## Sterling Class 'PP' Income share performance

The share class was launched on 5 August 2019.

for the year to 31 January Change in NAV per share	2023 UK p	2022 UK p	2021 UK p
Opening NAV	96.67	104.16	91.43
Return before operating charges	1.37	(3.73)	16.29
Operating charges	(0.66)	(0.73)	(0.69)
Return after operating charges	0.71	(4.46)	15.60
Distributions	(3.20)	(3.03)	(2.87)
Closing NAV	94.18	96.67	104.16
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	0.70	0.70	0.70
Return after charges	+0.73	-4.28	+17.06
Other information			
Closing NAV (\$'000)	721	49	29
Number of shares	621,000	38,000	20,000
Highest share price (UK p)	99.43	109.43	110.76
Lowest share price (UK p)	89.38	98.56	86.01

## Sterling Class 'PP' Accumulation share performance

The share class was launched on 8 April 2019.

for the year to 31 January Change in NAV per share	2023 UK p	2022 UK p	2021 UK p
Opening NAV	115.82	121.02	103.40
Return before operating charges	1.64	(4.35)	18.40
Operating charges	(0.83)	(0.85)	(0.78)
Return after operating charges	0.81	(5.20)	17.62
Distributions	(3.04)	(2.63)	(2.51)
Retained distributions	3.04	2.63	2.51
Closing NAV	116.63	115.82	121.02
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.44	0.00
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.44	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	0.70	0.70	0.70
Return after charges	+0.70	-4.30	+17.04
Other information			
Closing NAV (\$'000)	233	129	33
Number of shares	162,000	83,000	20,000
Highest share price (UK p)	119.08	127.56	125.24
Lowest share price (UK p)	107.05	114.50	97.26

# Financial highlights

## Sterling Class 'R' Income share performance

The share class was launched on 3 August 2012.

for the year to 31 January Change in NAV per share	2023 UK p	2022 UK p	2021 UK p
Opening NAV	142.02	153.65	135.43
Return before operating charges	2.02	(5.49)	24.05
Operating charges	(1.55)	(1.71)	(1.60)
Return after operating charges	0.47	(7.20)	22.45
Distributions	(4.69)	(4.43)	(4.23)
Closing NAV	137.80	142.02	153.65
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	1.10	1.10	1.10
Return after charges	+0.33	-4.69	+16.58
Other information			
Closing NAV (\$'000)	119	136	464
Number of shares	69,462	71,462	220,290
Highest share price (UK p)	145.69	161.40	163.42
Lowest share price (UK p)	131.11	144.79	127.31

## Sterling Class 'R' Accumulation share performance

The share class was launched on 3 August 2012.

for the year to 31 January Change in NAV per share	2023 UK p	2022 UK p	2021 UK p
Opening NAV	176.40	185.14	159.14
Return before operating charges	2.43	(6.69)	27.88
Operating charges	(1.92)	(2.05)	(1.88)
Return after operating charges	0.51	(8.74)	26.00
Distributions	(3.92)	(3.19)	(3.22)
Retained distributions	3.92	3.19	3.22
Closing NAV	176.91	176.40	185.14
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	1.10	1.10	1.10
Return after charges	+0.29	-4.72	+16.34
Other information			
Closing NAV (\$'000)	364	452	451
Number of shares	167,159	191,159	177,618
Highest share price (UK p)	180.88	195.02	191.54
Lowest share price (UK p)	162.78	174.39	149.22

# Financial highlights

## Sterling Class 'R-H' Accumulation share performance

The share class was launched on 28 September 2012.

for the year to 31 January	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	152.26	159.35	134.85
Return before operating charges	(9.46)	(5.25)	26.07
Operating charges	(1.61)	(1.84)	(1.57)
Return after operating charges	(11.07)	(7.09)	24.50
Distributions	(3.12)	(2.72)	(2.67)
Retained distributions	3.12	2.72	2.67
Closing NAV	141.19	152.26	159.35
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.02	0.00
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.02	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	1.13	1.13	1.13
Return after charges	-7.27	-4.45	+18.17
Other information			
Closing NAV (\$'000)	50	56	60
Number of shares	28,729	27,467	27,467
Highest share price (UK p)	156.22	169.80	163.69
Lowest share price (UK p)	129.40	150.47	116.60

# Financial statements and notes

## Financial statements

### Statement of total return

for the year to 31 January	Note	2023		2022	
		\$'000	\$'000	\$'000	\$'000
<b>Income</b>					
Net capital gains/(losses)	3		(33,594)		(27,233)
Revenue	5	7,697		9,762	
Expenses	6	(2,589)		(3,860)	
Interest payable and similar charges		(3)		(3)	
Net revenue/(expense) before taxation		5,105		5,899	
Taxation	7	(3)		(25)	
Net revenue/(expense) after taxation			5,102		5,874
<b>Total return before distributions</b>			<b>(28,492)</b>		<b>(21,359)</b>
Distributions	8		(7,140)		(8,845)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>(35,632)</b>		<b>(30,204)</b>

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

for the year to 31 January	2023		2022	
	\$'000	\$'000	\$'000	\$'000
<b>Opening net assets attributable to shareholders</b>		<b>284,427</b>		<b>392,985</b>
Amounts received on issue of shares	26,157		9,528	
Amounts paid on cancellation of shares	(66,171)		(90,080)	
		(40,014)		(80,552)
Dilution adjustments		392		298
Change in net assets attributable to shareholders from investment activities (see above)		(35,632)		(30,204)
Retained distributions on Accumulation shares		1,149		1,900
<b>Closing net assets attributable to shareholders</b>		<b>210,322</b>		<b>284,427</b>

# Financial statements and notes

## Financial statements

### Balance sheet

as at 31 January	Note	2023 \$'000	2022 \$'000
<b>Assets</b>			
<b>Fixed assets</b>			
Investments		207,300	282,763
<b>Current assets</b>			
Debtors	9	1,413	1,102
Cash and bank balances	10	661	370
Cash equivalents		8,228	7,551
<b>Total assets</b>		<b>217,602</b>	<b>291,786</b>
<b>Liabilities</b>			
Investment liabilities		(1)	(577)
<b>Creditors</b>			
Distribution payable		(5,556)	(6,064)
Other creditors	11	(1,723)	(718)
<b>Total liabilities</b>		<b>(7,280)</b>	<b>(7,359)</b>
<b>Net assets attributable to shareholders</b>		<b>210,322</b>	<b>284,427</b>

# 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, 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 January	2023 \$'000	2022 \$'000
Non-derivative securities	(31,193)	(26,681)
Derivative contracts	(2,450)	(1,565)
Currency gains/(losses)	49	1,013
<b>Net capital gains/(losses)</b>	<b>(33,594)</b>	<b>(27,233)</b>



# 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. Please refer to the 'Financial highlights' section for the effect of dilution adjustments.

for the year to 31 January	2023 \$'000	% of transaction	2022 \$'000	% of transaction
<b>a) Purchases</b>				
<b>Equities</b>				
Equities before transaction costs	6,615		6,093	
Commissions	1	0.01	3	0.05
Taxes	0	0.00	1	0.02
<b>Equities after transaction costs</b>	<b>6,616</b>		<b>6,097</b>	
<b>Debt securities</b>	<b>97,183</b>		<b>197,830</b>	
<b>Total purchases after transaction costs</b>	<b>103,799</b>		<b>203,927</b>	
<b>b) Sales</b>				
<b>Equities</b>				
Equities before transaction costs	8,067		8,709	
Commissions	(3)	0.04	(3)	0.03
Taxes	(1)	0.01	0	0.00
<b>Equities after transaction costs</b>	<b>8,063</b>		<b>8,706</b>	
<b>Debt securities</b>	<b>146,238</b>		<b>289,707</b>	
<b>Total sales after transaction costs</b>	<b>154,301</b>		<b>298,413</b>	
	2023 \$'000	% of average NAV	2022 \$'000	% of average NAV
<b>c) Direct portfolio transaction costs</b>				
<b>Commissions paid</b>				
Equities	4	0.00	6	0.00
<b>Taxes paid</b>				
Equities	1	0.00	1	0.00
<b>Total direct portfolio transaction costs</b>	<b>5</b>	<b>0.00</b>	<b>7</b>	<b>0.00</b>
		%		%
<b>d) Indirect portfolio transaction costs</b>				
Average portfolio dealing spread as at the balance sheet date		0.89		0.78

# Financial statements and notes

## 5 Revenue

for the year to 31 January	2023 \$'000	2022 \$'000
Bank interest	6	1
Dividends from equity investments: non-taxable	0	7
Dividends from equity investments: taxable	25	394
Interest distributions	158	5
Interest on debt securities	7,509	9,353
Rebate of ongoing charges from underlying funds	6	6
Share class hedging revenue	(7)	(4)
<b>Total revenue</b>	<b>7,697</b>	<b>9,762</b>

## 6 Expenses

for the year to 31 January	2023 \$'000	2022 \$'000
<b>Payable to the ACD or associate</b>		
Annual charge	2,589	3,860
<b>Total expenses</b>	<b>2,589</b>	<b>3,860</b>

Audit fees for the financial year ending 2023 were £13,000 (2022: £12,000) (including VAT), which are covered by the annual charge.

# Financial statements and notes

## 7 Taxation

for the year to 31 January	2023 \$'000	2022 \$'000
<b>a) Analysis of charge in the year</b>		
Corporation tax	1	0
Withholding tax	3	25
Double taxation relief	(1)	0
Deferred tax (note 7c)	0	0
<b>Total taxation</b>	<b>3</b>	<b>25</b>
<b>b) Factors affecting taxation charge for the year</b>		
Net revenue/(expense) before taxation	5,105	5,899
Corporation tax at 20%	1,021	1,180
<b>Effects of:</b>		
Dividends from equity investments: non-taxable	0	(1)
Total double taxation relief	(1)	0
Interest distributions	(1,020)	(1,179)
Withholding tax	3	25
<b>Total tax charge (note 7a)</b>	<b>3</b>	<b>25</b>
<b>c) Provision for deferred taxation</b>		
Provision at the start of the year	0	0
Deferred tax in profit and loss account (note 7a)	0	0
<b>Provision at the end of the year</b>	<b>0</b>	<b>0</b>

The fund has not recognised a deferred tax asset in the current financial year (2022: 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 January	2023		2022	
	Inc \$'000	Acc \$'000	Inc \$'000	Acc \$'000
<b>Interest distributions</b>				
Final	5,556	1,149	6,064	1,900
Total net distributions		6,705		7,964
Income deducted on cancellation of shares		822		944
Income received on issue of shares		(387)		(63)
<b>Distributions</b>		<b>7,140</b>		<b>8,845</b>
Net revenue/(expense) per statement of total return		5,102		5,874
Expenses offset against capital		2,038		2,971
<b>Distributions</b>		<b>7,140</b>		<b>8,845</b>

# Financial statements and notes

## 9 Debtors

as at 31 January	2023 \$'000	2022 \$'000
Amounts receivable on issues of shares	2	0
Currency deals outstanding	570	59
Debt security interest receivable	413	486
Distributions receivable	32	1
Withholding tax recoverable	396	556
<b>Total debtors</b>	<b>1,413</b>	<b>1,102</b>

## 10 Cash and bank balances

as at 31 January	2023 \$'000	2022 \$'000
Cash held as bank balances	661	370
<b>Total cash and bank balances</b>	<b>661</b>	<b>370</b>

## 11 Other creditors

as at 31 January	2023 \$'000	2022 \$'000
Amounts payable on cancellation of shares	567	59
Annual charge payable	54	189
Currency deals outstanding	570	59
Purchases awaiting settlement	261	0
Payable to M&G (Lux) Global Convertibles Fund	271	411
<b>Total other creditors</b>	<b>1,723</b>	<b>718</b>

## 12 Contingent assets, liabilities and outstanding commitments

There were no contingent assets, liabilities or outstanding commitments at the balance sheet date (2022: 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 01.02.22	Issued	Movements Cancelled	Converted	Closing 31.01.23
<b>Sterling</b>					
Class 'A' Income	75,312,884	5,373,823	(7,128,941)	0	73,557,766
Class 'A' Accumulation	907,256	62,691	(182,078)	0	787,869
Class 'A-H' Accumulation	145,593	0	(89,000)	0	56,593
Class 'I' Income	1,081,938	16,738	(359,435)	0	739,241
Class 'I' Accumulation	19,443,223	1,477,248	(7,694,874)	0	13,225,597
Class 'I-H' Accumulation	11,030,423	4,686,886	(13,833,325)	0	1,883,984
Class 'PP' Income	38,000	602,000	(19,000)	0	621,000
Class 'PP' Accumulation	83,000	153,000	(74,000)	0	162,000
Class 'R' Income	71,462	0	(2,000)	0	69,462
Class 'R' Accumulation	191,159	22,000	(46,000)	0	167,159
Class 'R-H' Accumulation	27,467	8,262	(7,000)	0	28,729

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 %
<b>Sterling</b>	
Class 'A'	1.25
Class 'A-H'	1.28
Class 'I'	0.85
Class 'I-H'	0.88
Class 'PP'	0.70
Class 'R'	1.10
Class 'R-H'	1.13

## 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.

# Financial statements and notes

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 payable to funds within the M&G Group are disclosed within note 11.

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 85.73% (2022: 74.73%) 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 January	Assets 2023	Liabilities 2023	Assets 2022	Liabilities 2022
Basis of valuation	\$'000	\$'000	\$'000	\$'000
Level 1	4,202	0	8,956	0
Level 2	203,098	(1)	273,807	(577)
Level 3	0	0	0	0
	<b>207,300</b>	<b>(1)</b>	<b>282,763</b>	<b>(577)</b>

## 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 January 2023 was 15% (2022: 15%).

# Financial statements and notes

The lowest, highest and average VaR, as well as utilisation of VaR with reference to the limit above, are calculated during the financial years ended 31 January 2023 and 31 January 2022.

for the year to 31 January	2023 % of VaR	2023 Utilisation of VaR 15%	2022 % of VaR	2022 Utilisation of VaR 15%
Lowest	4.75	31.67	9.07	60.47
Highest	10.59	70.60	14.45	96.33
Average	8.78	58.53	11.73	78.22

## 19 Credit risk

The fund is exposed to credit risk 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 January	2023 \$'000	2022 \$'000
Investment grade securities	35,426	53,486
Below investment grade securities	19,916	10,314
Unrated securities	147,297	209,784
Other investments	4,660	8,602
<b>Total</b>	<b>207,299</b>	<b>282,186</b>

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 January 2023	Forward currency contracts \$'000
Citigroup	435
State Street Bank	37
UBS	(14)
<b>Total</b>	<b>458</b>

as at 31 January 2022	Forward currency contracts \$'000
JPMorgan	190
Merrill Lynch	(387)
State Street Bank	(157)
<b>Total</b>	<b>(354)</b>

# 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 January 2023 and 31 January 2022 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 January	2023 \$'000	2023 %	2022 \$'000	2022 %
Lowest	166,843	97.23	263,236	112.16
Highest	308,671	143.95	496,251	187.25
Average	207,420	110.11	328,552	130.66

## 21 Exchange rate risk for hedged share classes

This fund contains hedged share classes. These share classes operate currency hedges designed to reduce the impact of exchange rates in certain circumstances. As a result, profit and loss on the currency hedges may impact the liquidity of the overall fund. On a day to day basis this is monitored using reporting from the outsourced provider of the hedged share class service. On an ongoing basis the size of the hedged share classes is monitored to ensure that unforeseen exchange rate volatility can be adequately managed without significantly impacting all shareholders. The exposure to forward currency contracts for share class hedging at the year-end accounting date is disclosed in the portfolio statement on pages 56 and 57.

## 22 Interest distribution tables

This fund pays annual interest distributions and the following table sets out the distribution period.

### Annual distribution period

	Start	End	Xd	Payment
Final	01.02.22	31.01.23	01.02.23	31.03.23

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

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

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

Interest distributions for the year to 31 January	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2023 UK p	2023 UK p	2023 UK p	2022 UK p
Final	1.0777	4.5423	5.6200	5.3499

## Sterling Class 'A' Accumulation shares

Interest distributions for the year to 31 January	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2023 UK p	2023 UK p	2023 UK p	2022 UK p
Final	3.5528	1.1751	4.7279	3.7733

## Sterling Class 'A-H' Accumulation shares

Interest distributions for the year to 31 January	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2023 UK p	2023 UK p	2023 UK p	2022 UK p
Final	2.7799	n/a	2.7799	2.3628

## Sterling Class 'I' Income shares

Interest distributions for the year to 31 January	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2023 UK p	2023 UK p	2023 UK p	2022 UK p
Final	23.0164	24.4631	47.4795	45.3067

## Sterling Class 'I' Accumulation shares

Interest distributions for the year to 31 January	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2023 UK p	2023 UK p	2023 UK p	2022 UK p
Final	3.0065	3.1554	6.1619	5.2561

## Sterling Class 'I-H' Accumulation shares

Interest distributions for the year to 31 January	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2023 UK p	2023 UK p	2023 UK p	2022 UK p
Final	3.2386	0.2826	3.5212	3.1656

# Financial statements and notes

## Sterling Class 'PP' Income shares

Interest distributions for the year to 31 January	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2023 UK p	2023 UK p	2023 UK p	2022 UK p
Final	0.1289	3.0712	3.2001	3.0267

## Sterling Class 'PP' Accumulation shares

Interest distributions for the year to 31 January	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2023 UK p	2023 UK p	2023 UK p	2022 UK p
Final	3.0355	n/a	3.0355	2.6295

## Sterling Class 'R' Income shares

Interest distributions for the year to 31 January	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2023 UK p	2023 UK p	2023 UK p	2022 UK p
Final	2.5004	2.1898	4.6902	4.4337

## Sterling Class 'R' Accumulation shares

Interest distributions for the year to 31 January	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2023 UK p	2023 UK p	2023 UK p	2022 UK p
Final	2.2270	1.6901	3.9171	3.1853

## Sterling Class 'R-H' Accumulation shares

Interest distributions for the year to 31 January	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2023 UK p	2023 UK p	2023 UK p	2022 UK p
Final	1.9299	1.1909	3.1208	2.7194

## 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 31 October 2022 has been used.

## Investment objective

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

## Investment policy

At least 80% of the fund is invested directly in equity securities and equity-related securities of companies across any sector and market capitalisation that are incorporated, domiciled or do most of their business in emerging market countries.

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

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

Derivatives may be used for efficient portfolio management and hedging.

## Investment approach

The fund employs a bottom-up stock picking approach to identify companies whose long-term prospects are, in the fund manager's opinion, being undervalued.

The fund's approach incorporates three elements: return on capital, valuations and corporate governance.

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

The fund's country and sector exposure is not influenced by top-down views.

## Benchmark

Benchmark: MSCI Emerging Markets Index.

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

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

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

## Risk profile

For details of the risks associated with this fund, please refer to the Prospectus. 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 January 2023

### Performance against objective

Between 1 February 2022 (the start of the review period) and 31 January 2023, most share classes of the M&G Global Emerging Markets Fund produced a positive total return (the combination of income and growth of capital). The fund's returns were ahead of its benchmark, the MSCI Emerging Markets Index, which declined 3.8% over the 12-month period.

Over the longer term of five years, the fund delivered positive returns and outperformed the benchmark, which returned 1.8% pa over the period. The fund has, therefore, met its objective of providing a higher total return, net of the ongoing charge figure, than that of the MSCI Emerging Markets 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 12-month review period was one of unprecedented volatility across global financial markets, resulting in double-digit negative returns across the board. Emerging market equities recorded their worst year since the 2008 global financial crisis and lagged developed markets.

Russia's invasion of Ukraine, which led to higher commodity prices and an energy supply-chain crisis in Europe, compounded the woes of a global economy still struggling to recover from the effects of the pandemic. Major central banks around the world were forced to increase their benchmark interest rates aggressively in order to curb rising inflation. Amid an uncertain global economic outlook, there was a flight of capital from emerging markets which was exacerbated by a stronger US dollar.

The period ended on a more positive note, as emerging market equities began to recover in late 2022, supported by optimism around China's relaxation of its zero-COVID policy. January was a strong month for the

asset class, amid signs of moderating inflation and optimism that central banks were nearing the end of their rate hiking cycle.

Gains from stock selection in financials, technology and consumer discretionary contributed to relative performance. Security selection in China also proved beneficial. However, our Russian holdings detracted as we decided to write down the value of investments to zero.

Our position in US-listed Kosmos Energy was a notable contributor following the strong rally in energy prices. Mexican real-estate firm Fibra Uno and Brazilian utility Eletrobras were also among the top relative performers.

Elsewhere, Chinese biotechnology company Beigene benefited from optimism about China's reopening later in the period. In addition, China's HollySys Automation Technologies gained on renewed takeover speculation. South Africa-based Naspers was another key contributor.

By contrast, our holdings in Russia weighed on performance. After the introduction of sanctions following Russia's invasion of Ukraine, liquidity in Russian stocks was greatly reduced. Therefore, we decided to write-off (reduce to zero value) all five of our Russian stocks: energy firms Lukoil and Novatek, financial group Sberbank, retailer X5 and property company Etalon.

Our holding in Raizen, Brazil's largest sugar and ethanol producer, was also among the notable detractors.

### Investment activities

As value-oriented investors, we took advantage of the volatility during the period and the resulting mispricing in stocks to adjust our portfolio. As such, we were able to exit stocks and markets trading at expensive multiples, while reinvesting the proceeds in high-quality companies at attractive valuations.

In financials, we started new positions in Indian lender HDFC Bank, UK-listed life insurer Prudential (which we believe is well placed to meet growing demand for insurance in Asia and Africa), Samsung Life and Hong Kong-listed life insurer AIA. The latter re-joined the

# Authorised Corporate Director's Report

portfolio. The company has had a tough time with the closure of the China-Hong Kong border but we think it is a quality business with attractive long-term prospects. We also invested in Colombian banks Davivienda and Bancolombia, as we believe that despite Colombia's political and economic challenges, the banking system is reasonably sold and valuations are attractive, and Egyptian bank Commercial International Bank, which we have owned before. Concerns about Egypt's macroeconomic situation have weighed on the stock, but we think the lender's prospects are being underappreciated. We sold our entire stakes in Mexican bank Banorte, Indonesian lender Bank Rakyat, Chinese insurer PICC Property and Casualty, and South African financial services group Sanlam.

During the first quarter, we took some profits in commodity-related holdings, notably energy firms CNOOC and Kosmos Energy, and Canadian copper miner First Quantum Minerals. Nevertheless, we added new investments in Portuguese energy firm Galp Energia and India's Oil and Natural Gas Corporation in March.

By May, we trimmed our position in Kosmos Energy and sold our remaining position in CNOOC. Later in the third quarter, we increased our exposure to Kosmos as the energy crisis showed no signs of abating.

We closed our position in China Mobile after the telecommunications firm was placed on a US sanctions list. Later in the year, we began new positions in China Communication Services and South Korean IT security business SK Square and added to our existing position in semiconductor firm TSMC.

## Outlook

After their worst year since the global financial crisis, emerging markets may see some overdue outperformance in 2023. As US interest rates peak, we should see a reversal of the capital flight experienced by emerging markets in 2022. While developed countries continue to grapple with high inflation rates, emerging market economies are starting to see prices falling (albeit from a high base) as supply-chain and commodities shocks wane.

Overall, emerging market valuations remain attractive compared to historical levels and are cheaper relative to developed markets. Furthermore, despite the uncertain global economic backdrop, the long-term drivers for emerging market economic growth remain intact.

We maintain our bottom-up ethos and expect a further rise in stock dispersion this year. As value-oriented investors, we will continue to drill down beyond macroeconomic and geopolitical situations to focus on individual stock opportunities.

## Michael Bourke

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 31.01.23 \$'000	as at 31.01.23 %	as at 31.01.22 %
<b>Equities</b>	<b>642,452</b>	<b>96.87</b>	<b>100.72</b>
<b>Belgium</b>	<b>0</b>	<b>0.00</b>	<b>0.65</b>
<b>Brazil</b>	<b>43,245</b>	<b>6.52</b>	<b>8.17</b>
3,758,659 Banco Bradesco Preference Shares	10,068	1.52	
6,151,771 CCR	14,059	2.12	
608,486 Centrais Elétricas Brasileiras Preference Shares	5,028	0.76	
2,634,405 Cogna Educação	1,102	0.17	
2,036,842 Cyrela Brazil Realty Empreendimentos e Participacoes	5,856	0.88	
11,307,884 Raizen Preference Shares	7,132	1.07	
<b>Canada</b>	<b>1,253</b>	<b>0.19</b>	<b>0.99</b>
56,559 First Quantum Minerals	1,253	0.19	
<b>Chile</b>	<b>5,907</b>	<b>0.89</b>	<b>0.70</b>
2,454,448 Embotelladora Andina Preference Shares	5,907	0.89	
<b>China</b>	<b>145,419</b>	<b>21.93</b>	<b>21.04</b>
265,181 Alibaba ADR	29,019	4.37	
129,535 Baidu ADR	17,486	2.64	
60,783 BeiGene ADR	15,491	2.34	
18,740,000 China Communications Services	7,115	1.07	
24,882,000 China Construction Bank	16,107	2.43	
13,378,000 China Petroleum & Chemical	7,163	1.08	
24,922,000 China Railway Signal & Communication	8,455	1.27	
443,000 China Yongda Automobiles Services	383	0.06	
464,007 HollySys Automation Technologies	8,618	1.30	
32,986 KE ADR	606	0.09	
283,048 OneConnect Financial Technology ADR	2,187	0.33	
2,717,500 Ping An Insurance Group Company of China	21,002	3.17	
154,733 Trip.com ADR	5,704	0.86	
142,826 Zai Lab ADR	6,083	0.92	
<b>Colombia</b>	<b>3,314</b>	<b>0.50</b>	<b>0.00</b>
161,503 Banco Davivienda Preference Shares	868	0.13	
82,700 Bancolombia ADR	2,446	0.37	
<b>Egypt</b>	<b>9,981</b>	<b>1.50</b>	<b>0.00</b>
6,153,461 Commercial International Bank Egypt GDR	9,981	1.50	

# Portfolio statement

## Investments (continued)

Holding	as at 31.01.23 \$'000	as at 31.01.23 %	as at 31.01.22 %
<b>Equities (continued)</b>			
<b>Guernsey</b>			
16,179,187 Grit Real Estate Income	5,982	0.90	0.78
<b>Hong Kong</b>			
742,800 AIA	8,381	1.26	
17,962,000 Far East Horizon	16,115	2.43	
29,404,652 First Pacific	10,235	1.54	
29,995,000 Greatview Aseptic Packaging <sup>a</sup>	8,266	1.25	
624,500 HutchMed <sup>b</sup>	2,284	0.35	
11,532,000 Kunlun Energy	9,089	1.37	
1,237,700 VTech	8,172	1.23	
<b>India</b>			
500,255 HDFC Bank	9,806	1.48	
3,874,199 Oil & Natural Gas	6,849	1.03	
<b>Indonesia</b>			
10,817,000 Bank Mandiri	7,180	1.08	3.38
<b>Mexico</b>			
16,998,162 Alfa	12,211	1.84	
15,034,708 Fibra Uno Administracion REIT	20,617	3.11	
19,288,914 Nemak	6,149	0.93	
2,663,688 Orbia Advance	5,365	0.81	
<b>Pakistan</b>			
3,710,315 Habib Bank	994	0.15	
8,233,250 United Bank	3,099	0.47	
<b>Peru</b>			
10,924 Credicorp	1,455	0.22	0.92
<b>Philippines</b>			
1,175,873 GT Capital	10,967	1.65	2.84
<b>Portugal</b>			
544,271 Galp Energia	7,351	1.11	0.00
<b>Russia</b>			
1,684,907 Etalon GDR <sup>c</sup>	0	0.00	6.76
211,733 Lukoil <sup>c</sup>	0	0.00	

# Portfolio statement

## Investments (continued)

Holding	as at 31.01.23 \$'000	as at 31.01.23 %	as at 31.01.22 %
<b>Equities (continued)</b>			
<b>Russia (continued)</b>			
331,615 Novatek <sup>c</sup>	0	0.00	
3,426,524 Sberbank of Russia <sup>c</sup>	0	0.00	
400,444 X5 Retail GDR <sup>c</sup>	0	0.00	
<b>Singapore</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
24,880,366 Ezion Warrants 16/04/2023	0	0.00	
<b>South Africa</b>	<b>32,946</b>	<b>4.97</b>	<b>7.09</b>
733,224 Absa	8,418	1.27	
106,461 Naspers	20,315	3.06	
1,606,785 Sibanye Stillwater	4,213	0.64	
<b>South Korea</b>	<b>126,135</b>	<b>19.02</b>	<b>16.58</b>
547,315 Hana Financial	21,661	3.27	
57,252 Hyundai Motor	7,762	1.17	
938,438 Samsung Electronics	46,472	7.01	
95,024 Samsung Fire & Marine Insurance	15,621	2.35	
29,369 Samsung Life Insurance	1,690	0.25	
482,234 Shinhan Financial	16,247	2.45	
177,363 SK Hynix	12,729	1.92	
134,334 SK Square	3,953	0.60	
<b>Taiwan</b>	<b>63,723</b>	<b>9.61</b>	<b>7.11</b>
2,223,000 Chicony Electronics	6,419	0.97	
787,535 Delta Electronics	7,567	1.14	
2,364,000 Hon Hai Precision Industry	7,850	1.18	
179,383 Silicon Motion Technology ADR	11,532	1.74	
1,746,000 Taiwan Semiconductor Manufacturing	30,355	4.58	
<b>Thailand</b>	<b>6,040</b>	<b>0.91</b>	<b>1.12</b>
1,379,900 Kasikornbank	6,040	0.91	
<b>Türkiye</b>	<b>0</b>	<b>0.00</b>	<b>1.62</b>
<b>United Kingdom</b>	<b>17,956</b>	<b>2.71</b>	<b>1.88</b>
450,188 Prudential	7,370	1.11	
1,269,289 Standard Chartered	10,586	1.60	



# Portfolio statement

## Investments (continued)

Holding	as at 31.01.23 \$'000	as at 31.01.23 %	as at 31.01.22 %
<b>Equities (continued)</b>			
<b>United States</b>	<b>25,966</b>	<b>3.91</b>	<b>2.82</b>
258,552 Autohome ADR	9,168	1.38	
302,838 HutchMed ADR	5,324	0.80	
1,457,882 Kosmos Energy	11,474	1.73	
<b>Portfolio of investments</b>	<b>642,452</b>	<b>96.87</b>	<b>100.72</b>
<b>Share class hedging</b>	<b>5</b>	<b>0.00</b>	<b>0.00</b>
<b>Forward currency contracts for share class hedging</b>	<b>5</b>	<b>0.00</b>	<b>0.00</b>
£323,719 Bought for \$393,753 (expires 08.02.23)	5	0.00	
£(3,401) Sold for \$4,132 (expires 08.02.23)	0	0.00	
<b>Total portfolio</b>	<b>642,457</b>	<b>96.87</b>	<b>100.72</b>
<b>Net other assets/(liabilities)</b>	<b>20,827</b>	<b>3.13</b>	<b>(0.72)</b>
<b>Net assets attributable to shareholders</b>	<b>663,284</b>	<b>100.00</b>	<b>100.00</b>

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

<sup>a</sup> Suspended.

<sup>b</sup> AIM quoted.

<sup>c</sup> M&G's Valuation Sub Committee are valuing these securities at £nil until further notice.

# Portfolio statement

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

Largest purchases	\$'000
Taiwan Semiconductor Manufacturing	22,331
Galp Energia	9,697
HDFC Bank	9,202
Commercial International Bank Egypt GDR	9,115
Oil & Natural Gas	8,213
Cyrela Brazil Realty Empreendimentos e Participacoes	8,118
Samsung Electronics	8,077
BeiGene ADR	7,685
AIA	6,627
SK Hynix	6,506
Other purchases	135,847
<b>Total purchases</b>	<b>231,418</b>

Largest sales	\$'000
CNOOC	16,173
Kosmos Energy	14,759
Hacı Ömer Sabancı	13,761
Centrais Elétricas Brasileiras Preference Shares	13,723
PICC Property & Casualty	11,476
First Quantum Minerals	10,728
China Mobile	10,469
Banco Bradesco Preference Shares	10,345
Bank Rakyat Indonesia	9,232
Sanlam	8,193
Other sales	136,622
<b>Total sales</b>	<b>255,481</b>

# Financial highlights

## Fund performance

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

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

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

## Long-term performance by share class

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

Share class	One year % <sup>a</sup>	Three years % pa	Five years % pa	Ten years % pa
<b>Sterling</b>				
Class 'A' Income	+8.2	+6.8	+3.6	+4.6
Class 'A' Accumulation	+8.1	+6.9	+3.6	+4.6
Class 'I' Income	+8.6	+7.3	+4.1	+5.2
Class 'I' Accumulation	+8.6	+7.3	+4.2	+5.2
Class 'I-H' Income	-2.6	+2.6	n/a	n/a
Class 'I-H' Accumulation	-2.6	+3.3	n/a	n/a
Class 'PP' Income	+8.7	+7.4	n/a	n/a
Class 'PP' Accumulation	+8.7	+7.5	n/a	n/a
Class 'PP-H' Income	-2.4	+3.1	n/a	n/a
Class 'PP-H' Accumulation	-2.4	+3.1	n/a	n/a
Class 'R' Income	+8.3	+7.0	+3.9	+5.0
Class 'R' Accumulation	+8.3	+7.1	+3.9	+5.0
<b>Benchmark</b>	<b>-3.8</b>	<b>+4.1</b>	<b>+1.8</b>	<b>+5.0</b>

<sup>a</sup> Not annualised.

## Specific share class performance

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

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

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

# Financial highlights

## Sterling Class 'A' Income share performance

The share class was launched on 5 February 2009.

for the year to 31 January	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	269.73	256.52	255.64
Return before operating charges	23.13	26.59	11.60
Operating charges	(3.07)	(3.27)	(3.31)
Return after operating charges	20.06	23.32	8.29
Distributions	(10.03)	(10.11)	(7.41)
Closing NAV	279.76	269.73	256.52
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.30	0.28	0.39
Dilution adjustments	(0.06)	(0.10)	(0.11)
Total direct transaction costs	0.24	0.18	0.28
Performance and charges	%	%	%
Direct portfolio transaction costs	0.09	0.06	0.11
Operating charges	1.15	1.16	1.44
Return after charges	+7.44	+9.09	+3.24
Other information			
Closing NAV (\$'000)	82,158	92,114	100,878
Number of shares	23,828,591	25,477,207	28,666,936
Highest share price (UK p)	299.86	291.60	285.03
Lowest share price (UK p)	237.30	259.62	182.77

## Sterling Class 'A' Accumulation share performance

The share class was launched on 5 February 2009.

for the year to 31 January	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	332.72	305.11	295.36
Return before operating charges	28.25	31.49	13.57
Operating charges	(3.78)	(3.88)	(3.82)
Return after operating charges	24.47	27.61	9.75
Distributions	(8.62)	(8.05)	(4.98)
Retained distributions	8.62	8.05	4.98
Closing NAV	357.19	332.72	305.11
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.36	0.33	0.45
Dilution adjustments	(0.08)	(0.12)	(0.12)
Total direct transaction costs	0.28	0.21	0.33
Performance and charges	%	%	%
Direct portfolio transaction costs	0.09	0.06	0.11
Operating charges	1.15	1.16	1.44
Return after charges	+7.35	+9.05	+3.30
Other information			
Closing NAV (\$'000)	329,287	329,465	311,363
Number of shares	74,804,393	73,875,429	74,391,422
Highest share price (UK p)	369.58	346.69	329.50
Lowest share price (UK p)	292.45	308.67	211.28

# Financial highlights

## Sterling Class 'I' Income share performance

The share class was launched on 5 February 2009.

for the year to 31 January	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	279.27	264.56	262.25
Return before operating charges	24.06	27.36	12.15
Operating charges	(2.08)	(2.20)	(2.20)
Return after operating charges	21.98	25.16	9.95
Distributions	(10.41)	(10.45)	(7.64)
Closing NAV	290.84	279.27	264.56
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.31	0.29	0.39
Dilution adjustments	(0.07)	(0.10)	(0.11)
Total direct transaction costs	0.24	0.19	0.28
Performance and charges	%	%	%
Direct portfolio transaction costs	0.09	0.06	0.11
Operating charges	0.75	0.76	0.94
Return after charges	+7.87	+9.51	+3.79
Other information			
Closing NAV (\$'000)	45,750	56,406	63,930
Number of shares	12,763,943	15,068,169	17,614,867
Highest share price (UK p)	311.69	301.16	293.82
Lowest share price (UK p)	245.80	267.70	187.64

## Sterling Class 'I' Accumulation share performance

The share class was launched on 5 February 2009.

for the year to 31 January	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	363.92	332.37	320.15
Return before operating charges	31.05	34.31	14.91
Operating charges	(2.70)	(2.76)	(2.69)
Return after operating charges	28.35	31.55	12.22
Distributions	(10.87)	(10.29)	(6.75)
Retained distributions	10.87	10.29	6.75
Closing NAV	392.27	363.92	332.37
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.40	0.36	0.48
Dilution adjustments	(0.09)	(0.13)	(0.13)
Total direct transaction costs	0.31	0.23	0.35
Performance and charges	%	%	%
Direct portfolio transaction costs	0.09	0.06	0.11
Operating charges	0.75	0.76	0.94
Return after charges	+7.79	+9.49	+3.82
Other information			
Closing NAV (\$'000)	198,867	202,952	250,700
Number of shares	41,136,757	41,605,163	54,984,393
Highest share price (UK p)	405.85	378.30	358.87
Lowest share price (UK p)	320.03	336.26	229.18

# Financial highlights

## Sterling Class 'I-H' Income share performance

The share class was launched on 6 December 2019.

for the year to 31 January	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	104.65	102.03	101.00
Return before operating charges	(2.61)	7.42	4.80
Operating charges	(0.73)	(0.88)	(0.84)
Return after operating charges	(3.34)	6.54	3.96
Distributions	(3.58)	(3.92)	(2.93)
Closing NAV	97.73	104.65	102.03
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.10	0.11	0.15
Dilution adjustments	(0.02)	(0.04)	(0.04)
Total direct transaction costs	0.08	0.07	0.11
Performance and charges	%	%	%
Direct portfolio transaction costs	0.09	0.06	0.11
Operating charges	0.78	0.79	0.97
Return after charges	-3.19	+6.41	+3.92
Other information			
Closing NAV (\$'000)	20	24	38
Number of shares	16,909	16,909	26,909
Highest share price (UK p)	111.38	118.99	112.93
Lowest share price (UK p)	79.14	103.20	61.83

## Sterling Class 'I-H' Accumulation share performance

The share class was launched on 6 December 2019.

for the year to 31 January	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	114.72	107.77	101.45
Return before operating charges	(3.01)	7.88	7.12
Operating charges	(0.80)	(0.93)	(0.80)
Return after operating charges	(3.81)	6.95	6.32
Distributions	(3.12)	(3.21)	(2.34)
Retained distributions	3.12	3.21	2.34
Closing NAV	110.91	114.72	107.77
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.11	0.12	0.14
Dilution adjustments	(0.02)	(0.04)	(0.04)
Total direct transaction costs	0.09	0.08	0.10
Performance and charges	%	%	%
Direct portfolio transaction costs	0.09	0.06	0.11
Operating charges	0.78	0.79	0.98
Return after charges	-3.32	+6.45	+6.23
Other information			
Closing NAV (\$'000)	319	217	199
Number of shares	233,062	141,444	134,411
Highest share price (UK p)	121.91	125.58	115.93
Lowest share price (UK p)	86.60	108.94	62.41

# Financial highlights

## Sterling Class 'PP' Income share performance

The share class was launched on 5 August 2019.

for the year to 31 January	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	102.23	96.72	95.71
Return before operating charges	8.81	10.02	4.41
Operating charges	(0.66)	(0.69)	(0.61)
Return after operating charges	8.15	9.33	3.80
Distributions	(3.81)	(3.82)	(2.79)
Closing NAV	106.57	102.23	96.72
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.11	0.11	0.14
Dilution adjustments	(0.02)	(0.04)	(0.04)
Total direct transaction costs	0.09	0.07	0.10
Performance and charges	%	%	%
Direct portfolio transaction costs	0.09	0.06	0.11
Operating charges	0.65	0.65	0.74
Return after charges	+7.97	+9.65	+3.97
Other information			
Closing NAV (\$'000)	730	1,080	28
Number of shares	555,946	788,176	20,963
Highest share price (UK p)	114.21	110.18	107.43
Lowest share price (UK p)	89.99	97.90	68.50

## Sterling Class 'PP' Accumulation share performance

The share class was launched on 8 April 2019.

for the year to 31 January	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	112.64	102.77	98.79
Return before operating charges	9.60	10.62	4.64
Operating charges	(0.72)	(0.75)	(0.66)
Return after operating charges	8.88	9.87	3.98
Distributions	(3.47)	(3.30)	(2.25)
Retained distributions	3.47	3.30	2.25
Closing NAV	121.52	112.64	102.77
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.12	0.11	0.15
Dilution adjustments	(0.03)	(0.04)	(0.04)
Total direct transaction costs	0.09	0.07	0.11
Performance and charges	%	%	%
Direct portfolio transaction costs	0.09	0.06	0.11
Operating charges	0.65	0.66	0.74
Return after charges	+7.88	+9.60	+4.03
Other information			
Closing NAV (\$'000)	2,017	882	43,547
Number of shares	1,346,730	583,945	30,888,972
Highest share price (UK p)	125.74	117.01	110.95
Lowest share price (UK p)	99.06	103.97	70.75

# Financial highlights

## Sterling Class 'PP-H' Income share performance

The share class was launched on 6 December 2019.

for the year to 31 January	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	106.19	103.38	101.03
Return before operating charges	(2.62)	7.56	6.02
Operating charges	(0.65)	(0.78)	(0.68)
Return after operating charges	(3.27)	6.78	5.34
Distributions	(3.64)	(3.97)	(2.99)
Closing NAV	99.28	106.19	103.38
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.11	0.11	0.15
Dilution adjustments	(0.02)	(0.04)	(0.04)
Total direct transaction costs	0.09	0.07	0.11
Performance and charges	%	%	%
Direct portfolio transaction costs	0.09	0.06	0.11
Operating charges	0.68	0.68	0.77
Return after charges	-3.08	+6.56	+5.29
Other information			
Closing NAV (\$'000)	22	26	29
Number of shares	18,150	18,150	20,150
Highest share price (UK p)	113.03	120.65	114.43
Lowest share price (UK p)	80.38	104.56	61.95

## Sterling Class 'PP-H' Accumulation share performance

The share class was launched on 6 December 2019.

for the year to 31 January	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	113.80	106.95	101.56
Return before operating charges	(2.88)	7.65	6.07
Operating charges	(0.70)	(0.80)	(0.68)
Return after operating charges	(3.58)	6.85	5.39
Distributions	(3.21)	(3.31)	(2.32)
Retained distributions	3.21	3.31	2.32
Closing NAV	110.22	113.80	106.95
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.11	0.12	0.15
Dilution adjustments	(0.02)	(0.04)	(0.04)
Total direct transaction costs	0.09	0.08	0.11
Performance and charges	%	%	%
Direct portfolio transaction costs	0.09	0.06	0.11
Operating charges	0.68	0.68	0.77
Return after charges	-3.15	+6.40	+5.31
Other information			
Closing NAV (\$'000)	25	28	29
Number of shares	18,100	18,100	20,100
Highest share price (UK p)	120.98	124.65	115.05
Lowest share price (UK p)	86.08	108.12	62.28



# Financial highlights

## Sterling Class 'R' Income share performance

The share class was launched on 3 August 2012.

for the year to 31 January	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	141.82	134.66	133.86
Return before operating charges	12.18	13.96	6.12
Operating charges	(1.40)	(1.49)	(1.44)
Return after operating charges	10.78	12.47	4.68
Distributions	(5.28)	(5.31)	(3.88)
Closing NAV	147.32	141.82	134.66
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.16	0.15	0.20
Dilution adjustments	(0.03)	(0.05)	(0.06)
Total direct transaction costs	0.13	0.10	0.14
Performance and charges	%	%	%
Direct portfolio transaction costs	0.09	0.06	0.11
Operating charges	1.00	1.01	1.19
Return after charges	+7.60	+9.26	+3.50
Other information			
Closing NAV (\$'000)	530	505	624
Number of shares	292,073	265,876	337,961
Highest share price (UK p)	157.89	153.17	149.60
Lowest share price (UK p)	124.79	136.29	95.73

## Sterling Class 'R' Accumulation share performance

The share class was launched on 3 August 2012.

for the year to 31 January	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	175.19	160.41	154.89
Return before operating charges	14.90	16.55	7.18
Operating charges	(1.73)	(1.77)	(1.66)
Return after operating charges	13.17	14.78	5.52
Distributions	(4.80)	(4.51)	(2.93)
Retained distributions	4.80	4.51	2.93
Closing NAV	188.36	175.19	160.41
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.19	0.18	0.24
Dilution adjustments	(0.04)	(0.06)	(0.06)
Total direct transaction costs	0.15	0.12	0.18
Performance and charges	%	%	%
Direct portfolio transaction costs	0.09	0.06	0.11
Operating charges	1.00	1.01	1.19
Return after charges	+7.52	+9.21	+3.56
Other information			
Closing NAV (\$'000)	3,559	3,684	3,191
Number of shares	1,533,264	1,568,700	1,450,213
Highest share price (UK p)	194.90	182.39	173.21
Lowest share price (UK p)	154.02	162.28	110.84

# Financial statements and notes

## Financial statements

### Statement of total return

for the year to 31 January	Note	2023		2022	
		\$'000	\$'000	\$'000	\$'000
<b>Income</b>					
Net capital gains/(losses)	3		(25,590)		36,206
Revenue	5	25,555		30,113	
Expenses	6	(6,051)		(7,573)	
Interest payable and similar charges		(5)		(3)	
Net revenue/(expense) before taxation		19,499		22,537	
Taxation	7	(2,603)		(3,485)	
Net revenue/(expense) after taxation			16,896		19,052
<b>Total return before distributions</b>			<b>(8,694)</b>		<b>55,258</b>
Distributions	8		(18,187)		(21,314)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>(26,881)</b>		<b>33,944</b>

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

for the year to 31 January	2023		2022	
	\$'000	\$'000	\$'000	\$'000
<b>Opening net assets attributable to shareholders</b>		<b>687,383</b>		<b>774,556</b>
Amounts received on issue of shares	51,582		24,366	
Amounts paid on cancellation of shares	(62,753)		(159,823)	
		(11,171)		(135,457)
Dilution adjustments		336		503
Change in net assets attributable to shareholders from investment activities (see above)		(26,881)		33,944
Retained distributions on Accumulation shares		13,617		13,837
<b>Closing net assets attributable to shareholders</b>		<b>663,284</b>		<b>687,383</b>

# Financial statements and notes

## Financial statements

### Balance sheet

as at 31 January	Note	2023 \$'000	2022 \$'000
<b>Assets</b>			
<b>Fixed assets</b>			
Investments		642,457	692,334
<b>Current assets</b>			
Debtors	9	10,912	5,197
Cash and bank balances	10	5,460	65
Cash equivalents		14,067	0
<b>Total assets</b>		<b>672,896</b>	<b>697,596</b>
<b>Liabilities</b>			
Investment liabilities		0	(3)
<b>Creditors</b>			
Bank overdrafts		0	(672)
Distribution payable		(4,630)	(5,625)
Other creditors	11	(4,982)	(3,913)
<b>Total liabilities</b>		<b>(9,612)</b>	<b>(10,213)</b>
<b>Net assets attributable to shareholders</b>		<b>663,284</b>	<b>687,383</b>

# 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, 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 January	2023 \$'000	2022 \$'000
Non-derivative securities	(25,805)	36,169
Derivative contracts	(28)	(8)
Currency gains/(losses)	243	45
<b>Net capital gains/(losses)</b>	<b>(25,590)</b>	<b>36,206</b>

# 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. Please refer to the 'Financial highlights' section for the effect of dilution adjustments.

for the year to 31 January	2023 \$'000	% of transaction	2022 \$'000	% of transaction
<b>a) Purchases</b>				
<b>Equities</b>				
Equities before transaction costs	231,140		275,258	
Commissions	153	0.07	207	0.08
Taxes	125	0.05	101	0.04
<b>Total purchases after transaction costs</b>	<b>231,418</b>		<b>275,566</b>	
<b>b) Sales</b>				
<b>Equities</b>				
Equities before transaction costs	255,873		370,383	
Commissions	(179)	0.07	(190)	0.05
Taxes	(213)	0.08	(266)	0.07
<b>Total sales after transaction costs</b>	<b>255,481</b>		<b>369,927</b>	
	2023 \$'000	% of average NAV	2022 \$'000	% of average NAV
<b>c) Direct portfolio transaction costs</b>				
<b>Commissions paid</b>				
Equities	332	0.05	397	0.05
<b>Taxes paid</b>				
Equities	338	0.06	367	0.05
<b>Total direct portfolio transaction costs</b>	<b>670</b>	<b>0.11</b>	<b>764</b>	<b>0.10</b>
		%		%
<b>d) Indirect portfolio transaction costs</b>				
Average portfolio dealing spread as at the balance sheet date		0.40		0.33

# Financial statements and notes

## 5 Revenue

for the year to 31 January	2023 \$'000	2022 \$'000
Bank interest	3	1
Dividends from equity investments: non-taxable	22,355	25,581
Dividends from equity investments: taxable	1,292	3,858
Interest distributions	327	6
Property distribution: taxable	1,568	661
Rebate of ongoing charges from underlying funds	10	6
<b>Total revenue</b>	<b>25,555</b>	<b>30,113</b>

## 6 Expenses

for the year to 31 January	2023 \$'000	2022 \$'000
<b>Payable to the ACD or associate</b>		
Annual charge	6,051	7,573
<b>Total expenses</b>	<b>6,051</b>	<b>7,573</b>

Audit fees for the financial year ending 2023 were £12,000 (2022: £10,000) (including VAT), which are covered by the annual charge.

# Financial statements and notes

## 7 Taxation

for the year to 31 January	2023 \$'000	2022 \$'000
<b>a) Analysis of charge in the year</b>		
Corporation tax	0	0
Withholding tax	2,603	2,897
Capital gains tax (India)	0	588
Deferred tax (note 7c)	0	0
<b>Total taxation</b>	<b>2,603</b>	<b>3,485</b>
<b>b) Factors affecting taxation charge for the year</b>		
Net revenue/(expense) before taxation	19,499	22,537
Corporation tax at 20%	3,900	4,508
<b>Effects of:</b>		
Dividends from equity investments: non-taxable	(4,471)	(5,116)
Current year expenses not utilised	656	713
Withholding tax	2,603	2,897
Withholding tax expensed	(85)	(105)
Capital gains tax (India)	0	588
<b>Total tax charge (note 7a)</b>	<b>2,603</b>	<b>3,485</b>
<b>c) Provision for deferred taxation</b>		
Provision at the start of the year	0	0
Deferred tax in profit and loss account (note 7a)	0	0
<b>Provision at the end of the year</b>	<b>0</b>	<b>0</b>

The fund has not recognised a deferred tax asset of \$34,793,000 (2022: \$34,137,000) 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 January	2023		2022	
	Inc \$'000	Acc \$'000	Inc \$'000	Acc \$'000
<b>Dividend distributions</b>				
Final	4,630	13,617	5,625	13,837
Total net distributions		18,247		19,462
Income deducted on cancellation of shares		1,151		2,192
Income received on issue of shares		(1,211)		(340)
<b>Distributions</b>		<b>18,187</b>		<b>21,314</b>
Net revenue/(expense) per statement of total return		16,896		19,052
Expenses offset against capital		1,291		1,674
Capital gains tax offset against capital		0		588
<b>Distributions</b>		<b>18,187</b>		<b>21,314</b>

## 9 Debtors

as at 31 January	2023 \$'000	2022 \$'000
Amounts receivable on issues of shares	2,250	228
Currency deals outstanding	4,081	2,232
Distributions receivable	45	0
Dividends receivable	1,484	1,489
Sales awaiting settlement	2,942	1,138
Withholding tax recoverable	110	110
<b>Total debtors</b>	<b>10,912</b>	<b>5,197</b>

## 10 Cash and bank balances

as at 31 January	2023 \$'000	2022 \$'000
Cash held as bank balances	5,460	65
<b>Total cash and bank balances</b>	<b>5,460</b>	<b>65</b>



# Financial statements and notes

## 11 Other creditors

as at 31 January	2023 \$'000	2022 \$'000
Amounts payable on cancellation of shares	156	731
Annual charge payable	81	340
Currency deals outstanding	4,078	2,234
Purchases awaiting settlement	667	608
<b>Total other creditors</b>	<b>4,982</b>	<b>3,913</b>

## 12 Contingent assets, liabilities and outstanding commitments

There were no contingent assets, liabilities or outstanding commitments at the balance sheet date (2022: 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 01.02.22	Issued	Movements Cancelled	Converted	Closing 31.01.23
<b>Sterling</b>					
Class 'A' Income	25,477,207	67,578	(1,716,194)	0	23,828,591
Class 'A' Accumulation	73,875,429	2,527,767	(1,598,803)	0	74,804,393
Class 'I' Income	15,068,169	601,955	(2,906,181)	0	12,763,943
Class 'I' Accumulation	41,605,163	8,994,953	(9,463,359)	0	41,136,757
Class 'I-H' Income	16,909	0	0	0	16,909
Class 'I-H' Accumulation	141,444	153,418	(61,800)	0	233,062
Class 'PP' Income	788,176	82,543	(314,773)	0	555,946
Class 'PP' Accumulation	583,945	923,494	(160,709)	0	1,346,730
Class 'PP-H' Income	18,150	0	0	0	18,150
Class 'PP-H' Accumulation	18,100	0	0	0	18,100
Class 'R' Income	265,876	79,329	(53,132)	0	292,073
Class 'R' Accumulation	1,568,700	113,311	(148,747)	0	1,533,264

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 %
<b>Sterling</b>	
Class 'A'	1.15
Class 'I'	0.75
Class 'I-H'	0.78
Class 'PP'	0.65
Class 'PP-H'	0.68
Class 'R'	1.00

## 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.

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 22.13% (2022: 24.65%) 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 January	Assets 2023 \$'000	Liabilities 2023 \$'000	Assets 2022 \$'000	Liabilities 2022 \$'000
Level 1	634,191	0	692,334	0
Level 2	0	0	0	(3)
Level 3	8,266	0	0	0
	<b>642,457</b>	<b>0</b>	<b>692,334</b>	<b>(3)</b>

Level 3 assets include only Greatview Aspectic Packing which temporarily had trading suspended.

## 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 \$19,903,000 (2022: \$20,929,000). A five per cent decrease would have an equal and opposite effect.

# Financial statements and notes

## 19 Currency risk sensitivity and exposure

A five per cent increase in the value of the fund's currency exposure would have the effect of increasing the return and net assets by \$10,102,000 (2022: \$11,272,000). A five per cent decrease would have an equal and opposite effect.

as at 31 January	2023 \$'000	2022 \$'000
<b>Currency exposure in respect of the fund</b>		
Brazilian real	43,619	56,195
Canadian dollar	1,253	6,786
Chilean peso	5,925	4,856
Colombian peso	868	0
Euro	8,054	4,504
Hong Kong dollar	133,355	152,942
Indian rupee	16,691	8
Indonesian rupiah	7,180	23,201
Mexican peso	44,342	36,808
Pakistani rupee	4,095	8,524
Philippine peso	10,967	19,502
Russian ruble	0	4,578
South African rand	32,946	48,974
South Korean won	126,955	115,215
Sterling	10,493	5,456
Taiwan dollar	52,191	38,618
Thailand baht	6,040	7,687
Turkish lira	0	11,137
US dollar	158,310	142,392
<b>Total</b>	<b>663,284</b>	<b>687,383</b>

## 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.

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 January 2023		Forward currency contracts \$'000
State Street Bank		5
<b>Total</b>		<b>5</b>

as at 31 January 2022		Forward currency contracts \$'000
State Street Bank		(3)
<b>Total</b>		<b>(3)</b>

## 22 Exchange rate risk for hedged share classes

This fund contains hedged share classes. These share classes operate currency hedges designed to reduce the impact of exchange rates in certain circumstances. As a result, profit and loss on the currency hedges may impact the liquidity of the overall fund. On a day to day basis this is monitored using reporting from the outsourced provider of the hedged share class service. On an ongoing basis the size of the hedged share classes is monitored to ensure that unforeseen exchange rate volatility can be adequately managed without significantly impacting all shareholders. The exposure to forward currency contracts for share class hedging at the year-end accounting date is disclosed in the portfolio statement on page 87.

## 23 Dividend distribution tables

This fund pays annual ordinary distributions and the following table sets out the distribution period.

### Annual distribution period

	Start	End	Xd	Payment
Final	01.02.22	31.01.23	01.02.23	31.03.23

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

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

Group 2 shares are those purchased during a distribution period and therefore their distribution rate is made up of income and equalisation. Equalisation is the average amount of income included in the purchase price of all Group 2 shares and is refunded to the holders of these shares as a return of capital. Being capital it is not liable to Income 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 January	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2023 UK p	2023 UK p	2023 UK p	2022 UK p
Final	6.9800	3.0542	10.0342	10.1138

## Sterling Class 'A' Accumulation shares

Ordinary distributions for the year to 31 January	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2023 UK p	2023 UK p	2023 UK p	2022 UK p
Final	1.4088	7.2124	8.6212	8.0486

## Sterling Class 'I' Income shares

Ordinary distributions for the year to 31 January	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2023 UK p	2023 UK p	2023 UK p	2022 UK p
Final	4.7003	5.7081	10.4084	10.4471

## Sterling Class 'I' Accumulation shares

Ordinary distributions for the year to 31 January	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2023 UK p	2023 UK p	2023 UK p	2022 UK p
Final	3.0164	7.8538	10.8702	10.2918

## Sterling Class 'I-H' Income shares

Ordinary distributions for the year to 31 January	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2023 UK p	2023 UK p	2023 UK p	2022 UK p
Final	3.5842	n/a	3.5842	3.9191

## Sterling Class 'I-H' Accumulation shares

Ordinary distributions for the year to 31 January	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2023 UK p	2023 UK p	2023 UK p	2022 UK p
Final	1.1804	1.9435	3.1239	3.2128

# Financial statements and notes

## Sterling Class 'PP' Income shares

Ordinary distributions for the year to 31 January	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2023 UK p	2023 UK p	2023 UK p	2022 UK p
Final	0.2372	3.5774	3.8146	3.8218

## Sterling Class 'PP' Accumulation shares

Ordinary distributions for the year to 31 January	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2023 UK p	2023 UK p	2023 UK p	2022 UK p
Final	0.7843	2.6854	3.4697	3.3045

## Sterling Class 'PP-H' Income shares

Ordinary distributions for the year to 31 January	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2023 UK p	2023 UK p	2023 UK p	2022 UK p
Final	3.6401	n/a	3.6401	3.9744

## Sterling Class 'PP-H' Accumulation shares

Ordinary distributions for the year to 31 January	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2023 UK p	2023 UK p	2023 UK p	2022 UK p
Final	3.2079	n/a	3.2079	3.3065

## Sterling Class 'R' Income shares

Ordinary distributions for the year to 31 January	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2023 UK p	2023 UK p	2023 UK p	2022 UK p
Final	4.2204	1.0572	5.2776	5.3131

## Sterling Class 'R' Accumulation shares

Ordinary distributions for the year to 31 January	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2023 UK p	2023 UK p	2023 UK p	2022 UK p
Final	3.1262	1.6743	4.8005	4.5117

# Financial statements and notes

## 24 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 31 October 2022 has been used.

## Investment objective

The fund aims to provide a higher total return (the combination of capital growth and income), net of the ongoing charge figure, than that of the ICE BofAML Global Floating Rate High Yield Index (3% constrained) USD Hedged over any five-year period.

## Investment policy

At least 70% of the fund is invested, directly or indirectly, in below investment grade corporate and government floating rate notes. These securities can be issued or guaranteed by governments and their agencies, public authorities, quasi-sovereigns, supranational bodies and companies from anywhere in the world, including emerging markets. These securities can be denominated in any currency.

The fund's indirect exposure to floating rate notes 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, to create synthetic positions.

Other investments may include:

- below investment grade, investment grade and unrated corporate debt securities;
- debt securities issued or guaranteed by governments and their agencies, public authorities, quasi-sovereigns, supranational bodies;
- asset backed securities; and/or
- other transferable securities, 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.

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, focusing on floating rate notes.

If interest rates rise, the fund will benefit from a higher income as floating rate note coupons are automatically adjusted upwards (equally, should interest rates fall, then the coupons will be adjusted downwards). This has the effect of providing a natural hedge against rising interest rates.

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

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

## Benchmark

Benchmark: ICE BofAML Global Floating Rate High Yield Index (3% constrained) USD Hedged.

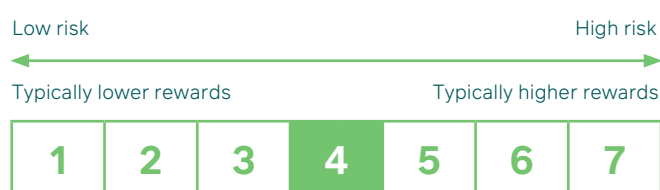
The fund is actively managed. The benchmark is a target which the fund seeks to outperform. The index has been chosen as the fund's target benchmark as it best reflects the scope of the fund's investment policy. The target benchmark is used solely to measure the fund's performance and does not constrain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

# 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-H' 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 January 2023

### Performance against objective

For the 12 months ended 31 January 2023 the fund delivered near-flat returns across its sterling share classes. Performance was behind that of its benchmark, the ICE BofAML Global Floating Rate High Yield Index (3% Constrained) USD hedged, which returned 1.9% over the same period.

Over five years, the fund delivered positive returns across its share classes, but did not achieve its objective of providing a higher total return (the combination of capital growth and income), net of the ongoing charge figure, than that of the benchmark, which returned 3.7% pa over the period.

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

### Performance review

The M&G Global Floating Rate High Yield Fund is designed to provide an attractive level of income, along with a natural hedge against rising interest rates, by investing mainly in floating rate notes (FRNs). These are securities whose interest payments, or coupons, are periodically adjusted depending on the change in a reference interest rate.

If interest rates rise, investors in FRNs will benefit from a higher income as coupons are automatically adjusted upwards (equally, should interest rates fall, then the coupons will be adjusted downwards).

The fund invests predominantly in FRNs issued by high yield companies, so called because they generally pay relatively high rates of interest to compensate investors for the greater risk that they might fail to repay the money they have borrowed.

During the period under review, concerns over inflation, interest rates and economic growth brought significant volatility for fixed income markets. High energy and food prices, exacerbated by the war in Ukraine, pushed up the cost of living, and central banks repeatedly hiked interest rates to dampen inflation.

Rising rates drove down government bond prices, prompting yields (which move inversely to prices) to rise. Investors rushed to sell long-dated bonds, which are more sensitive to interest rate changes than shorter-dated ones. UK markets saw further turbulence in the wake of September's mini-budget: investors responded negatively to many of the un-costed measures proposed. As a result, bond prices tumbled and the Bank of England had to intervene by buying up bonds to calm the market turmoil.

In these difficult conditions, the high yield FRN market outperformed fixed high yield bonds due to their low duration risk. (Duration measures a fund's sensitivity to

# Authorised Corporate Director's Report

interest rate changes: as the interest rate paid by FRNs fluctuates in line with market rates, their duration risk is close to zero.)

Markets rallied towards the end of the review period as inflation fell and central banks signalled the cycle of interest rate hikes was nearing an end. China's reopening after its COVID-19 lockdown also boosted sentiment. Government bond yields (while still elevated) fell and spreads (the difference between the yields of government bonds, considered safe investments, and those of riskier corporate bonds) tightened.

Global high yield markets ended the period strongly, up 3.8% in January, with the US and emerging markets outperforming Europe. While global high yield FRNs had fared well in a challenging market, they were overtaken by fixed high yield investments as US Treasuries rallied. Global high yield FRNs ended the period up 2.5%.

Asset allocation was the fund's main contributor to outperformance, while security selection detracted. Our exposure to credit default swaps, held for liquidity purposes, was positive, as were our positions in basic industry and leisure and our underweight exposure to real estate. The fund's underweight position in consumer goods and services detracted.

The best total returns came from Italian software provider TeamSystem, Italmatch Chemicals and US Treasuries. Luxembourg-based HSE Finance and Garfunkelux, and Swedish cosmetics firm Oriflame, detracted.

Relative to the benchmark, the biggest active contributors were Italian pharmaceutical group Diocle and Castle UK Finco (both below-benchmark). Relative detractors were Italian paper and packaging maker Fiber Bidco, Germany-based PrestigeBidCo and Dutch vending machine operator Selecta.

## Investment activities

We maintained a high level of physical FRN exposure, which we felt offered better value than purchasing synthetic floating rate positions.

We favoured a defensive approach, choosing what we consider to be less inflation-sensitive investments such as financial companies and food retailers. We also sought to mitigate risk by avoiding exposure to certain stressed names, such as car-parts manufacturer Novafives (which has exposure to Russia) and Spanish ferry company Naviera Armas (which recovered after almost defaulting in 2020).

Market conditions kept primary issuance low during the period, and we focused on cashflow management. We participated in deals selectively, including Italy-based companies Kepler (pharmaceuticals), Fedrigoni (paper and packaging) and Italmatch (chemicals), finance business Cerved, UK-based Miller Homes, gaming companies Sazka and 888 and debt collectors Encore Capital and Arrow.

## Outlook

High yield FRNs outperformed fixed high yield instruments in a turbulent 2022 providing a safe harbour for investors seeking to mitigate rising interest rate risks. As risk appetite returns in 2023, we believe high yield FRNs will still offer opportunities to those investors concerned about rate volatility.

Despite recent good news stories of falling inflation, looser monetary policy and China's reopening, there could still be bumps in the road as we navigate towards target levels of inflation. And recession – while held at bay by strong labour markets – is still possible, with the UK more likely than Europe or the US to see a prolonged downturn. For investors that believe the interest rate cycle has further to run, we believe high yield FRNs are well positioned to offer capital protection and mitigate downside risks.

## James Tomlins

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 31.01.23 \$'000	as at 31.01.23 %	as at 31.01.22 %
<b>Fixed income</b>	<b>283,560</b>	<b>92.13</b>	<b>90.67</b>
<b>Debt securities</b>	<b>282,702</b>	<b>91.85</b>	<b>90.20</b>
<b>'AA' credit rated bonds</b>	<b>26,378</b>	<b>8.57</b>	<b>3.48</b>
US\$4,800,000 US Treasury FRN 4.5689% 30/04/2024	4,791	1.56	
US\$4,800,000 US Treasury FRN 4.6289% 31/01/2024	4,798	1.56	
US\$4,800,000 US Treasury FRN 4.6809% 31/07/2024	4,796	1.56	
US\$12,000,000 US Treasury FRN 4.7839% 31/10/2024	11,993	3.89	
<b>'BB' credit rated bonds</b>	<b>20,228</b>	<b>6.57</b>	<b>7.20</b>
€4,850,000 Allwyn Entertainment Financing FRN 5.887% 15/02/2028	5,205	1.69	
£455,000 Encore Capital 4.25% 01/06/2028	439	0.14	
€2,926,000 Encore Capital FRN 6.538% 15/01/2028	3,050	0.99	
US\$5,756,000 Energy Transfer FRN 7.8311% 01/11/2066	4,628	1.50	
€1,810,000 Ford Motor Credit FRN 2.492% 15/11/2023	1,936	0.63	
€4,727,000 Ford Motor Credit FRN 2.684% 01/12/2024	4,970	1.62	
<b>'B' credit rated bonds</b>	<b>233,536</b>	<b>75.88</b>	<b>70.37</b>
€1,200,000 888 Acquisitions FRN 7.788% 15/07/2028	1,122	0.36	
€2,867,000 AnaCap Financial FRN 7.482% 01/08/2024	2,638	0.86	
€2,151,000 APCOA Parking FRN 7.288% 15/01/2027	2,213	0.72	
€1,148,000 Arena Luxembourg Finance FRN 4.482% 01/02/2027	1,136	0.37	
€1,980,000 Assemblin Financing FRN 7.046% 15/05/2025	2,124	0.69	
€3,662,000 Bach Bidco FRN 6.538% 15/10/2028	3,723	1.21	
€3,555,000 Bormioli Pharma FRN 5.262% 15/11/2024	3,642	1.18	
€4,141,000 Burger King FRN 7.232% 01/11/2026	4,432	1.44	
€3,590,000 Castle FRN 7.012% 15/05/2028	3,063	0.99	
€3,471,000 Castor FRN 7.296% 15/02/2029	3,701	1.20	
€7,598,000 Cedacri Mergesco FRN 6.387% 15/05/2028	7,823	2.54	
€5,780,000 Cirsa Finance International FRN 5.672% 30/09/2025	6,091	1.98	
€4,550,000 Conceria Pasubio FRN 6.702% 30/09/2028	3,849	1.25	
€3,268,000 Cullinan FRN 7.078% 15/10/2026	3,364	1.09	
€4,355,000 Deuce Finco FRN 6.796% 15/06/2027	4,409	1.43	
€3,701,000 Deutsche Lufthansa Var. Rate 4.382% 12/08/2075	3,391	1.10	
€7,197,000 EVOCA FRN 6.732% 01/11/2026	6,725	2.18	
€1,580,000 Fiber Bidco FRN 7.95% 25/10/2027	1,705	0.55	

# Portfolio statement

## Investments (continued)

Holding	as at 31.01.23 \$'000	as at 31.01.23 %	as at 31.01.22 %
<b>Fixed income (continued)</b>			
<b>Debt securities (continued)</b>			
<b>'B' credit rated bonds (continued)</b>			
€858,000 Galaxy Bidco FRN 7.492% 31/07/2026	887	0.29	
€6,397,000 Garfunkelux Holdco 3 FRN 8.732% 01/05/2026	5,896	1.92	
€5,355,000 Golden Goose FRN 6.637% 14/05/2027	5,496	1.79	
€192,000 Goldstory FRN 7.484% 01/03/2026	205	0.07	
€3,050,000 HSE Finance FRN 7.512% 15/10/2026	1,872	0.61	
€3,932,000 IMA Industria Macchine Automatiche FRN 6.288% 15/01/2028	4,091	1.33	
€3,560,000 International Design FRN 6.012% 15/05/2026	3,680	1.20	
€997,000 IPD 3 FRN 7.484% 01/12/2025	1,073	0.35	
€589,714 iQera FRN 7.559% 30/09/2024	617	0.20	
€7,027,000 Italmatch Chemicals FRN 6.934% 30/09/2024	7,555	2.45	
€5,100,000 Italmatch Chemicals FRN 8.04% 06/02/2028	5,290	1.72	
€2,937,000 Kapla FRN 5.296% 15/12/2026	3,006	0.98	
€900,000 Kepler FRN 7.796% 15/05/2029	954	0.31	
€3,011,000 Limacorporate FRN 5.512% 15/08/2023	3,248	1.06	
€1,703,000 Limacorporate FRN 8.233% 01/02/2028	1,762	0.57	
€7,840,000 Lion/Polaris Lux 4 FRN 6.046% 01/07/2026	8,158	2.65	
€1,869,000 Lottomatica FRN 8.288% 15/07/2025	2,043	0.66	
€670,000 Monitchem 3 FRN 7.296% 15/03/2025	702	0.23	
€3,800,000 Mooney FRN 5.937% 17/12/2026	3,932	1.28	
€8,872,000 Multiversity FRN 6.732% 30/10/2028	9,413	3.06	
£155,000 Newday Bondco 13.25% 15/12/2026	187	0.06	
€3,937,000 Oriflame Investment FRN 6.012% 04/05/2026	2,682	0.87	
€3,442,000 Parts Europe FRN 6.342% 20/07/2027	3,683	1.20	
€4,428,000 Petroleos Mexicanos FRN 4.298% 24/08/2023	4,774	1.55	
€4,543,000 Pfeleiderer FRN 7.038% 15/04/2026	4,516	1.47	
€3,103,000 PLT VII Finance FRN 6.913% 05/01/2026	3,320	1.08	
€200,000 PrestigeBidCo FRN 8.288% 15/07/2027	203	0.07	
€2,799,000 Promontoria FRN 8.109% 01/03/2027	2,912	0.95	
€4,868,000 Q-Park I FRN 3.984% 01/03/2026	4,977	1.62	
€2,350,000 Ren10 FRN 6.857% 01/02/2027	2,488	0.81	

# Portfolio statement

## Investments (continued)

Holding	as at 31.01.23 \$'000	as at 31.01.23 %	as at 31.01.22 %
<b>Fixed income (continued)</b>			
<b>Debt securities (continued)</b>			
<b>'B' credit rated bonds (continued)</b>			
€4,448,000 Rimini Bidco FRN 7.296% 14/12/2026	4,602	1.49	
€2,604,000 Rossini FRN 6.343% 30/10/2025	2,800	0.91	
€2,902,000 SCIL IV LLC FRN 6.857% 01/11/2026	3,063	0.99	
€555,000 Sherwood Financing 4.5% 15/11/2026	508	0.16	
€5,854,000 Sherwood Financing FRN 6.387% 15/11/2027	5,866	1.91	
€5,776,000 Stonegate Pub Co Financing 2019 FRN 7.512% 31/07/2025	5,871	1.91	
€10,410,000 TeamSystem FRN 6.038% 15/02/2028	10,774	3.50	
€853,000 Tendam Brands FRN 9.992% 31/03/2028	901	0.29	
€5,807,000 TK Elevator Midco FRN 7.038% 15/07/2027	6,222	2.02	
€4,394,000 Transcom FRN 7.296% 15/12/2026	4,629	1.50	
€4,277,000 Trivium Packaging Finance FRN 5.548% 15/08/2026	4,521	1.47	
£5,004,000 TVL Finance FRN 9.2079% 15/07/2025	5,843	1.90	
€3,434,000 United FRN 5.012% 15/02/2026	3,296	1.07	
€3,817,000 United FRN 5.923% 15/05/2025	3,860	1.25	
€3,369,000 United FRN 7.357% 01/02/2029	3,255	1.06	
€1,130,000 Verisure FRN 7.288% 15/04/2025	1,221	0.40	
€1,518,000 WEPA Hygieneprodukte FRN 4.921% 15/12/2026	1,531	0.50	
<b>'CCC' credit rated bonds</b>	<b>2,271</b>	<b>0.74</b>	<b>7.98</b>
£3,118,000 House of Fraser Funding 6.53% 30/12/2050 <sup>a</sup>	6	0.00	
€2,017,851 Selecta 8% 01/04/2026	1,876	0.61	
€643,686 Selecta 10% 01/07/2026	389	0.13	
<b>'CC' credit rated bonds</b>	<b>0</b>	<b>0.00</b>	<b>1.05</b>
<b>'C' credit rated bonds</b>	<b>0</b>	<b>0.00</b>	<b>0.12</b>
<b>'D' credit rated bonds</b>	<b>289</b>	<b>0.09</b>	<b>0.00</b>
US\$1,924,000 Yuzhou 6.35% 13/01/2027	289	0.09	
<b>Debt derivatives</b>	<b>858</b>	<b>0.28</b>	<b>0.47</b>
<b>Credit default swaps</b>	<b>858</b>	<b>0.28</b>	<b>0.47</b>
€(600,000) Boparan Finance Dec 2026	(163)	(0.05)	

# Portfolio statement

## Investments (continued)

Holding	as at 31.01.23 \$'000	as at 31.01.23 %	as at 31.01.22 %
<b>Fixed income (continued)</b>			
<b>Debt derivatives (continued)</b>			
<b>Credit default swaps (continued)</b>			
€(1,500,000) Iceland Bondco Jun 2026	(237)	(0.08)	
US\$(30,690,000) Markit CDX North American High Yield Series 37 5 Year Dec 2026	1,258	0.41	
<b>Currency</b>	<b>(3,408)</b>	<b>(1.11)</b>	<b>1.27</b>
<b>Forward currency contracts</b>	<b>(3,408)</b>	<b>(1.11)</b>	<b>1.27</b>
€6,787,908 Bought for \$7,354,080 (expires 08.02.23)	4	0.00	
€(227,463,275) Sold for \$243,375,622 (expires 08.02.23)	(3,200)	(1.04)	
£(5,475,354) Sold for \$6,653,430 (expires 08.02.23)	(95)	(0.03)	
£(10,986,410) Sold for \$13,424,297 (expires 08.02.23)	(117)	(0.04)	
<b>Share class hedging</b>	<b>4,467</b>	<b>1.45</b>	<b>(1.03)</b>
<b>Forward currency contracts for share class hedging</b>	<b>4,467</b>	<b>1.45</b>	<b>(1.03)</b>
£263,640,932 Bought for \$320,486,023 (expires 08.02.23)	4,467	1.45	
<b>Total portfolio</b>	<b>284,619</b>	<b>92.47</b>	<b>90.91</b>
<b>Net other assets/(liabilities)</b>	<b>23,169</b>	<b>7.53</b>	<b>9.09</b>
<b>Net assets attributable to shareholders</b>	<b>307,788</b>	<b>100.00</b>	<b>100.00</b>

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

<sup>a</sup> Defaulted bond.

# Portfolio statement

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

Largest purchases	\$'000
US Treasury FRN 4.7839% 31/10/2024	12,000
US Treasury FRN 2.6459% 31/01/2023	6,017
Allwyn Entertainment Financing FRN 5.887% 15/02/2028	5,353
Italmatch Chemicals FRN 8.04% 06/02/2028	5,296
US Treasury FRN 4.6289% 31/01/2024	4,802
US Treasury FRN 4.6809% 31/07/2024	4,796
US Treasury FRN 4.5689% 30/04/2024	4,796
Promontoria FRN 8.109% 01/03/2027	4,322
Castor FRN 7.296% 15/02/2029	3,788
Castle FRN 7.012% 15/05/2028	3,456
Other purchases	41,596
<b>Total purchases</b>	<b>96,222</b>

Largest sales	\$'000
US Treasury FRN 2.6459% 31/01/2023	12,000
Lincoln Financing FRN 3.875% 01/04/2024	10,314
US Treasury FRN 0.2951% 31/10/2022	6,001
Promontoria FRN 6.25% 15/08/2023	4,485
Italmatch Chemicals FRN 6.934% 30/09/2024	4,474
TK Elevator Midco FRN 7.038% 15/07/2027	3,227
Tendam Brands FRN 5.25% 15/09/2024	2,886
Cirsa Finance International FRN 5.672% 30/09/2025	2,644
TVL Finance FRN 9.2079% 15/07/2025	2,491
EVOCA FRN 6.732% 01/11/2026	2,390
Other sales	53,453
<b>Total sales</b>	<b>104,365</b>

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



# Financial highlights

## Fund performance

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

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

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

## Long-term performance by share class

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

Share class	One year % <sup>a</sup>	Three years % pa	Five years % pa	Ten years % pa
<b>Sterling</b>				
Class 'A-H' Income	-0.4	+1.5	+1.6	n/a
Class 'A-H' Accumulation	-0.4	+1.5	+1.6	n/a
Class 'E-H' Income	+0.2	+2.2	+2.3	n/a
Class 'E-H' Accumulation	+0.2	+2.2	+2.3	n/a
Class 'I-H' Income	+0.0	+2.0	+2.1	n/a
Class 'I-H' Accumulation	+0.0	+2.0	+2.1	n/a
Class 'PP-H' Income	+0.1	+2.1	n/a	n/a
Class 'PP-H' Accumulation	+0.1	+2.1	n/a	n/a
Class 'R-H' Income	-0.3	+1.7	+1.8	n/a
Class 'R-H' Accumulation	-0.2	+1.6	+1.7	n/a
<b>Benchmark<sup>b</sup></b>	<b>+1.9</b>	<b>+3.5</b>	<b>+3.7</b>	<b>+4.2</b>

<sup>a</sup> Not annualised

<sup>b</sup> Prior to 31 March 2016 the benchmark was the ICE BofAML Global Floating Rate High Yield (GBP Hedged) Index. Thereafter it is the ICE BofAML Global Floating Rate High Yield 3% Constrained (GBP Hedged) Index.

## Specific share class performance

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

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

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

# Financial highlights

## Sterling Class 'A-H' Income share performance

The share class was launched on 11 September 2014.

for the year to 31 January	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	88.24	87.80	92.27
Return before operating charges	1.05	5.21	0.26
Operating charges	(0.87)	(0.94)	(1.12)
Return after operating charges	0.18	4.27	(0.86)
Distributions	(4.51)	(3.83)	(3.61)
Closing NAV	83.91	88.24	87.80
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	1.03	1.05	1.33
Return after charges	+0.20	+4.86	-0.93
Other information			
Closing NAV (\$'000)	2,873	3,714	4,979
Number of shares	2,778,009	3,140,257	4,133,941
Highest share price (UK p)	89.10	90.75	93.22
Lowest share price (UK p)	80.52	87.89	74.06

## Sterling Class 'A-H' Accumulation share performance

The share class was launched on 11 September 2014.

for the year to 31 January	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	117.03	111.63	112.27
Return before operating charges	1.64	6.62	0.74
Operating charges	(1.18)	(1.22)	(1.38)
Return after operating charges	0.46	5.40	(0.64)
Distributions	(4.93)	(3.73)	(3.22)
Retained distributions	4.93	3.73	3.22
Closing NAV	117.49	117.03	111.63
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	1.03	1.04	1.33
Return after charges	+0.39	+4.84	-0.57
Other information			
Closing NAV (\$'000)	3,927	4,038	4,376
Number of shares	2,712,079	2,573,855	2,857,604
Highest share price (UK p)	118.85	118.49	113.42
Lowest share price (UK p)	108.09	111.73	90.14

# Financial highlights

## Sterling Class 'E-H' Income share performance

The share class was launched on 3 October 2014.

for the year to 31 January	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	91.99	90.96	94.95
Return before operating charges	1.12	5.42	0.28
Operating charges	(0.38)	(0.41)	(0.50)
Return after operating charges	0.74	5.01	(0.22)
Distributions	(4.72)	(3.98)	(3.77)
Closing NAV	88.01	91.99	90.96
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	0.43	0.44	0.58
Return after charges	+0.80	+5.51	-0.23
Other information			
Closing NAV (\$'000)	8,711	11,263	15,362
Number of shares	8,031,872	9,134,656	12,311,307
Highest share price (UK p)	92.88	94.45	95.94
Lowest share price (UK p)	84.30	91.05	76.28

## Sterling Class 'E-H' Accumulation share performance

The share class was launched on 11 September 2014.

for the year to 31 January	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	123.81	117.34	117.16
Return before operating charges	1.69	7.01	0.81
Operating charges	(0.52)	(0.54)	(0.63)
Return after operating charges	1.17	6.47	0.18
Distributions	(5.96)	(4.68)	(4.22)
Retained distributions	5.96	4.68	4.22
Closing NAV	124.98	123.81	117.34
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	0.43	0.44	0.58
Return after charges	+0.94	+5.51	+0.15
Other information			
Closing NAV (\$'000)	2,640	3,265	3,613
Number of shares	1,713,929	1,967,485	2,244,655
Highest share price (UK p)	126.42	125.30	118.38
Lowest share price (UK p)	114.61	117.46	94.17

# Financial highlights

## Sterling Class 'I-H' Income share performance

The share class was launched on 11 September 2014.

for the year to 31 January	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	90.77	89.95	94.16
Return before operating charges	1.11	5.35	0.27
Operating charges	(0.55)	(0.60)	(0.71)
Return after operating charges	0.56	4.75	(0.44)
Distributions	(4.65)	(3.93)	(3.77)
Closing NAV	86.68	90.77	89.95
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	0.63	0.64	0.83
Return after charges	+0.62	+5.28	-0.47
Other information			
Closing NAV (\$'000)	59,786	43,743	97,805
Number of shares	55,968,483	35,951,537	79,260,647
Highest share price (UK p)	91.65	93.21	95.13
Lowest share price (UK p)	83.07	90.04	75.63

## Sterling Class 'I-H' Accumulation share performance

The share class was launched on 11 September 2014.

for the year to 31 January	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	121.63	115.51	115.64
Return before operating charges	1.69	6.89	0.76
Operating charges	(0.75)	(0.77)	(0.89)
Return after operating charges	0.94	6.12	(0.13)
Distributions	(5.61)	(4.36)	(3.86)
Retained distributions	5.61	4.36	3.86
Closing NAV	122.57	121.63	115.51
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	0.63	0.64	0.83
Return after charges	+0.77	+5.30	-0.11
Other information			
Closing NAV (\$'000)	138,861	140,398	167,884
Number of shares	91,921,700	86,116,137	105,951,838
Highest share price (UK p)	124.00	123.11	116.84
Lowest share price (UK p)	112.53	115.62	92.90

# Financial highlights

## Sterling Class 'PP-H' Income share performance

The share class was launched on 5 August 2019.

for the year to 31 January	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	96.28	95.30	99.71
Return before operating charges	1.17	5.68	0.33
Operating charges	(0.49)	(0.53)	(0.63)
Return after operating charges	0.68	5.15	(0.30)
Distributions	(4.94)	(4.17)	(4.11)
Closing NAV	92.02	96.28	95.30
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	0.53	0.53	0.68
Return after charges	+0.71	+5.40	-0.30
Other information			
Closing NAV (\$'000)	81,606	91,696	52,931
Number of shares	71,963,537	71,057,376	40,489,239
Highest share price (UK p)	97.21	98.86	100.75
Lowest share price (UK p)	88.17	95.39	80.14

## Sterling Class 'PP-H' Accumulation share performance

The share class was launched on 8 April 2019.

for the year to 31 January	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	108.42	102.86	102.81
Return before operating charges	1.53	6.13	0.72
Operating charges	(0.57)	(0.57)	(0.67)
Return after operating charges	0.96	5.56	0.05
Distributions	(5.11)	(3.99)	(3.61)
Retained distributions	5.11	3.99	3.61
Closing NAV	109.38	108.42	102.86
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	0.53	0.53	0.68
Return after charges	+0.89	+5.41	+0.05
Other information			
Closing NAV (\$'000)	8,854	46,420	4,552
Number of shares	6,568,457	31,942,815	3,226,237
Highest share price (UK p)	110.65	109.74	103.89
Lowest share price (UK p)	100.36	102.97	82.63

# Financial highlights

## Sterling Class 'R-H' Income share performance

The share class was launched on 11 September 2014.

for the year to 31 January	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	89.16	88.56	93.04
Return before operating charges	1.05	5.28	0.27
Operating charges	(0.75)	(0.81)	(0.92)
Return after operating charges	0.30	4.47	(0.65)
Distributions	(4.56)	(3.87)	(3.83)
Closing NAV	84.90	89.16	88.56
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	0.88	0.89	1.08
Return after charges	+0.34	+5.05	-0.70
Other information			
Closing NAV (\$'000)	339	348	325
Number of shares	324,495	291,163	267,177
Highest share price (UK p)	90.02	91.60	94.00
Lowest share price (UK p)	81.44	88.65	74.73

## Sterling Class 'R-H' Accumulation share performance

The share class was launched on 11 September 2014.

for the year to 31 January	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	118.76	113.06	113.82
Return before operating charges	1.63	6.75	0.39
Operating charges	(1.01)	(1.05)	(1.15)
Return after operating charges	0.62	5.70	(0.76)
Distributions	(5.18)	(3.96)	(2.69)
Retained distributions	5.18	3.96	2.69
Closing NAV	119.38	118.76	113.06
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	0.88	0.89	1.08
Return after charges	+0.52	+5.04	-0.67
Other information			
Closing NAV (\$'000)	191	99	98
Number of shares	129,555	61,913	62,913
Highest share price (UK p)	120.77	120.21	114.99
Lowest share price (UK p)	109.74	113.17	91.22

# Financial statements and notes

## Financial statements

### Statement of total return

for the year to 31 January	Note	2023		2022	
		\$'000	\$'000	\$'000	\$'000
<b>Income</b>					
Net capital gains/(losses)	3		(35,829)		(3,469)
Revenue	5	15,184		14,732	
Expenses	6	(1,699)		(2,109)	
Interest payable and similar charges		(29)		(9)	
Net revenue/(expense) before taxation		13,456		12,614	
Taxation	7	0		0	
Net revenue/(expense) after taxation			13,456		12,614
<b>Total return before distributions</b>			<b>(22,373)</b>		<b>9,145</b>
Distributions	8		(14,242)		(13,525)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>(36,615)</b>		<b>(4,380)</b>

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

for the year to 31 January	2023		2022	
	\$'000	\$'000	\$'000	\$'000
<b>Opening net assets attributable to shareholders</b>		<b>344,984</b>		<b>351,925</b>
Amounts received on issue of shares	71,627		112,866	
Amounts paid on cancellation of shares	(79,561)		(122,764)	
		(7,934)		(9,898)
Dilution adjustments		575		381
Change in net assets attributable to shareholders from investment activities (see above)		(36,615)		(4,380)
Retained distributions on Accumulation shares		6,778		6,956
<b>Closing net assets attributable to shareholders</b>		<b>307,788</b>		<b>344,984</b>

# Financial statements and notes

## Financial statements

### Balance sheet

as at 31 January	Note	2023 \$'000	2022 \$'000
<b>Assets</b>			
<b>Fixed assets</b>			
Investments		288,431	317,484
<b>Current assets</b>			
Debtors	9	12,191	6,893
Cash and bank balances	10	17,961	5,992
Cash equivalents		15,176	28,688
<b>Total assets</b>		<b>333,759</b>	<b>359,057</b>
<b>Liabilities</b>			
Investment liabilities		(3,812)	(3,842)
<b>Creditors</b>			
Bank overdrafts		0	(982)
Overdrawn positions at futures clearing houses and collateral manager		(1,481)	(1,955)
Distribution payable		(2,795)	(2,190)
Other creditors	11	(17,883)	(5,104)
<b>Total liabilities</b>		<b>(25,971)</b>	<b>(14,073)</b>
<b>Net assets attributable to shareholders</b>		<b>307,788</b>	<b>344,984</b>



# 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 January	2023 \$'000	2022 \$'000
Non-derivative securities	(20,901)	(19,688)
Derivative contracts	(9,462)	12,640
Currency gains/(losses)	(5,466)	3,579
<b>Net capital gains/(losses)</b>	<b>(35,829)</b>	<b>(3,469)</b>

### 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. Please refer to the 'Financial highlights' section for the effect of dilution adjustments.

for the year to 31 January	2023 \$'000	2022 \$'000
<b>a) Purchases</b>		
Debt securities	96,222	210,383
<b>b) Sales</b>		
Debt securities	104,365	226,457
<b>Total sales</b>	<b>104,365</b>	<b>226,457</b>
<b>c) There were no direct portfolio transaction costs</b>		
	%	%
<b>d) Indirect portfolio transaction costs</b>		
Average portfolio dealing spread as at the balance sheet date	1.32	0.77

# Financial statements and notes

## 5 Revenue

for the year to 31 January	2023 \$'000	2022 \$'000
Bank interest	15	4
Derivative revenue	1,477	1,547
Interest distributions	421	12
Interest on debt securities	13,304	13,197
Rebate of ongoing charges from underlying funds	17	15
Share class hedging revenue	(50)	(43)
<b>Total revenue</b>	<b>15,184</b>	<b>14,732</b>

## 6 Expenses

for the year to 31 January	2023 \$'000	2022 \$'000
<b>Payable to the ACD or associate</b>		
Annual charge	1,699	2,109
<b>Total expenses</b>	<b>1,699</b>	<b>2,109</b>

Audit fees for the financial year ending 2023 were £13,000 (2022: £12,000) (including VAT), which are covered by the annual charge.

## 7 Taxation

for the year to 31 January	2023 \$'000	2022 \$'000
<b>a) Analysis of charge in the year</b>		
Corporation tax	0	0
Withholding tax	0	0
Deferred tax (note 7c)	0	0
<b>Total taxation</b>	<b>0</b>	<b>0</b>
<b>b) Factors affecting taxation charge for the year</b>		
Net revenue/(expense) before taxation	13,456	12,614
Corporation tax at 20%	2,691	2,523
<b>Effects of:</b>		
Interest distributions	(2,691)	(2,523)
<b>Total tax charge (note 7a)</b>	<b>0</b>	<b>0</b>
<b>c) Provision for deferred taxation</b>		
Provision at the start of the year	0	0
Deferred tax in profit and loss account (note 7a)	0	0
<b>Provision at the end of the year</b>	<b>0</b>	<b>0</b>

The fund has not recognised a deferred tax asset in the current financial year (2022: 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 January	2023		2022	
	Inc \$'000	Acc \$'000	Inc \$'000	Acc \$'000
<b>Interest distributions</b>				
First interim	1,394	1,277	1,442	1,282
Second interim	1,556	1,362	1,479	1,629
Third interim	1,723	1,614	1,447	1,576
Final	2,795	2,525	2,190	2,469
Total net distributions		14,246		13,514
Income deducted on cancellation of shares		439		623
Income received on issue of shares		(443)		(612)
<b>Distributions</b>		<b>14,242</b>		<b>13,525</b>
Net revenue/(expense) per statement of total return		13,456		12,614
Expenses offset against capital		786		911
<b>Distributions</b>		<b>14,242</b>		<b>13,525</b>

## 9 Debtors

as at 31 January	2023 \$'000	2022 \$'000
Amounts receivable on issues of shares	132	1,940
Currency deals outstanding	9,385	2,229
Debt security interest receivable	2,411	2,030
Derivative revenue receivable	192	178
Distributions receivable	71	2
Rebate of ongoing charges from underlying funds	0	2
Sales awaiting settlement	0	512
<b>Total debtors</b>	<b>12,191</b>	<b>6,893</b>

## 10 Cash and bank balances

as at 31 January	2023 \$'000	2022 \$'000
Amounts held at futures clearing houses and collateral manager	6	0
Cash held as bank balances	17,955	5,992
<b>Total cash and bank balances</b>	<b>17,961</b>	<b>5,992</b>

# Financial statements and notes

## 11 Other creditors

as at 31 January	2023 \$'000	2022 \$'000
Amounts payable on cancellation of shares	1,461	515
Annual charge payable	41	120
Currency deals outstanding	9,395	2,231
Purchases awaiting settlement	6,986	2,238
<b>Total other creditors</b>	<b>17,883</b>	<b>5,104</b>

## 12 Contingent assets, liabilities and outstanding commitments

There were no contingent assets, liabilities or outstanding commitments at the balance sheet date (2022: 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 01.02.22	Issued	Movements Cancelled	Converted	Closing 31.01.23
<b>Sterling</b>					
Class 'A-H' Income	3,140,257	113,045	(475,293)	0	2,778,009
Class 'A-H' Accumulation	2,573,855	534,479	(396,255)	0	2,712,079
Class 'E-H' Income	9,134,656	0	(1,102,784)	0	8,031,872
Class 'E-H' Accumulation	1,967,485	0	(253,556)	0	1,713,929
Class 'I-H' Income	35,951,537	33,243,565	(13,226,619)	0	55,968,483
Class 'I-H' Accumulation	86,116,137	15,052,025	(9,246,462)	0	91,921,700
Class 'PP-H' Income	71,057,376	10,820,524	(9,914,363)	0	71,963,537
Class 'PP-H' Accumulation	31,942,815	1,521,937	(26,896,295)	0	6,568,457
Class 'R-H' Income	291,163	91,332	(58,000)	0	324,495
Class 'R-H' Accumulation	61,913	108,473	(40,831)	0	129,555

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 %
<b>Sterling</b>	
Class 'A-H'	1.03
Class 'E-H'	0.43
Class 'I-H'	0.63
Class 'PP-H'	0.53
Class 'R-H'	0.88

## 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.

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 0.01% (2022: 0.01%) 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 January	Assets 2023 \$'000	Liabilities 2023 \$'000	Assets 2022 \$'000	Liabilities 2022 \$'000
Level 1	26,378	0	12,010	0
Level 2	262,047	(3,812)	305,289	(3,842)
Level 3	6	0	185	0
	<b>288,431</b>	<b>(3,812)</b>	<b>317,484</b>	<b>(3,842)</b>

## 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 January 2023 was 20% (2022: 20%).

The lowest, highest and average VaR, as well as utilisation of VaR with reference to the limit above, are calculated during the financial years ended 31 January 2023 and 31 January 2022.

for the year to 31 January	2023 % of VaR	2023 Utilisation of VaR 20%	2022 % of VaR	2022 Utilisation of VaR 20%
Lowest	2.09	10.45	2.08	10.40
Highest	5.95	29.75	4.99	24.95
Average	4.52	22.61	3.18	15.90

## 19 Credit risk

The fund is exposed to credit risk 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 January	2023 \$'000	2022 \$'000
Investment grade securities	26,378	12,010
Below investment grade securities	256,324	299,190
Other investments	1,917	2,442
<b>Total</b>	<b>284,619</b>	<b>313,642</b>

# Financial statements and notes

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 January 2023	Swaps \$'000	Forward currency contracts \$'000
Barclays Bank	1,258	0
BNP Paribas	0	4
Goldman Sachs	(237)	0
HSBC	0	5
JPMorgan	(163)	0
Royal Bank of Canada	0	(22)
State Street Bank	0	4,254
UBS	0	(3,182)
<b>Total</b>	<b>858</b>	<b>1,059</b>

as at 31 January 2022	Swaps \$'000	Forward currency contracts \$'000
Barclays Bank	1,882	0
Citigroup	0	72
Goldman Sachs	(76)	7
HSBC	0	2
JPMorgan	(193)	0
Merrill Lynch	0	59
Standard Chartered Bank	0	24
State Street Bank	0	665
<b>Total</b>	<b>1,613</b>	<b>829</b>

## 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 January 2023 and 31 January 2022 are disclosed in the table below. Leverage has been

# Financial statements and notes

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 January	2023 \$'000	2023 %	2022 \$'000	2022 %
Lowest	479,924	186.55	635,262	187.05
Highest	2,002,351	624.41	2,070,851	589.30
Average	762,019	266.64	904,352	262.73

## 21 Exchange rate risk for hedged share classes

This fund contains hedged share classes. These share classes operate currency hedges designed to reduce the impact of exchange rates in certain circumstances. As a result, profit and loss on the currency hedges may impact the liquidity of the overall fund. On a day to day basis this is monitored using reporting from the outsourced provider of the hedged share class service. On an ongoing basis the size of the hedged share classes is monitored to ensure that unforeseen exchange rate volatility can be adequately managed without significantly impacting all shareholders. The exposure to forward currency contracts for share class hedging at the year-end accounting date is disclosed in the portfolio statement on page 117.

## 22 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	01.02.22	30.04.22	03.05.22	30.06.22
Second interim	01.05.22	31.07.22	01.08.22	30.09.22
Third interim	01.08.22	31.10.22	01.11.22	31.12.22
Final	01.11.22	31.01.23	01.02.23	31.03.23

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

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

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

Interest distributions for the year to 31 January	Income	Group 2	Group 1 & 2	
	2023 UK p	Equalisation 2023 UK p	2023 UK p	2022 UK p
First interim	0.3372	0.5111	0.8483	0.8144
Second interim	0.6463	0.3365	0.9828	0.8657
Third interim	0.5133	0.6381	1.1514	0.8654
Final	0.5890	0.9409	1.5299	1.2820

## Sterling Class 'A-H' Accumulation shares

Interest distributions for the year to 31 January	Income	Group 2	Group 1 & 2	
	2023 UK p	Equalisation 2023 UK p	2023 UK p	2022 UK p
First interim	0.2374	0.6027	0.8401	0.7365
Second interim	0.8280	0.1945	1.0225	0.8134
Third interim	0.6106	0.6523	1.2629	0.8214
Final	1.5691	0.2377	1.8068	1.3586

## Sterling Class 'E-H' Income shares

Interest distributions for the year to 31 January	Income	Group 2	Group 1 & 2	
	2023 UK p	Equalisation 2023 UK p	2023 UK p	2022 UK p
First interim	0.8850	0.0000	0.8850	0.8441
Second interim	1.0268	0.0000	1.0268	0.8990
Third interim	1.2049	0.0000	1.2049	0.8998
Final	1.6037	0.0000	1.6037	1.3355

## Sterling Class 'E-H' Accumulation shares

Interest distributions for the year to 31 January	Income	Group 2	Group 1 & 2	
	2023 UK p	Equalisation 2023 UK p	2023 UK p	2022 UK p
First interim	1.0645	0.0000	1.0645	0.9564
Second interim	1.2648	0.0000	1.2648	1.0388
Third interim	1.5241	0.0000	1.5241	1.0501
Final	2.1046	0.0000	2.1046	1.6315

# Financial statements and notes

## Sterling Class 'I-H' Income shares

Interest distributions for the year to 31 January	Income	Group 2	Group 1 & 2	
	2023 UK p	Equalisation 2023 UK p	2023 UK p	2022 UK p
First interim	0.2332	0.6399	0.8731	0.8344
Second interim	0.4002	0.6123	1.0125	0.8885
Third interim	0.6831	0.5044	1.1875	0.8887
Final	1.1677	0.4133	1.5810	1.3196

## Sterling Class 'I-H' Accumulation shares

Interest distributions for the year to 31 January	Income	Group 2	Group 1 & 2	
	2023 UK p	Equalisation 2023 UK p	2023 UK p	2022 UK p
First interim	0.5418	0.4464	0.9882	0.8816
Second interim	0.5989	0.5840	1.1829	0.9623
Third interim	0.6109	0.8250	1.4359	0.9724
Final	0.7763	1.2281	2.0044	1.5407

## Sterling Class 'PP-H' Income shares

Interest distributions for the year to 31 January	Income	Group 2	Group 1 & 2	
	2023 UK p	Equalisation 2023 UK p	2023 UK p	2022 UK p
First interim	0.4718	0.4543	0.9261	0.8844
Second interim	0.4913	0.5829	1.0742	0.9414
Third interim	0.6755	0.5844	1.2599	0.9421
Final	0.9208	0.7564	1.6772	1.3980

## Sterling Class 'PP-H' Accumulation shares

Interest distributions for the year to 31 January	Income	Group 2	Group 1 & 2	
	2023 UK p	Equalisation 2023 UK p	2023 UK p	2022 UK p
First interim	0.4040	0.5028	0.9068	0.8128
Second interim	0.5353	0.5454	1.0807	0.8838
Third interim	0.9577	0.3502	1.3079	0.8932
Final	0.6721	1.1435	1.8156	1.4003

# Financial statements and notes

## Sterling Class 'R-H' Income shares

Interest distributions for the year to 31 January	Income	Group 2	Group 1 & 2	
	2023 UK p	Equalisation 2023 UK p	2023 UK p	2022 UK p
First interim	0.3185	0.5388	0.8573	0.8218
Second interim	0.4223	0.5711	0.9934	0.8745
Third interim	0.3118	0.8522	1.1640	0.8747
Final	0.3256	1.2223	1.5479	1.2952

## Sterling Class 'R-H' Accumulation shares

Interest distributions for the year to 31 January	Income	Group 2	Group 1 & 2	
	2023 UK p	Equalisation 2023 UK p	2023 UK p	2022 UK p
First interim	0.5108	0.3828	0.8936	0.7926
Second interim	0.9998	0.0813	1.0811	0.8688
Third interim	0.9783	0.3478	1.3261	0.8776
Final	1.4345	0.4450	1.8795	1.4248

## 23 Events after the balance sheet date

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

# Other regulatory disclosures

## Remuneration

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

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

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

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

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

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

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

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

## Swiss investor information

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

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

## Glossary

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## Glossary

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## Glossary

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## Glossary

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



## Glossary

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## Glossary

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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