

M&G Investment Funds (3)

**Interim report and unaudited financial statements
for the six months ended 31 December 2023**



Contents

Authorised Corporate Director's Report.....	1
Directors' statement	4
Financial statements and notes.....	5
Authorised Corporate Director's Reports, including the portfolio statements, financial highlights, financial statements and notes for:	
M&G Corporate Bond Fund	6
M&G Dividend Fund	28
M&G Emerging Markets Bond Fund	45
M&G Global Government Bond Fund	72
M&G Recovery Fund	89
M&G Smaller Companies Fund	106

Authorised Corporate Director's Report

The Authorised Corporate Director (ACD) of M&G Investment Funds (3) presents its interim report and unaudited financial statements for the six months ended 31 December 2023.

The unaudited financial statements of M&G Investment Funds (3), the Authorised Corporate Director's Reports including the portfolio statements, financial highlights and the unaudited financial statements and notes of each sub-fund are presented in their individual sections of this report as set out in the contents page.

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

Company information

M&G Investment Funds (3) is an umbrella Open-Ended Investment Company (OEIC) and contains six sub-funds, hereinafter referred to as 'funds' in the rest of this report. Each fund is a UK UCITS (Undertakings for Collective Investment in Transferable Securities) scheme as defined in the Collective Investment Schemes sourcebook, as issued (and amended) by the Financial Conduct Authority (FCA). This OEIC is an Investment Company with Variable Capital (ICVC) incorporated under the Open-Ended Investment Companies Regulations 2001. It is authorised and regulated by the FCA under the Financial Services and Markets Act 2000.

The Company was authorised on 8 August 2001 and was launched on 7 March 2002, following the conversion of a series of authorised unit trusts.

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

As at 31 December 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 Corporate Bond Fund

Richard Woolnough & Ben Lord

M&G Dividend Fund

Michael Stiasny

M&G Emerging Markets Bond Fund

Claudia Calich

M&G Global Government Bond Fund

Eva Sun-Wai

M&G Recovery Fund

Michael Stiasny

M&G Smaller Companies Fund

James Taylor

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

Authorised Corporate Director's Report

Investment manager

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

Registrar

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

Depository

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

Independent auditor

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

Annual value assessment

An annual assessment report is available which shows the value provided to investors in each of M&G's UK-based funds. The assessment report evaluates whether M&G's charges are justified in the context of the overall service delivered to its investors. The latest report to 31 March 2023 can be found on our website at mandg.com/investments/valueassessment

Climate-related Financial Disclosures (TCFD)

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

and opportunities related to climate change, please refer to the M&G Investments Management TCFD report.

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

Important information

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

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

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

Authorised Corporate Director's Report

Investor information

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

Customer services and administration for UK clients:

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

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

Telephone: 0800 390 390 (UK only)

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

Authorised Corporate Director's Report

Authorised Corporate Director's Responsibilities

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

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

Directors' statement

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

M&G Securities Limited
27 February 2024

Financial statements and notes

The financial statements for M&G Investment Funds (3) comprise the individual financial statements for each fund and the notes below.

Notes to the financial statements

Accounting policies

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

The interim financial statements have been prepared on the same basis as the audited financial statements for the year ended 30 June 2023. They are prepared under the historical cost convention, as modified by the revaluation of investments, and in accordance with the Statement of Recommended Practice (SORP) for Authorised Funds issued by the Investment Association in May 2014 and amended in June 2017.

Authorised Corporate Director's Report

For the purposes of these financial statements, the Prospectus dated 15 September 2023 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 the average return of the iBoxx Sterling Corporates GBP Index over any five-year period.

Investment policy

At least 70% of the fund is invested, directly or indirectly through derivatives, in investment grade corporate debt securities including investment grade asset-backed securities. These securities can be issued by companies from anywhere in the world, including emerging markets. These securities are denominated in sterling or hedged back to sterling.

Other investments may include:

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

Investments in asset-backed securities are limited to 20% of the fund.

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

Investment approach

The fund is diversified across a range of investment grade debt securities from a variety of sectors and geographies. The fund's investment approach is based on the principle that returns from corporate bond markets are driven by a combination of macroeconomic, asset class, sector, geographic and stock-level factors. As different factors dominate returns at different stages of the economic cycle, the fund manager applies a flexible investment approach, changing the blend of duration and credit exposure in the portfolio to weight them appropriately. 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: iBoxx Sterling Corporates GBP 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.

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

Authorised Corporate Director's Report

Risk profile

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

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



The above number:

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

Investment review

For the six months ended 31 December 2023

Performance against objective

Over the reporting period the fund delivered positive returns across all share classes, registering double-digit returns. However, it finished behind its benchmark, the iBoxx Sterling Corporates GBP index, which returned 10.9% over the same period.

Over five years the fund registered positive returns, with some of the share classes outperforming the benchmark and some behind the benchmark's return of 1.3% pa. The fund's objective is to provide a higher total return (the combination of capital growth and income), net of the ongoing charge figure, than the average of the iBoxx Sterling Corporates GBP index over any five-year period.

It should be noted that prior to 6 March 2023, the benchmark was the IA Sterling Corporate Bond Sector. Thereafter, it is the iBoxx Sterling Corporates GBP

Index. The performance of the sector and that of the index have been linked to reflect the change.

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 review period started positively for fixed income investments, as cooling inflation and resilient economies suggested interest rates may be close to peaking. However, sentiment dipped over the coming months as central banks turned more hawkish, signalling rates would stay higher for longer. While this was detrimental for government bonds, credit markets proved relatively robust.

In October, the Middle East conflict further dampened investor confidence and pushed credit spreads wider. However, November kicked off a powerful two-month rally across most markets, as consensus grew around interest rate cuts in 2024 and a soft landing for major economies.

Government bond yields fell significantly in these final two months, particularly on longer-dated bonds, driving up their prices (the two move inversely). Gilts (UK government bonds) outperformed US treasuries, helped by a weakening US dollar as the fastest rate cuts were predicted in the US. Corporate bonds, particularly sterling ones, also performed strongly as credit spreads tightened (meaning a smaller difference in yield between different-quality bonds of the same maturity date). Fund performance improved markedly in this environment, helped by our long duration position.

The strong fourth quarter more than outweighed earlier weakness, and the fund performed positively over the six-month period, although it underperformed the benchmark. Sterling investment grade bonds, where the fund primarily invests, outperformed other markets, with the best returns coming from BBB-rated bonds (the fund's average credit rating).

Stock selection (notably in sterling investment grade names) and the yield curve (duration) positioning of the fund had the biggest positive impact, while asset

Authorised Corporate Director's Report

allocation detracted. Our below-benchmark duration positioning in sterling credit detracted from relative performance, whereas we benefited from longer duration in euro- and US dollar-denominated non-financial bonds. Our longer gilt duration was also advantageous. Gilts were the biggest individual contributor during the period, followed by EDF (energy), German bank KfW and some tobacco companies. Oracle and Boeing were the largest individual detractors.

Investment activities

Our preference is to reduce credit risk when credit spreads tighten, by reducing exposure to high-performing names. For example, in July we sold some long-dated bonds from SSE (energy) and Gatwick Funding. We also trimmed exposure to Ørsted (renewable energy), Broadcom (semiconductors) and some water companies, and bought some attractive financial services names (including Intesa Sanpaolo, ABN AMRO and Barclays).

Later, we sold good performers Boeing, Ford and several tobacco companies, and some long-dated US dollar corporate bonds. In November, with sterling credit performing well, we reduced exposure to some sterling-denominated bonds including Ford, McDonald's and KfW. We became more selective in our exposure to financials during the period, rotating from US banks towards European ones: these performed better and aren't exposed to US regional banks.

The primary market was quiet over the summer, but in September we bought a covered bond issue from HSBC as well as sterling bonds from Suez and Southern Gas (utilities). Later in the period we added KfW and Apple at attractive prices, and capitalised on market dislocations to buy Southern Water. We also made some relative value switches during the period, including in Cadent Finance and British American Tobacco (BAT International Finance).

We lengthened the fund's duration (a measure of its sensitivity to interest rates) over the review period, finishing 0.6 years above the benchmark. This reflects

our view that yields could decrease further. We remain broadly neutral on credit as valuations look generally fair.

Outlook

The last quarter has been one of the best in two decades for fixed income: gains in the final two months were so significant that bond markets erased all the losses incurred in earlier quarters to avoid finishing in negative territory for the third consecutive year. The main catalyst was the expectation of interest rate cuts ahead. Despite the significant move in rates over the last couple of months, we believe there is still potential for government bond prices to increase further as inflation subsides. As a result, we maintain our long duration position for now.

Economic growth is showing signs of easing, although it remains supported by consumer spending and a robust labour market. While credit markets have been surprisingly resilient and have performed well in the market rebound, we believe credit valuations are still fair. We remain comfortable with our marginal underweight position in credit beta and will continue to add value by exploring market dislocations through relative value trades and new issues in the primary market.

Richard Woolnough & Ben Lord

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 31.12.23 £'000	as at 31.12.23 %	as at 30.06.23 %
Fixed income	1,272,244	95.58	93.62
Debt securities	1,273,936	95.71	93.57
'AAA' credit rated bonds	159,337	11.97	4.16
£2,840,000 Broadgate Financing 4.821% 05/07/2033	2,828	0.21	
£4,429,000 Canadian Imperial Bank of Commerce FRN 5.927% 23/06/2026	4,470	0.33	
£4,131,000 Clydesdale Bank FRN 5.8187% 22/09/2028	4,128	0.31	
£5,000,000 Commonwealth Bank of Australia FRN 5.591% 01/11/2028	5,054	0.38	
£20,000,000 European Investment Bank 4.875% 16/12/2030	21,378	1.61	
£1,863,000 HSBC FRN 5.7209% 25/08/2028	1,862	0.14	
£15,000,000 Inter-American Development Bank 4.75% 05/10/2029	15,785	1.19	
£1,500,000 Inter-American Development Bank 5% 20/07/2030	1,602	0.12	
£5,000,000 KfW 0.875% 15/09/2026	4,608	0.35	
£35,000,000 KfW 4.875% 03/02/2031	37,441	2.81	
£10,000,000 Lloyds Bank 6% 08/02/2029	10,781	0.81	
£4,441,000 Nationwide Building Society FRN 5.1879% 24/02/2031	4,360	0.33	
£5,000,000 Nationwide Building Society FRN 5.8909% 24/10/2030	4,999	0.37	
£14,000,000 Royal Bank of Canada FRN 5.0412% 30/01/2025	13,997	1.05	
£12,000,000 Santander 5.25% 16/02/2029	12,650	0.95	
£3,250,000 TSB Bank FRN 5.2901% 22/06/2028	3,216	0.24	
£5,000,000 Wellcome Trust Finance 4.625% 25/07/2036	5,172	0.39	
£5,000,000 Westpac Banking FRN 5.9708% 11/01/2028	5,006	0.38	
'AA' credit rated bonds	217,898	16.37	11.99
£5,000,000 Apple 3.05% 31/07/2029	4,836	0.36	
£815,000 Broadgate Financing 4.999% 05/10/2031	799	0.06	
£5,000,000 Deutsche Pfandbriefbank FRN 5.9009% 01/09/2026	4,989	0.38	
£7,000,000 Land Securities Capital Markets 1.974% 08/02/2024	6,974	0.52	
£5,877,000 Land Securities Capital Markets 2.399% 08/02/2029	5,352	0.40	
£553,000 Land Securities Capital Markets Var. Rate 5.391% 31/03/2027	551	0.04	
£12,660,000 MassMutual Global Funding II 1.375% 15/12/2026	11,603	0.87	
£4,807,000 Mercantile Investment Trust 6.125% 25/02/2030	5,090	0.38	
£6,426,000 Metropolitan Life Global Funding I 0.625% 08/12/2027	5,588	0.42	
£5,000,000 Metropolitan Life Global Funding I 1.625% 12/10/2028	4,437	0.33	
£1,000,000 Metropolitan Life Global Funding I 1.625% 21/09/2029	865	0.07	

Portfolio statement

Investments (continued)

Holding	as at 31.12.23 £'000	as at 31.12.23 %	as at 30.06.23 %
Fixed income (continued)			
Debt securities (continued)			
'AA' credit rated bonds (continued)			
£14,000,000 New York Life Global Funding 0.75% 14/12/2028	11,888	0.89	
£3,840,000 New York Life Global Funding 1.25% 17/12/2026	3,516	0.27	
£5,000,000 Oesterreichische Kontrollbank 4.25% 17/03/2026	4,985	0.38	
£7,000,000 SNCF Réseau 5.25% 07/12/2028	7,412	0.56	
£857,942 Telereal Securitisation 1.3657% 10/12/2031	760	0.06	
£160,000,000 UK Treasury 0.625% 22/10/2050	70,179	5.27	
£25,000,000 UK Treasury 0.875% 31/01/2046	13,296	1.00	
£15,000,000 UK Treasury 3.75% 22/07/2052	14,000	1.05	
£35,000,000 UK Treasury 4.25% 07/12/2046	35,274	2.65	
£4,923,000 Walmart 5.625% 27/03/2034	5,504	0.41	
'A' credit rated bonds	145,451	10.93	11.93
£3,000,000 Anglian Water Services Financing 2.75% 26/10/2029	2,709	0.20	
£1,425,000 Anglian Water Services Financing 6% 20/06/2039	1,536	0.12	
€3,000,000 AXA Var. Rate 5.5% 11/07/2043	2,789	0.21	
£800,000 Banco Santander 5.125% 25/01/2030	812	0.06	
£1,400,000 Banco Santander Var. Rate 4.75% 30/08/2028	1,391	0.10	
£5,000,000 Bank of America Var. Rate 1.667% 02/06/2029	4,387	0.33	
£5,000,000 Comcast 5.5% 23/11/2029	5,328	0.40	
£198,873 Coventry & Rugby Hospital 3.246% 30/06/2040	440	0.03	
£2,000,000 Crédit Agricole Var. Rate 5.75% 29/11/2027	2,044	0.15	
£2,893,000 East Japan Railway 1.162% 15/09/2028	2,521	0.19	
£3,000,000 Grand Union 4.625% 04/12/2043	2,574	0.19	
£645,361 Greater Gabbard OFTO 4.137% 29/11/2032	625	0.05	
£1,192,000 Housing Finance 5% 30/09/2027	1,184	0.09	
£2,000,000 HSBC Var. Rate 3% 29/05/2030	1,795	0.13	
£1,327,180 Integrated Accommodation Services 6.48% 31/03/2029	1,372	0.10	
£4,000,000 International Business Machines 4.875% 06/02/2038	3,954	0.30	
£5,000,000 JPMorgan Chase Var. Rate 1.895% 28/04/2033	4,083	0.31	
US\$2,500,000 JPMorgan Chase Var. Rate 2.739% 15/10/2030	1,737	0.13	
US\$6,000,000 JPMorgan Chase Var. Rate 4.912% 25/07/2033	4,636	0.35	

Portfolio statement

Investments (continued)

Holding	as at 31.12.23 £'000	as at 31.12.23 %	as at 30.06.23 %
Fixed income (continued)			
Debt securities (continued)			
'A' credit rated bonds (continued)			
£2,790,000 Leeds Building Society 1.375% 06/10/2027	2,457	0.18	
£1,000,000 London & Quadrant Housing Trust 2.625% 28/02/2028	921	0.07	
£12,000,000 Morgan Stanley Var. Rate 5.789% 18/11/2033	12,749	0.96	
£2,750,000 Northern Powergrid Yorkshire 4.375% 05/07/2032	2,687	0.20	
£3,000,000 Notting Hill Genesis 3.75% 20/12/2032	2,781	0.21	
€4,000,000 Philip Morris International 1.45% 01/08/2039	2,280	0.17	
€7,000,000 Philip Morris International 1.875% 06/11/2037	4,558	0.34	
€7,000,000 Philip Morris International 2% 09/05/2036	4,770	0.36	
£2,000,000 Places for People 3.625% 22/11/2028	1,888	0.14	
£199,876 Road Management Services 3.642% 31/03/2028	453	0.03	
£5,000,000 Royal Bank of Canada 5% 24/01/2028	5,048	0.38	
£10,000,000 Shell International Finance 1% 10/12/2030	8,156	0.61	
£1,888,000 Society of Lloyd's Var. Rate 4.875% 07/02/2047	1,826	0.14	
£4,176,000 South Eastern Power Networks 5.5% 05/06/2026	4,264	0.32	
£3,100,000 South Eastern Power Networks 6.375% 12/11/2031	3,470	0.26	
£5,872,000 Toronto-Dominion Bank 2.875% 05/04/2027	5,565	0.42	
€3,000,000 TotalEnergies Var. Rate 2.125% Perpetual	2,085	0.16	
£5,128,000 Toyota Motor Finance 4.625% 08/06/2026	5,135	0.39	
£8,208,000 UBS Var. Rate 1.875% 03/11/2029	7,175	0.54	
£5,000,000 UBS Var. Rate 2.25% 09/06/2028	4,530	0.34	
£6,000,000 Wales & West Utilities Finance 5% 07/03/2028	6,075	0.46	
£3,500,000 Wales & West Utilities Finance 5.75% 29/03/2030	3,662	0.28	
US\$1,000,000 Willow No. 2 Var. Rate 4.25% 01/10/2045	752	0.06	
£6,500,000 Zurich Finance Ireland Designated Activity Var. Rate 5.125% 23/11/2052	6,247	0.47	
	741,324	55.69	63.04
'BBB' credit rated bonds			
£4,000,000 3i 5.75% 03/12/2032	4,270	0.32	
£6,000,000 ABN AMRO Bank 5.125% 22/02/2028	6,093	0.46	
US\$3,000,000 AerCap Ireland Capital 3.3% 30/01/2032	2,041	0.15	
€5,000,000 Altria 3.125% 15/06/2031	3,936	0.30	
£3,000,000 América Móvil 4.948% 22/07/2033	3,073	0.23	

Portfolio statement

Investments (continued)

Holding	as at 31.12.23 £'000	as at 31.12.23 %	as at 30.06.23 %
Fixed income (continued)			
Debt securities (continued)			
'BBB' credit rated bonds (continued)			
£2,569,000	Annington Funding 2.308% 06/10/2032	1,997	0.15
£2,910,000	Annington Funding 2.924% 06/10/2051	1,784	0.13
£2,889,000	Annington Funding 3.184% 12/07/2029	2,578	0.19
£4,152,000	Annington Funding 3.685% 12/07/2034	3,488	0.26
£1,812,000	Annington Funding 3.935% 12/07/2047	1,402	0.11
£3,000,000	APA Infrastructure 2.5% 15/03/2036	2,210	0.17
£5,000,000	APA Infrastructure 3.125% 18/07/2031	4,356	0.33
£3,000,000	Aroundtown 3% 16/10/2029	2,161	0.16
US\$1,000,000	Aroundtown 5.375% 21/03/2029	638	0.05
£2,500,000	Assicurazioni Generali Var. Rate 6.269% Perpetual	2,489	0.19
£20,000,000	AT&T 4.375% 14/09/2029	19,704	1.48
£5,000,000	Australia & New Zealand Banking Var. Rate 1.809% 16/09/2031	4,482	0.34
£5,000,000	Aviva Var. Rate 4% 03/06/2055	4,101	0.31
£6,950,000	Aviva Var. Rate 4.375% 12/09/2049	6,478	0.49
£2,000,000	Aviva Var. Rate 5.125% 04/06/2050	1,905	0.14
£3,000,000	Banco Bilbao Vizcaya Argentaria Var. Rate 3.104% 15/07/2031	2,775	0.21
US\$800,000	Banco Santander 2.958% 25/03/2031	538	0.04
£10,000,000	Banco Santander Var. Rate 2.25% 04/10/2032	8,638	0.65
US\$1,400,000	Banco Santander Var. Rate 3.225% 22/11/2032	914	0.07
£5,000,000	Barclays Var. Rate 6.369% 31/01/2031	5,181	0.39
£5,000,000	Barclays Var. Rate 8.407% 14/11/2032	5,325	0.40
£15,363,000	BAT International Finance 2.25% 09/09/2052	6,810	0.51
£12,408,000	BAT International Finance 4% 23/11/2055	7,755	0.58
£1,637,000	BAT International Finance 6% 24/11/2034	1,609	0.12
£4,000,000	BNP Paribas 1.25% 13/07/2031	3,109	0.23
£7,800,000	BNP Paribas 2.875% 24/02/2029	7,105	0.53
£8,000,000	BNP Paribas 5.75% 13/06/2032	8,418	0.63
€3,447,000	BP Capital Markets Var. Rate 3.625% Perpetual	2,800	0.21
£5,000,000	BP Capital Markets Var. Rate 4.25% Perpetual	4,687	0.35
£6,000,000	BPCE 5.25% 16/04/2029	5,898	0.44

Portfolio statement

Investments (continued)

Holding	as at 31.12.23 £'000	as at 31.12.23 %	as at 30.06.23 %
Fixed income (continued)			
Debt securities (continued)			
'BBB' credit rated bonds (continued)			
£8,000,000 BPCE Var. Rate 2.5% 30/11/2032	6,999	0.53	
£14,000,000 British Telecommunications 3.125% 21/11/2031	12,575	0.94	
£7,632,000 British Telecommunications 6.375% 23/06/2037	8,341	0.63	
£4,000,000 BUPA Finance 1.75% 14/06/2027	3,598	0.27	
£2,000,000 BUPA Finance 4.125% 14/06/2035	1,617	0.12	
£1,000,000 BUPA Finance 5% 08/12/2026	982	0.07	
£6,000,000 Cadent Finance 2.625% 22/09/2038	4,322	0.32	
£10,000,000 CaixaBank Var. Rate 3.5% 06/04/2028	9,446	0.71	
US\$706,000 Celanese 6.379% 15/07/2032	583	0.04	
£1,000,000 Centrica 4.375% 13/03/2029	987	0.07	
£9,000,000 Centrica 7% 19/09/2033	10,331	0.78	
£7,000,000 Channel Link Enterprises Finance Var. Rate 3.043% 30/06/2050	6,208	0.47	
£8,000,000 Cooperatieve Rabobank 4.625% 23/05/2029	7,745	0.58	
£3,301,000 Coventry Building Society 2% 20/12/2030	2,664	0.20	
£2,785,000 CPUK Finance 3.69% 28/08/2028	2,602	0.20	
£7,700,000 Crédit Agricole Var. Rate 1.874% 09/12/2031	6,859	0.52	
£1,000,000 Crédit Agricole Var. Rate 7.5% Perpetual	991	0.07	
£1,703,000 CRH Finance 4.125% 02/12/2029	1,650	0.12	
£4,000,000 Danske Bank Var. Rate 2.25% 14/01/2028	3,649	0.27	
£829,200 Delamare Finance 5.5457% 19/02/2029	827	0.06	
£5,920,000 Delamare Finance 6.067% 19/02/2029	6,116	0.46	
€3,000,000 Deutsche Bahn Finance Var. Rate 1.6% Perpetual	2,200	0.17	
£2,500,000 Deutsche Bank Var. Rate 6.125% 12/12/2030	2,529	0.19	
US\$6,940,000 Deutsche Telekom International Finance 8.75% 15/06/2030	6,521	0.49	
US\$843,000 Deutsche Telekom International Finance 9.25% 01/06/2032	855	0.06	
£1,640,000 DWR Cymru Financing 2.375% 31/03/2034	1,226	0.09	
£5,000,000 E.ON International Finance 4.75% 31/01/2034	4,893	0.37	
£6,000,000 E.ON International Finance 5.875% 30/10/2037	6,399	0.48	
£1,000,000 E.ON International Finance 6.25% 03/06/2030	1,083	0.08	
£1,000,000 E.ON International Finance 6.375% 07/06/2032	1,101	0.08	

Portfolio statement

Investments (continued)

Holding	as at 31.12.23 £'000	as at 31.12.23 %	as at 30.06.23 %
Fixed income (continued)			
Debt securities (continued)			
'BBB' credit rated bonds (continued)			
£4,050,000 EDF 5.125% 22/09/2050	3,730	0.28	
£2,500,000 EDF 5.5% 25/01/2035	2,515	0.19	
£2,000,000 EDF 5.5% 27/03/2037	1,977	0.15	
£7,800,000 EDF 5.5% 17/10/2041	7,641	0.57	
£2,000,000 EDF 5.875% 18/07/2031	2,108	0.16	
US\$1,500,000 EDF 6% 22/01/2114	1,158	0.09	
£7,000,000 EDF 6.125% 02/06/2034	7,440	0.56	
£4,000,000 Electricity North West 8.875% 25/03/2026	4,344	0.33	
US\$4,000,000 Enel Finance International 6.8% 15/09/2037	3,425	0.26	
€9,000,000 Engie 5.95% 16/03/2111	9,885	0.74	
US\$1,500,000 Eni 4.75% 12/09/2028	1,174	0.09	
€178,000 Eni Var. Rate 3.375% Perpetual	142	0.01	
£1,865,000 ENW Finance 4.893% 24/11/2032	1,910	0.14	
£1,000,000 Eversholt Funding 3.529% 07/08/2042	790	0.06	
£4,000,000 Gatwick Funding 2.5% 15/04/2030	3,509	0.26	
£13,500,000 Gatwick Funding 3.125% 28/09/2039	10,296	0.77	
£2,000,000 Gatwick Funding 4.625% 27/03/2034	1,913	0.14	
£3,000,000 Gatwick Funding 5.75% 23/01/2037	3,079	0.23	
£2,000,000 Goldman Sachs Var. Rate 3.625% 29/10/2029	1,889	0.14	
£2,781,000 Grainger 3% 03/07/2030	2,375	0.18	
£1,070,100 Greene King Finance 4.0643% 15/03/2035	961	0.07	
£1,232,871 Greene King Finance 5.318% 15/09/2031	1,208	0.09	
£6,000,000 H.J. Heinz Finance 6.25% 18/02/2030	6,322	0.48	
£4,951,000 Hammerson 7.25% 21/04/2028	5,129	0.39	
€869,000 Hammerson Ireland Finance 1.75% 03/06/2027	691	0.05	
£10,000,000 Heathrow Funding 2.75% 13/10/2029	9,049	0.68	
£3,000,000 Heathrow Funding 5.875% 13/05/2041	3,223	0.24	
£6,000,000 Heathrow Funding 7.075% 04/08/2028	6,551	0.49	
£5,000,000 Holcim Sterling Finance (Netherlands) 3% 12/05/2032	4,328	0.33	
£5,000,000 HSBC Var. Rate 8.201% 16/11/2034	5,496	0.41	

Portfolio statement

Investments (continued)

Holding	as at 31.12.23 £'000	as at 31.12.23 %	as at 30.06.23 %
Fixed income (continued)			
Debt securities (continued)			
'BBB' credit rated bonds (continued)			
€3,000,000 Iberdrola International Var. Rate 2.25% Perpetual	2,323	0.17	
£23,000,000 Imperial Brands Finance 4.875% 07/06/2032	21,102	1.59	
£3,000,000 Imperial Brands Finance 5.5% 28/09/2026	3,021	0.23	
£4,000,000 ING Var. Rate 6.25% 20/05/2033	4,024	0.30	
£5,000,000 InterContinental Hotels 3.375% 08/10/2028	4,657	0.35	
£3,000,000 Intesa Sanpaolo 2.5% 15/01/2030	2,531	0.19	
£3,886,000 Intesa Sanpaolo 2.625% 11/03/2036	2,822	0.21	
£5,000,000 Intesa Sanpaolo 6.625% 31/05/2033	5,268	0.40	
US\$8,000,000 Italy (Republic of) 3.875% 06/05/2051	4,486	0.34	
£1,500,000 Italy (Republic of) 6% 04/08/2028	1,570	0.12	
£2,000,000 KBC Var. Rate 5.5% 20/09/2028	2,035	0.15	
£2,500,000 KPN 5.75% 17/09/2029	2,625	0.20	
£3,000,000 La Banque Postale Var. Rate 5.625% 21/09/2028	3,025	0.23	
£12,500,000 Legal & General Var. Rate 5.125% 14/11/2048	12,199	0.92	
£3,500,000 Legal & General Var. Rate 5.625% Perpetual	2,964	0.22	
£350,000 Lloyds Bank 11.75% Perpetual	519	0.04	
£7,500,000 Lloyds Banking Var. Rate 2.707% 03/12/2035	6,015	0.45	
£1,562,000 Logicor Financing 2.75% 15/01/2030	1,286	0.10	
£750,000 Longstone Finance 4.896% 19/04/2031	710	0.05	
£11,000,000 Manchester Airport Funding 4.75% 31/03/2034	10,906	0.82	
£4,000,000 McDonald's 5.875% 23/04/2032	4,417	0.33	
£10,000,000 Mexico (United Mexican States) 5.625% 19/03/2114	7,698	0.58	
£943,880 Mitchells & Butlers Finance 5.574% 15/12/2030	927	0.07	
£2,509,590 Mitchells & Butlers Finance FRN 5.7202% 15/12/2033	2,153	0.16	
£300,000 Mondelēz International 3.875% 06/03/2045	241	0.02	
US\$3,032,000 National Australia Bank Var. Rate 3.347% 12/01/2037	1,964	0.15	
£12,000,000 National Gas Transmission 1.125% 14/01/2033	8,709	0.65	
£2,000,000 National Gas Transmission 1.375% 07/02/2031	1,581	0.12	
£3,000,000 National Gas Transmission 5.75% 05/04/2035	3,148	0.24	
£4,000,000 National Grid Electricity Distribution East Midlands 1.75% 09/09/2031	3,245	0.24	

Portfolio statement

Investments (continued)

Holding	as at 31.12.23 £'000	as at 31.12.23 %	as at 30.06.23 %
Fixed income (continued)			
Debt securities (continued)			
'BBB' credit rated bonds (continued)			
£5,000,000 National Grid Electricity Distribution West Midlands 5.75% 16/04/2032	5,315	0.40	
£1,780,000 Nationwide Building Society Var. Rate 6.178% 07/12/2027	1,827	0.14	
£6,000,000 NatWest Var. Rate 2.105% 28/11/2031	5,343	0.40	
£2,589,000 NatWest Var. Rate 3.619% 29/03/2029	2,423	0.18	
£1,099,000 NatWest Var. Rate 3.622% 14/08/2030	1,051	0.08	
£4,654,000 Next 4.375% 02/10/2026	4,601	0.35	
£2,500,000 NIE Finance 5.875% 01/12/2032	2,695	0.20	
£4,000,000 NIE Finance 6.375% 02/06/2026	4,138	0.31	
£4,000,000 Nordea Bank Var. Rate 1.625% 09/12/2032	3,414	0.26	
£4,500,000 Northern Gas Networks 5.625% 23/03/2040	4,613	0.35	
£2,500,000 Northumbrian Water 5.625% 29/04/2033	2,564	0.19	
£4,000,000 Orange 8.125% 20/11/2028	4,684	0.35	
£12,000,000 Pearson Funding 3.75% 04/06/2030	11,167	0.84	
€2,500,000 Repsol International Finance Var. Rate 3.75% Perpetual	2,124	0.16	
£1,500,000 Saint-Gobain 4.625% 09/10/2029	1,508	0.11	
£4,000,000 Santander Var. Rate 2.421% 17/01/2029	3,570	0.27	
£4,000,000 Scotland Gas Networks 4.875% 21/12/2034	3,896	0.29	
£3,000,000 Scottish Hydro Electric Transmission 2.25% 27/09/2035	2,330	0.18	
£4,000,000 Severn Trent Utilities Finance 2.75% 05/12/2031	3,472	0.26	
£735,000 Severn Trent Utilities Finance 4.625% 30/11/2034	716	0.05	
£6,000,000 Severn Trent Utilities Finance 6.25% 07/06/2029	6,417	0.48	
£2,620,000 Skipton Building Society Var. Rate 6.25% 25/04/2029	2,646	0.20	
US\$2,500,000 Société Générale Var. Rate 3.337% 21/01/2033	1,643	0.12	
£6,000,000 Southern Gas Networks 3.1% 15/09/2036	4,789	0.36	
£1,500,000 Southern Gas Networks 6.375% 15/05/2040	1,627	0.12	
€1,250,000 Southern Var. Rate 1.875% 15/09/2081	930	0.07	
£1,345,000 Southern Water Services Finance 1.625% 30/03/2027	1,185	0.09	
£2,500,000 Southern Water Services Finance 2.375% 28/05/2028	2,185	0.16	
£6,000,000 Southern Water Services Finance 3% 28/05/2037	4,277	0.32	
£3,445,000 SP Transmission 2% 13/11/2031	2,924	0.22	

Portfolio statement

Investments (continued)

Holding	as at 31.12.23 £'000	as at 31.12.23 %	as at 30.06.23 %
Fixed income (continued)			
Debt securities (continued)			
'BBB' credit rated bonds (continued)			
£4,000,000 SSE 8.375% 20/11/2028	4,681	0.35	
£3,400,000 Suez 6.625% 05/10/2043	3,934	0.30	
£1,836,000 SW Finance I 7.375% 12/12/2041	1,953	0.15	
£1,217,000 Swedbank Var. Rate 1.375% 08/12/2027	1,098	0.08	
£3,000,000 Swedbank Var. Rate 7.272% 15/11/2032	3,093	0.23	
£193,475 Telereal Securitisation 6.1645% 10/12/2031	196	0.01	
£1,000,000 Tesco Corporate Treasury Services 1.875% 02/11/2028	879	0.07	
£5,000,000 Tesco Corporate Treasury Services 5.5% 27/02/2035	5,038	0.38	
£4,502,277 Tesco Property Finance 3 5.744% 13/04/2040	4,540	0.34	
£4,000,000 Thames Water Utilities Finance 2.625% 24/01/2032	3,122	0.23	
£3,600,000 Thames Water Utilities Finance 6.5% 09/02/2032	3,579	0.27	
£8,500,000 Thames Water Utilities Finance 6.75% 16/11/2028	8,622	0.65	
£3,400,000 Trafford Centre Finance FRN 5.4019% 28/07/2038	2,703	0.20	
£3,300,000 United Utilities Water Finance 2.625% 12/02/2031	2,907	0.22	
£10,000,000 Verizon Communications 1.875% 19/09/2030	8,445	0.63	
£2,500,000 Verizon Communications 3.125% 02/11/2035	2,103	0.16	
£5,000,000 Verizon Communications 3.375% 27/10/2036	4,275	0.32	
£6,000,000 Verizon Communications 4.75% 17/02/2034	5,946	0.45	
£11,000,000 Volkswagen International Finance 4.125% 17/11/2031	10,209	0.77	
£4,000,000 Wells Fargo 2.125% 24/09/2031	3,278	0.25	
£10,000,000 Wells Fargo 4.875% 29/11/2035	9,394	0.71	
£7,000,000 Wells Fargo Var. Rate 3.473% 26/04/2028	6,674	0.50	
£3,398,000 Welltower 4.8% 20/11/2028	3,408	0.26	
£4,000,000 Westfield America Management 2.625% 30/03/2029	3,453	0.26	
£6,000,000 Whitbread 3% 31/05/2031	5,148	0.39	
£6,994,000 WPP Finance 2017 3.75% 19/05/2032	6,343	0.48	
£1,620,000 Yorkshire Building Society Var. Rate 1.5% 15/09/2029	1,347	0.10	
£2,426,000 Yorkshire Power Finance 7.25% 04/08/2028	2,661	0.20	
£2,000,000 Yorkshire Water Finance 5.25% 28/04/2030	1,995	0.15	
£1,167,000 Yorkshire Water Finance 5.5% 28/04/2035	1,150	0.09	

Portfolio statement

Investments (continued)

Holding	as at 31.12.23 £'000	as at 31.12.23 %	as at 30.06.23 %
Fixed income (continued)			
Debt securities (continued)			
'BB' credit rated bonds	9,123	0.69	2.18
£3,500,000 Bank of Ireland Var. Rate 7.594% 06/12/2032	3,640	0.27	
£550,000 Daily Mail & General Trust 6.375% 21/06/2027	522	0.04	
£728,000 Intesa Sanpaolo 5.148% 10/06/2030	657	0.05	
£1,000,000 Intesa Sanpaolo 8.505% 20/09/2032	1,084	0.08	
£1,000,000 Lloyds Banking Var. Rate 7.875% Perpetual	976	0.07	
£1,000,000 Marston's Issuer Var. Rate 5.1774% 15/07/2032	881	0.07	
£504,206 Marston's Issuer Var. Rate 5.9051% 15/10/2027	474	0.04	
£942,732 Mitchells & Butlers Finance 6.013% 15/12/2028	889	0.07	
'CCC' credit rated bonds	0	0.00	0.26
'D' credit rated bonds	803	0.06	0.01
£192,146 INTU Debenture 5.562% 31/12/2027	76	0.01	
£727,104 INTU Metrocentre 1% 04/12/2024	727	0.05	
Bonds with no credit rating	0	0.00	0.00
£250,000 Washington Mutual Bank 5.5% 10/06/2059 ^a	0	0.00	
Debt derivatives	(1,692)	(0.13)	0.05
Interest rate swaps	(467)	(0.04)	0.03
US\$11,000,000 Pay 3.3987% Receive VAR Oct 2052	(54)	(0.01)	
£4,400,000 Pay 3.9077% Receive VAR Nov 2053	(413)	(0.03)	
Interest rate futures	(1,225)	(0.09)	0.02
(300) Euro-Bund Mar 2024	(943)	(0.07)	
(40) UK Long Gilt Bond March 2024	(282)	(0.02)	
Currency	324	0.02	(0.12)
Forward currency contracts	324	0.02	(0.12)
US\$867,708 Bought for £685,029 (expires 31.01.24)	(4)	0.00	
€(50,169,836) Sold for £43,626,138 (expires 31.01.24)	(19)	0.00	
US\$(44,094,990) Sold for £34,939,804 (expires 31.01.24)	347	0.02	
Total portfolio	1,272,568	95.60	93.50
Net other assets/(liabilities)	58,542	4.40	6.50
Net assets attributable to shareholders	1,331,110	100.00	100.00

^a Defaulted bond.

Portfolio statement

Top ten portfolio transactions for the six months to 31 December 2023

Largest purchases	£'000
KfW 4.875% 03/02/2031	35,132
UK Treasury 4.25% 07/12/2046	23,048
European Investment Bank 4.875% 16/12/2030	20,167
Inter-American Development Bank 4.75% 05/10/2029	15,264
UK Treasury 0.875% 31/01/2046	11,381
UK Treasury 4.75% 07/12/2038	9,891
UK Treasury 4.5% 07/06/2028	9,789
UK Treasury 0.625% 22/10/2050	9,450
Shell International Finance 1% 10/12/2030	7,440
Westpac Banking FRN 5.9708% 11/01/2028	5,026
Other purchases	95,642
Total purchases	242,230

Largest sales	£'000
UK Treasury 4.75% 07/12/2038	10,162
UK Treasury 4.5% 07/06/2028	9,848
Cadent Finance 2.125% 22/09/2028	7,940
Aviva Var. Rate 6.125% 14/11/2036	5,922
Morgan Stanley Var. Rate 2.484% 16/09/2036	5,916
América Móvil 4.375% 07/08/2041	5,731
Bank of America Var. Rate 3.584% 27/04/2031	5,719
Citigroup Var. Rate 3.785% 17/03/2033	5,552
JPMorgan Chase Var. Rate 2.069% 01/06/2029	5,378
Walmart 5.625% 27/03/2034	5,342
Other sales	216,329
Total sales	283,839

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

Financial highlights

Fund performance

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

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

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

Long-term performance by share class

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

Share class	Six months % ^a	Three years % pa	Five years % pa	Ten years % pa
Sterling				
Class 'A' Income	+10.6	-3.1	+1.2	+2.5
Class 'A' Accumulation	+10.6	-3.1	+1.2	+2.5
Class 'I' Income	+10.8	-2.7	+1.7	+3.0
Class 'I' Accumulation	+10.8	-2.7	+1.7	+3.0
Class 'PP' Income	+10.9	-2.6	n/a	n/a
Class 'PP' Accumulation	+10.9	-2.6	n/a	n/a
Class 'R' Income	+10.7	-3.0	+1.4	+2.8
Class 'R' Accumulation	+10.7	-3.0	+1.4	+2.7
Benchmark	+10.9	-3.4	+1.3	+2.9

^a Not annualised.

Specific share class performance

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

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

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

Financial highlights

Sterling Class 'A' Income share performance

The share class was launched on 15 April 1994.

Change in NAV per share	Six months to 31.12.23 UK p	Year to 30.06.23 UK p	Year to 30.06.22 UK p
Opening NAV	32.00	34.92	41.18
Return before operating charges	3.51	(1.22)	(4.91)
Operating charges	(0.14)	(0.28)	(0.32)
Return after operating charges	3.37	(1.50)	(5.23)
Distributions	(0.80)	(1.42)	(1.03)
Closing NAV	34.57	32.00	34.92
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	0.83	0.83	0.82
Return after charges	+10.53	-4.30	-12.70
Other information			
Closing NAV (£'000)	295,816	287,311	353,993
Number of shares	855,683,903	897,772,903	1,013,603,915
Highest share price (UK p)	35.18	36.57	41.80
Lowest share price (UK p)	31.64	29.95	34.98

Sterling Class 'A' Accumulation share performance

The share class was launched on 15 April 1994.

Change in NAV per share	Six months to 31.12.23 UK p	Year to 30.06.23 UK p	Year to 30.06.22 UK p
Opening NAV	65.79	68.75	78.91
Return before operating charges	7.26	(2.40)	(9.53)
Operating charges	(0.28)	(0.56)	(0.63)
Return after operating charges	6.98	(2.96)	(10.16)
Distributions	(1.37)	(2.28)	(1.37)
Retained distributions	1.37	2.28	1.37
Closing NAV	72.77	65.79	68.75
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	0.83	0.83	0.82
Return after charges	+10.61	-4.31	-12.88
Other information			
Closing NAV (£'000)	158,923	152,173	197,071
Number of shares	218,390,638	231,302,638	286,662,143
Highest share price (UK p)	73.22	72.00	80.11
Lowest share price (UK p)	65.04	59.56	68.30

Financial highlights

Sterling Class 'I' Income share performance

The share class was launched on 2 July 2007.

Change in NAV per share	Six months to 31.12.23 UK p	Year to 30.06.23 UK p	Year to 30.06.22 UK p
Opening NAV	33.08	35.95	42.23
Return before operating charges	3.62	(1.25)	(5.05)
Operating charges	(0.07)	(0.15)	(0.17)
Return after operating charges	3.55	(1.40)	(5.22)
Distributions	(0.82)	(1.47)	(1.06)
Closing NAV	35.81	33.08	35.95
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	0.43	0.43	0.41
Return after charges	+10.73	-3.89	-12.36
Other information			
Closing NAV (£'000)	306,424	316,565	382,334
Number of shares	855,766,244	956,951,244	1,063,459,984
Highest share price (UK p)	36.44	37.67	42.89
Lowest share price (UK p)	32.71	30.87	36.01

Sterling Class 'I' Accumulation share performance

The share class was launched on 2 July 2007.

Change in NAV per share	Six months to 31.12.23 UK p	Year to 30.06.23 UK p	Year to 30.06.22 UK p
Opening NAV	70.44	73.32	83.82
Return before operating charges	7.79	(2.57)	(10.16)
Operating charges	(0.16)	(0.31)	(0.34)
Return after operating charges	7.63	(2.88)	(10.50)
Distributions	(1.61)	(2.73)	(1.78)
Retained distributions	1.61	2.73	1.78
Closing NAV	78.07	70.44	73.32
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	0.43	0.42
Return after charges	+10.83	-3.93	-12.53
Other information			
Closing NAV (£'000)	376,985	357,432	356,437
Number of shares	482,859,210	507,394,210	486,164,547
Highest share price (UK p)	78.55	76.81	85.13
Lowest share price (UK p)	69.65	63.59	72.83

Financial highlights

Sterling Class 'PP' Income share performance

The share class was launched on 5 August 2019.

Change in NAV per share	Six months to 31.12.23 UK p	Year to 30.06.23 UK p	Year to 30.06.22 UK p
Opening NAV	79.15	85.94	100.83
Return before operating charges	8.67	(3.01)	(12.05)
Operating charges	(0.13)	(0.27)	(0.31)
Return after operating charges	8.54	(3.28)	(12.36)
Distributions	(1.97)	(3.51)	(2.53)
Closing NAV	85.72	79.15	85.94
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	0.33	0.33	0.32
Return after charges	+10.79	-3.82	-12.26
Other information			
Closing NAV (£'000)	160,286	149,860	186,567
Number of shares	186,995,873	189,328,873	217,097,447
Highest share price (UK p)	87.23	90.05	102.42
Lowest share price (UK p)	78.27	73.81	86.07

Sterling Class 'PP' Accumulation share performance

The share class was launched on 8 April 2019.

Change in NAV per share	Six months to 31.12.23 UK p	Year to 30.06.23 UK p	Year to 30.06.22 UK p
Opening NAV	94.72	98.48	112.48
Return before operating charges	10.46	(3.44)	(13.65)
Operating charges	(0.16)	(0.32)	(0.35)
Return after operating charges	10.30	(3.76)	(14.00)
Distributions	(2.22)	(3.76)	(2.50)
Retained distributions	2.22	3.76	2.50
Closing NAV	105.02	94.72	98.48
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	0.33	0.33	0.32
Return after charges	+10.87	-3.82	-12.45
Other information			
Closing NAV (£'000)	8,687	7,337	7,357
Number of shares	8,271,913	7,745,913	7,470,241
Highest share price (UK p)	105.66	103.18	114.25
Lowest share price (UK p)	93.65	85.44	97.83

Financial highlights

Sterling Class 'R' Income share performance

The share class was launched on 3 August 2012.

Change in NAV per share	Six months to 31.12.23 UK p	Year to 30.06.23 UK p	Year to 30.06.22 UK p
Opening NAV	86.87	94.65	111.44
Return before operating charges	9.51	(3.30)	(13.28)
Operating charges	(0.30)	(0.62)	(0.72)
Return after operating charges	9.21	(3.92)	(14.00)
Distributions	(2.17)	(3.86)	(2.79)
Closing NAV	93.91	86.87	94.65
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	0.68	0.68	0.67
Return after charges	+10.60	-4.14	-12.56
Other information			
Closing NAV (£'000)	9,043	8,488	8,895
Number of shares	9,628,841	9,770,841	9,397,396
Highest share price (UK p)	95.58	99.15	113.15
Lowest share price (UK p)	85.89	81.22	94.80

Sterling Class 'R' Accumulation share performance

The share class was launched on 3 August 2012.

Change in NAV per share	Six months to 31.12.23 UK p	Year to 30.06.23 UK p	Year to 30.06.22 UK p
Opening NAV	122.96	128.30	147.05
Return before operating charges	13.58	(4.48)	(17.80)
Operating charges	(0.43)	(0.86)	(0.95)
Return after operating charges	13.15	(5.34)	(18.75)
Distributions	(2.65)	(4.45)	(2.76)
Retained distributions	2.65	4.45	2.76
Closing NAV	136.11	122.96	128.30
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	0.68	0.68	0.67
Return after charges	+10.69	-4.16	-12.75
Other information			
Closing NAV (£'000)	14,946	14,499	16,626
Number of shares	10,980,408	11,791,408	12,959,047
Highest share price (UK p)	136.94	134.38	149.30
Lowest share price (UK p)	121.57	111.19	127.46

Financial statements and notes

Financial statements

Statement of total return

for the six months to 31 December	2023		2022	
	£'000	£'000	£'000	£'000
Income				
Net capital gains/(losses)		104,939		(75,696)
Revenue	31,520		28,076	
Expenses	(3,602)		(4,060)	
Interest payable and similar charges	0		(2)	
Net revenue/(expense) before taxation	27,918		24,014	
Taxation	0		68	
Net revenue/(expense) after taxation		27,918		24,082
Total return before distributions		132,857		(51,614)
Distributions		(30,059)		(26,561)
Change in net assets attributable to shareholders from investment activities		102,798		(78,175)

Statement of change in net assets attributable to shareholders

for the six months to 31 December	2023		2022	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		1,293,665		1,509,280
Amounts received on issue of shares	22,237		55,937	
Amounts paid on cancellation of shares	(99,208)		(134,012)	
		(76,971)		(78,075)
Dilution adjustments		213		437
Change in net assets attributable to shareholders from investment activities (see above)		102,798		(78,175)
Retained distributions on Accumulation shares		11,399		9,396
Unclaimed distributions		6		10
Closing net assets attributable to shareholders		1,331,110		1,362,873

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

Financial statements and notes

Financial statements

Balance sheet

as at	31 December 2023 £'000	30 June 2023 £'000
Assets		
Fixed assets		
Investments	1,274,283	1,211,775
Current assets		
Debtors	20,338	32,856
Cash and bank balances	11,247	23,457
Cash equivalents	36,824	49,819
Total assets	1,342,692	1,317,907
Liabilities		
Investment liabilities	(1,715)	(2,231)
Creditors		
Distribution payable	(8,908)	(9,155)
Other creditors	(959)	(12,856)
Total liabilities	(11,582)	(24,242)
Net assets attributable to shareholders	1,331,110	1,293,665

Financial statements and notes

Notes to the financial statements

Accounting policies

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

Distribution policy

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

Authorised Corporate Director's Report

For the purposes of these financial statements, the Prospectus dated 15 September 2023 has been used.

Investment objective

The fund has three aims:

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

Investment policy

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

The fund may also invest in other transferable securities, including the shares of non-UK companies, cash and near cash directly or via collective investment schemes (including funds managed by M&G).

The Derivatives may be used for efficient portfolio management and hedging.

Investment approach

The fund employs a disciplined approach to investment which concentrates on the analysis and selection of individual companies. The fund typically invests in a well-diversified portfolio of high-yielding UK stocks. The yield premium attached to the fund generally means that there is a bias towards good value, out of favour stocks (ie those stocks which the fund manager considered to be undervalued by the market). The emphasis on yield helps to identify stocks that are relatively cheap and to avoid those that are expensive. From the universe of high yielding stocks, the fund

manager identifies companies that are competitive, with a strong business franchise and that have attractive dividend growth prospects.

Benchmark

Benchmark: FTSE All-Share Index.

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

The fund is actively managed.

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

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

Authorised Corporate Director's Report

Risk profile

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

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



The above number:

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

Investment review

For the six months ended 31 December 2023

Performance against objective

The fund has an objective of growing its income each financial year. Over the six-month review period the fund distributed income of 0.765p per Sterling Class 'A' Income share, in line with the payment made in the same period a year earlier.

On 31 December 2023, the fund's Sterling Class 'A' Income shares yielded 6.3%. That was above the benchmark FTSE All-Share Index yield of 3.8%, meeting the fund's objective to exceed the index yield. Over five years, the fund delivered positive returns across all its share classes but lagged the benchmark FTSE All-Share Index in total return terms (the combination of capital growth and income), thereby missing its objective of outperforming the benchmark. Over this period, the index returned 6.6% pa.

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 fund gained in the last six months of 2023, while trailing its benchmark, the UK's FTSE All-Share Index. There was outperformance in the third quarter, as rising bond yields boosted dividend-paying value stocks. However, the fund lagged the benchmark in the fourth quarter and for the full calendar year.

UK stocks made gains in the third quarter as advances in July and September outweighed a sell-off in August. October was also a down month before a rebound through year-end. The Bank of England (BoE) ended a run of interest rate increases, with a hike to 5.25% in August. It kept rates unchanged at the following three meetings.

Inflation and interest rates were key drivers of UK stocks throughout the period. A lower-than-expected CPI reading drove gains in July, while a resumption of global inflation fears fuelled the August declines. In October, UK stocks suffered as US economic strength ignited concerns about interest rates potentially remaining high for a protracted period. Gains in the last two months of the year reflected optimism that rates had peaked amid easing global inflation. UK CPI fell more than expected in November to 3.9%.

Slower inflation and the end of rate increases boosted optimism that the UK may avoid a recession. This was beneficial to smaller companies that rely on the domestic market. UK large caps underperformed in the same period as the prospect of interest rates falling impacted a number of sectors such as banks, and Sterling strength versus a year earlier also weighed as overseas sales make up approximately 75% of FTSE 100 revenues.

These trends helped the mid-cap FTSE 250 Index and the FTSE Smaller Companies Index (ex Investment Trusts) outperform the benchmark FTSE All-Share Index during the review period. The large-cap FTSE 100 underperformed. Investment decisions meant that the fund's FTSE 250 picks underperformed their index.

Authorised Corporate Director's Report

Small caps outperformed, while large cap returns trailed the FTSE 100.

At a sector level, stock selection weighed on relative returns, particularly in energy, real estate, and consumer discretionary. By contrast, the fund benefited from stockpicking in consumer staples and industrials. Sector allocation also added value, most notably the underweight in consumer staples and overweight in energy.

At the stock level and in relative terms, the fund benefited from not holding shares of Diageo, which is held by the benchmark. The drinks maker tumbled after reporting disappointing sales in Latin America. Avoiding Prudential was also a boost after the Asia-focused insurer's sales growth slowed. The positions in consumer goods group Unilever and miner Rio Tinto were also beneficial. Among smaller companies, a position in ScS Group delivered returns after the furniture retailer accepted a takeover offer from an Italian peer.

Drags on the fund's performance included not having a stake in Rolls-Royce. The holding in Entain also dented returns. The UK bookmaker's CEO quit in December under pressure from an activist shareholder. An overweight position in Diversified Energy was a drag amid US political scrutiny of the energy company. Not holding RELX and an off-benchmark position in Grit Real Estate Income was also detrimental as the latter cut its dividend.

Investment activities

During the review period, the fund started new positions in industrial steel consumables maker Vesuvius, water company Pannon and furniture retailer Dunelm. Other additions included property companies Land Securities and British Land as the commercial real estate companies both traded at significant discount to their asset values. Insurer Lancashire Holdings joined the portfolio due to an attractive yield.

The fund's sales included exiting retailer WH Smith due to a low yield. Homebuilder Vistry was disposed of following a dividend cut, while wealth manager St. James's Place was exited ahead of an expected

reduction in payouts. Drugmaker AbbVie was sold after good performance. A small holding in chemical company Johnson Matthey was sold.

Outlook

The UK, along with much of the Western world, is likely at an inflection point in the inflation cycle, with the BoE pausing rate hikes due to a softening economy. Still, equity investors may not need to fear a recession, given upward revisions in economic data and UK stocks' exposure to global markets.

The fund delivered a one-year income growth of 5.5% to its June 2023 financial year-end and the income level is now well above the distribution of full year 2019 (the last year before the cuts associated with the COVID downturn). This is in stark contrast to the UK equity market as a whole which has still not recovered its income generation to its pre-COVID levels. We continue to aim to deliver on the income growth objective but given the 28% increase in income over the last two years this may prove to be a more challenging task this financial year, and any growth delivered will be more modest than over the past couple of years

We believe that this is not a market for making directional macroeconomic calls. By contrast, the UK equity market remains attractively valued and one where selection is the main driver of alpha (the excess return of a fund relative to its benchmark return). In our view, this offers attractive opportunities for bottom-up, fundamental investors. We continue to invest in a basket of well diversified high-yielding UK-based companies that we believe have the potential to deliver attractive financial returns.

We also still believe that the UK market is well-positioned to weather high interest rates. Oil companies and banks have helped to drive up return on equity, and dividend cover remains above pre-pandemic levels. This cover is particularly notable with so many UK stocks yielding 5% or more. The mid-cap FTSE 250 also made gains in 2023, reflecting UK economic resilience and the index's international exposure. About half of FTSE 250 revenue now comes from overseas, belying the index's supposed domestic focus.

Authorised Corporate Director's Report

The year ahead is likely to see volatility given economic uncertainty, geopolitical risks and technological developments. Still, this will present opportunities. Indeed, we have already started seeing value emerge in sectors perceived as sensitive to interest rates, such as real estate and utilities, and among some consumer stocks.

Michael Stiasny

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 31.12.23 £'000	as at 31.12.23 %	as at 30.06.23 %
Equities	798,075	99.64	100.75
Software & computer services	8,815	1.10	1.45
3,150,648 Moneysupermarket.com	8,815	1.10	
Telecommunication service providers	25,883	3.23	3.20
8,797,968 BT	10,852	1.35	
4,992,500 NetLink NBN Trust	2,494	0.31	
18,277,707 Vodafone	12,537	1.57	
Pharmaceuticals & biotechnology	74,757	9.33	10.83
369,522 AstraZeneca	39,088	4.88	
2,220,930 GSK	32,408	4.04	
145,300 Takeda Pharmaceutical	3,261	0.41	
Banks	93,549	11.68	11.40
610,100 Close Brothers	4,860	0.61	
8,530,476 HSBC	54,126	6.76	
49,180,154 Lloyds Banking	23,427	2.92	
5,085,094 NatWest	11,136	1.39	
Investment banking & brokerage services	54,298	6.78	6.64
4,914,146 abrdn	8,786	1.10	
4,106,254 Ashmore	9,157	1.14	
15,376,452 Duke Royalty ^a	5,074	0.63	
1,193,177 Hargreaves Lansdown	8,689	1.09	
1,323,998 IG	10,155	1.27	
431,795 Intermediate Capital	7,248	0.91	
678,105 Petershill Partners	1,157	0.14	
1,745,708 XPS Pensions	4,032	0.50	
Closed-ended investments	18,336	2.29	2.60
1,081,355 Atrato Onsite Energy	776	0.10	
1,166,364 Pollen Street	7,325	0.92	
6,054,862 SDCL Energy Efficiency Income Trust	3,960	0.49	
9,521,369 Taylor Maritime Investments	6,275	0.78	
Life insurance	63,526	7.93	7.82
3,874,278 Aviva	16,810	2.10	
3,105,668 Chesnara	8,090	1.01	

Portfolio statement

Investments (continued)

Holding	as at 31.12.23 £'000	as at 31.12.23 %	as at 30.06.23 %
Equities (continued)			
Life insurance (continued)			
6,727,333 Legal & General	16,913	2.11	
4,061,473 Phoenix	21,713	2.71	
Non-life insurance	20,892	2.61	2.07
1,446,845 Conduit	6,757	0.84	
3,047,907 Direct Line Insurance	5,585	0.70	
500,000 Lancashire	3,118	0.39	
3,607,050 Sabre Insurance	5,432	0.68	
Real estate investment & services	4,661	0.58	0.87
23,303,190 Grit Real Estate Income	4,661	0.58	
Real estate investment trusts	17,651	2.20	1.41
1,770,690 British Land	7,081	0.88	
4,638,260 Home ^b	658	0.08	
338,558 Land Securities	2,401	0.30	
5,682,486 NewRiver	4,711	0.59	
8,270,911 Regional	2,800	0.35	
Household goods & home construction	10,678	1.33	0.96
6,482,374 Taylor Wimpey	9,441	1.18	
2,103,514 Watkin Jones ^a	1,237	0.15	
Media	24,759	3.09	3.16
12,736,442 ITV	8,059	1.01	
10,459,180 Reach	7,782	0.97	
952,647 STV	1,834	0.23	
941,282 WPP	7,084	0.88	
Retailers	6,402	0.80	0.91
367,785 Dunelm	4,049	0.51	
891,124 ScS	2,353	0.29	
Travel & leisure	13,627	1.70	2.21
1,373,696 Entain	13,627	1.70	
Tobacco	65,072	8.12	8.70
1,355,563 British American Tobacco	31,131	3.88	
1,877,792 Imperial Brands	33,941	4.24	

Portfolio statement

Investments (continued)

Holding	as at 31.12.23 £'000	as at 31.12.23 %	as at 30.06.23 %
Equities (continued)			
Personal care, drug & grocery stores			
4,035,540 Tesco	11,703	1.46	
297,375 Unilever	11,311	1.41	
Construction & materials			
1,551,272 Kier	1,669	0.21	
894,019 Marshalls	2,541	0.32	
General industrials			
4,553,353 DS Smith	14,070	1.76	
Industrial engineering			
975,000 Vesuvius	4,684	0.59	
Industrial support services			
1,510,459 PageGroup	7,383	0.92	
203,835 PayPoint	1,054	0.13	
Industrial transportation			
1,872,401 International Distributions Services	5,110	0.64	
9,500,000 Pacific Basin Shipping	2,453	0.31	
2,233,695 Wincanton	6,936	0.86	
Industrial materials			
274,054 UPM-Kymmene	8,175	1.02	
Industrial metals & mining			
175,000 Anglo American	3,476	0.44	
2,019,172 Central Asia Metals ^a	3,671	0.46	
1,349,485 Kenmare Resources	5,310	0.66	
686,758 Rio Tinto	40,203	5.02	
Chemicals			
262,500 Synthomer	493	0.06	
299,547 Victrex	4,580	0.57	
Oil & gas			
11,388,299 BP	53,024	6.62	
708,107 Diversified Energy	7,895	0.99	
2,990 Prosafe	15	0.00	

Portfolio statement

Investments (continued)

Holding	as at 31.12.23 £'000	as at 31.12.23 %	as at 30.06.23 %
Equities (continued)			
Oil & gas (continued)			
1,331,597 Shell	34,129	4.26	
64,342 TotalEnergies	3,450	0.43	
Electricity	21,264	2.66	3.58
1,143,324 Drax	5,631	0.71	
839,795 SSE	15,633	1.95	
Gas, water & multi-utilities	40,570	5.07	4.32
745,566 Engie	10,330	1.29	
2,164,039 National Grid	22,950	2.87	
745,000 Pennon	5,632	0.70	
156,230 United Utilities	1,658	0.21	
Total portfolio	798,075	99.64	100.75
Net other assets/(liabilities)	2,881	0.36	(0.75)
Net assets attributable to shareholders	800,956	100.00	100.00

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

^a AIM quoted.

^b Suspended/delisted.

Portfolio statement

Top ten portfolio transactions for the six months to
31 December 2023

Largest purchases	£'000
PageGroup	6,618
British Land	5,735
Taylor Wimpey	4,987
Pennon	4,970
Phoenix	4,253
Vesuvius	4,250
Dunelm	3,804
Lancashire	3,399
BT	3,285
HSBC	3,065
Other purchases	22,055
Total purchases	66,421

Largest sales	£'000
BP	7,343
AbbVie	6,435
SSE	6,173
Methanex	4,422
WH Smith	4,271
Vistry	4,157
Shell	3,886
Aviva	3,773
Tesco	3,085
Moneysupermarket.com	3,035
Other sales	38,656
Total sales	85,236

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

Financial highlights

Fund performance

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

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

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

Long-term performance by share class

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

Share class	Six months % ^a	Three years % pa	Five years % pa	Ten years % pa
Sterling				
Class 'A' Income	+4.2	+6.1	+4.9	+3.1
Class 'A' Accumulation	+4.1	+6.1	+4.8	+3.1
Class 'C' Income	+4.7	+7.3	+6.8	+4.8
Class 'I' Income	+4.4	+6.5	+5.4	+3.8
Class 'I' Accumulation	+4.4	+6.5	+5.3	+3.8
Class 'R' Income	+4.2	+6.3	+5.1	+3.5
Class 'R' Accumulation	+4.2	+6.3	+5.1	+3.5
Benchmark	+5.2	+8.6	+6.6	+5.3

^a Not annualised.

Specific share class performance

The following comparative tables show the performance of each share class. All 'Performance and charges' percentages represent an annual rate except for the 'Return after operating charges' which is calculated as a percentage of the opening net asset value per share (NAV per share). '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 6 May 1964.

Change in NAV per share	Six months to 31.12.23 UK p	Year to 30.06.23 UK p	Year to 30.06.22 UK p
Opening NAV	49.11	51.99	54.22
Return before operating charges	2.32	0.94	1.41
Operating charges	(0.27)	(0.61)	(0.60)
Return after operating charges	2.05	0.33	0.81
Distributions	(0.77)	(3.21)	(3.04)
Closing NAV	50.39	49.11	51.99
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.02	0.03	0.04
Dilution adjustments	(0.01)	0.00	(0.03)
Total direct transaction costs	0.01	0.03	0.01
Performance and charges	%	%	%
Direct portfolio transaction costs	0.06	0.06	0.06
Operating charges	1.16	1.15	1.08
Return after charges	+4.17	+0.63	+1.49
Other information			
Closing NAV (£'000)	188,263	188,651	217,925
Number of shares	373,598,429	384,105,141	419,148,428
Highest share price (UK p)	51.11	56.70	58.01
Lowest share price (UK p)	47.81	48.31	50.63

Sterling Class 'A' Accumulation share performance

The share class was launched on 6 May 1964.

Change in NAV per share	Six months to 31.12.23 UK p	Year to 30.06.23 UK p	Year to 30.06.22 UK p
Opening NAV	741.36	737.07	726.88
Return before operating charges	34.85	13.06	18.30
Operating charges	(4.08)	(8.77)	(8.11)
Return after operating charges	30.77	4.29	10.19
Distributions	(9.65)	(37.78)	(33.19)
Retained distributions	9.65	37.78	33.19
Closing NAV	772.13	741.36	737.07
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.33	0.45	0.49
Dilution adjustments	(0.12)	0.00	(0.47)
Total direct transaction costs	0.21	0.45	0.02
Performance and charges	%	%	%
Direct portfolio transaction costs	0.06	0.06	0.06
Operating charges	1.16	1.15	1.08
Return after charges	+4.15	+0.58	+1.40
Other information			
Closing NAV (£'000)	62,157	60,886	65,380
Number of shares	8,050,125	8,212,734	8,870,217
Highest share price (UK p)	771.74	815.95	788.25
Lowest share price (UK p)	721.53	690.37	688.00

Financial highlights

Sterling Class 'C' Income share performance

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

The share class was launched on 3 January 2006.

Change in NAV per share	Six months to 31.12.23 UK p	Year to 30.06.23 UK p	Year to 30.06.22 UK p
Opening NAV	63.57	66.55	68.65
Return before operating charges	3.01	1.19	1.77
Operating charges	0.00	(0.04)	0.00
Return after operating charges	3.01	1.15	1.77
Distributions	(0.99)	(4.13)	(3.87)
Closing NAV	65.59	63.57	66.55
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.03	0.04	0.05
Dilution adjustments	(0.01)	0.00	(0.04)
Total direct transaction costs	0.02	0.04	0.01
Performance and charges	%	%	%
Direct portfolio transaction costs	0.06	0.06	0.06
Operating charges	0.06	0.06	0.00
Return after charges	+4.73	+1.73	+2.58
Other information			
Closing NAV (£'000)	402,874	409,822	454,756
Number of shares	614,268,926	644,655,118	683,303,634
Highest share price (UK p)	66.21	73.09	73.94
Lowest share price (UK p)	61.98	62.04	64.59

Financial highlights

Sterling Class 'I' Income share performance

The share class was launched on 3 August 2012.

Change in NAV per share	Six months to 31.12.23 UK p	Year to 30.06.23 UK p	Year to 30.06.22 UK p
Opening NAV	1,007.94	1,062.67	1,103.72
Return before operating charges	47.53	19.15	28.67
Operating charges	(3.53)	(8.14)	(7.67)
Return after operating charges	44.00	11.01	21.00
Distributions	(15.71)	(65.74)	(62.05)
Closing NAV	1,036.23	1,007.94	1,062.67
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.45	0.63	0.74
Dilution adjustments	(0.16)	0.00	(0.70)
Total direct transaction costs	0.29	0.63	0.04
Performance and charges	%	%	%
Direct portfolio transaction costs	0.06	0.06	0.06
Operating charges	0.76	0.75	0.68
Return after charges	+4.37	+1.04	+1.90
Other information			
Closing NAV (£'000)	82,243	80,776	85,223
Number of shares	7,936,728	8,013,971	8,019,735
Highest share price (UK p)	1,049.28	1,161.91	1,183.83
Lowest share price (UK p)	981.77	988.66	1,033.56

Sterling Class 'I' Accumulation share performance

The share class was launched on 3 August 2012.

Change in NAV per share	Six months to 31.12.23 UK p	Year to 30.06.23 UK p	Year to 30.06.22 UK p
Opening NAV	1,723.97	1,707.15	1,676.82
Return before operating charges	81.17	30.11	42.14
Operating charges	(6.05)	(13.29)	(11.81)
Return after operating charges	75.12	16.82	30.33
Distributions	(24.05)	(94.77)	(83.68)
Retained distributions	24.05	94.77	83.68
Closing NAV	1,799.09	1,723.97	1,707.15
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.77	1.03	1.14
Dilution adjustments	(0.28)	0.00	(1.08)
Total direct transaction costs	0.49	1.03	0.06
Performance and charges	%	%	%
Direct portfolio transaction costs	0.06	0.06	0.06
Operating charges	0.76	0.75	0.68
Return after charges	+4.36	+0.99	+1.81
Other information			
Closing NAV (£'000)	31,258	25,677	21,574
Number of shares	1,737,394	1,489,381	1,263,776
Highest share price (UK p)	1,798.19	1,894.63	1,822.90
Lowest share price (UK p)	1,678.76	1,600.82	1,591.50

Financial highlights

Sterling Class 'R' Income share performance

The share class was launched on 3 August 2012.

Change in NAV per share	Six months to 31.12.23 UK p	Year to 30.06.23 UK p	Year to 30.06.22 UK p
Opening NAV	98.05	103.64	107.92
Return before operating charges	4.63	1.87	2.81
Operating charges	(0.47)	(1.06)	(1.03)
Return after operating charges	4.16	0.81	1.78
Distributions	(1.53)	(6.40)	(6.06)
Closing NAV	100.68	98.05	103.64
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.04	0.06	0.07
Dilution adjustments	(0.02)	0.00	(0.07)
Total direct transaction costs	0.02	0.06	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs	0.06	0.06	0.06
Operating charges	1.01	1.00	0.93
Return after charges	+4.24	+0.78	+1.65
Other information			
Closing NAV (£'000)	15,047	15,006	15,832
Number of shares	14,945,611	15,303,487	15,275,822
Highest share price (UK p)	102.06	113.13	115.57
Lowest share price (UK p)	95.47	96.35	100.88

Sterling Class 'R' Accumulation share performance

The share class was launched on 3 August 2012.

Change in NAV per share	Six months to 31.12.23 UK p	Year to 30.06.23 UK p	Year to 30.06.22 UK p
Opening NAV	167.72	166.50	163.95
Return before operating charges	7.89	2.94	4.13
Operating charges	(0.80)	(1.72)	(1.58)
Return after operating charges	7.09	1.22	2.55
Distributions	(2.24)	(8.80)	(7.75)
Retained distributions	2.24	8.80	7.75
Closing NAV	174.81	167.72	166.50
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.07	0.10	0.11
Dilution adjustments	(0.03)	0.00	(0.11)
Total direct transaction costs	0.04	0.10	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs	0.06	0.06	0.06
Operating charges	1.01	1.00	0.93
Return after charges	+4.23	+0.73	+1.56
Other information			
Closing NAV (£'000)	19,114	18,692	18,882
Number of shares	10,934,190	11,144,636	11,340,360
Highest share price (UK p)	174.72	184.49	177.96
Lowest share price (UK p)	163.27	156.02	155.34

Financial statements and notes

Financial statements

Statement of total return

for the six months to 31 December	2023		2022	
	£'000	£'000	£'000	£'000
Income				
Net capital gains/(losses)		11,221		14,083
Revenue	25,615		26,816	
Expenses	(1,887)		(2,064)	
Interest payable and similar charges	(4)		(4)	
Net revenue/(expense) before taxation	23,724		24,748	
Taxation	(175)		(111)	
Net revenue/(expense) after taxation		23,549		24,637
Total return before distributions		34,770		38,720
Distributions		(12,722)		(12,917)
Change in net assets attributable to shareholders from investment activities		22,048		25,803

Statement of change in net assets attributable to shareholders

for the six months to 31 December	2023		2022	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		799,510		879,572
Amounts received on issue of shares	33,959		17,441	
Amounts paid on cancellation of shares	(56,346)		(38,483)	
		(22,387)		(21,042)
Dilution adjustments		257		172
Change in net assets attributable to shareholders from investment activities (see above)		22,048		25,803
Retained distributions on Accumulation shares		1,411		1,328
Unclaimed distributions		117		100
Closing net assets attributable to shareholders		800,956		885,933

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

Financial statements and notes

Financial statements

Balance sheet

as at	31 December 2023 £'000	30 June 2023 £'000
Assets		
Fixed assets		
Investments	798,075	805,538
Current assets		
Debtors	4,260	3,538
Cash and bank balances	2,284	1,626
Cash equivalents	1,912	10,809
Total assets	806,531	821,511
Liabilities		
Creditors		
Bank overdrafts	(75)	0
Distribution payable	(5,220)	(21,105)
Other creditors	(280)	(896)
Total liabilities	(5,575)	(22,001)
Net assets attributable to shareholders	800,956	799,510

Financial statements and notes

Notes to the financial statements

Accounting policies

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

Distribution policy

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

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

Authorised Corporate Director's Report

For the purposes of these financial statements, the Prospectus dated 15 September 2023 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 a composite index* over any five-year period.

* The composite index is made up of one third JPM EMBI Global Diversified Index, one third JPM CEMBI Broad Diversified Index and one third JPM GBI-EM Global Diversified Index.

Investment policy

At least 80% of the fund is invested, directly or indirectly through derivatives, in emerging market debt securities. These securities can be issued or guaranteed by emerging market governments and their agencies, public authorities, quasi-sovereigns, supranational bodies and companies that are incorporated, domiciled, listed or do most of their business in emerging markets. These securities can be denominated in any currency, including emerging market currencies.

Other investments may include:

- asset-backed securities; and
- 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 emerging market debt securities and issuers from a variety of sectors and geographies. The fund's investment approach is flexible and begins with an assessment of macroeconomic factors such as global risk appetite and the catalysts of global economic growth.

On a regional and country-specific level, factors such as monetary and fiscal policies, capital flows, and political and regulatory environments are assessed. The result of this analysis will help inform the country, currency allocations and duration of the portfolio.

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

A composite index comprising:

- 1/3 JPM EMBI Global Diversified Index.
- 1/3 JPM CEMBI Broad Diversified Index.
- 1/3 JPM GBI-EM Global Diversified Index.

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

The fund is actively managed.

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

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

Authorised Corporate Director's Report

Risk profile

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

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



The above number:

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

Investment review

For the six months ended 31 December 2023

Performance against objective

Between 1 July 2023 and 31 December 2023, the fund delivered a strong positive total return (the combination of income and growth of capital) across its sterling share classes. The fund outperformed its benchmark, which returned 5.2% over the same period.

The fund's benchmark is a composite index consisting of 1/3 JPM Emerging Markets Bond (EMBI) Global Diversified Index, 1/3 JPM Corporate EMBI (CEMBI) Broad Diversified Index, and 1/3 JPM GBI-EM Global Diversified Index.

Over five years, the fund achieved its objective of providing a combination of capital growth and income, net of the ongoing charge figure, higher than the benchmark composite index over any five-year period, in its sterling share classes. The return of the

benchmark composite index was 2.0% pa over this period.

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

Performance review

Emerging market (EM) debt posted good returns during the period under review, with a strong year-end rally accounting for most of this. High yield (HY) bonds, those that are rated below investment grade as they are considered to be riskier, and frontier markets (less-established EM) hard currency sovereign bonds outperformed, posting double-digit returns. (Hard currency is debt denominated in stable international currencies such as the US dollar and euro).

The unprecedented pace of monetary policy tightening to combat inflation over the past two years has led to elevated interest rates. However, following signs of moderating inflation in the second half of 2023, major central banks paused interest rate hikes with expectations of cuts being brought forward.

EM, however, continues to be ahead of developed central banks in terms of their monetary cycle. Countries in EM hiked interest rates ahead of developed peers and, with inflation falling, are now well within their cutting cycle.

With markets pricing in cuts during 2024, sentiment improved significantly amidst a broad market rally in November and December. Indications that the US Federal Reserve may start cutting interest rates in 2024 sparked a powerful two-month rally in core government bonds, benefiting all segments of EM debt during a broader risk on environment. A weaker US dollar was also a tailwind for the asset class towards the end of the year.

Against this backdrop, the fund delivered a strong positive return and outperformed its benchmark. The biggest driver of outperformance came from country allocation, though this was marginally offset by a slight deduction from security selection. The fund's off-benchmark exposure to Venezuela aided relative

Authorised Corporate Director's Report

performance, as did our above-benchmark positioning and selection in Colombia and Argentina. However, our remaining exposure to Russia local currency bonds detracted amidst a volatile period for the rouble, along with our underweights in Thailand and Indonesia.

Investment activities

In hard currency sovereigns, we started the period by reducing exposure to Pakistan from neutral to underweight after a rally in bond prices following the government reaching an agreement with the IMF for short-term financing during the summer. We also trimmed our exposure to Guatemala from overweight to neutral after its bonds rallied.

In August, we increased exposure to the Dominican Republic following improvements in the macroeconomic outlook. We re-established a position in Montenegro and increased holdings in Ukraine.

Towards the end of the year, we added US dollar bonds from Jamaica and Suriname. In Turkey, we added hard currency exposure across both sovereigns and corporates as a result of the country exhibiting positive fundamental trends post-election and a more orthodox stance from the central bank. On the other hand, we reduced exposure to Bahrain and Albania, where we have become less optimistic about the macroeconomic outlook.

Within local currency sovereigns, we participated in a new issue from Panama in July. We added to our holdings in India, Poland, Chile and Colombia, but reduced our position in the Czech Republic.

In the autumn, we were active in the primary market and participated in new offerings from quasi-sovereign entities including United Arab Emirates based DP World and First Abu Dhabi Bank and Export Credit Bank of Turkey (Turk Eximbank). We also participated in new corporate issues from Minerva, Hunt Oil, mBank, Aegea, WE Soda and Bimbo.

Earlier in the review period, we added a sukuk (Islamic bond) from Dar Al Arkan and a new green bond issue from Masdar (Abu Dhabi Future Energy). Later, we reduced our holdings in Marfrig (BRF) and Jollibee, and took profits in some HY bonds which had outperformed. We exited Total Play after the company posted a disappointing earnings report.

Outlook

The base case macroeconomic scenario for 2024 is favourable as inflation has receded in most economies and central banks have been or are likely to soon ease monetary policy. While economic growth is expected to slow down, it may be sufficient to avert a recession. Having said that, markets are already pricing in this scenario and stickier inflation moving forward could lead central banks to cut rates by far less than what is currently being priced in.

In sovereign bonds, the outsized returns of 2023 in HY and distressed credit will, in our view, not be repeated as bond prices have reached the 60 to 80+ price range. Elsewhere, we believe investment grade bonds present limited opportunities for spread tightening, given that spreads have narrowed to multi-year tightness, and scope for outperformance versus the HY space will be mainly driven by US Treasuries.

We remain selectively constructive on EM currencies. Neither the US economic growth (relative to EM) nor its monetary policy trajectory (foreseeable rate cuts) supports the case for a stronger US dollar, in our view. While EM valuations remain subdued due to high short-term rates in the US, UK and eurozone, this should improve going forward as those central banks begin easing monetary policy.

Authorised Corporate Director's Report

While the double-digit returns we saw in 2023 may not be replicated, EM debt still offers compelling opportunities, especially for investors facing reinvestment risk from short-dated bonds.

Claudia Calich

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 31.12.23 \$'000	as at 31.12.23 %	as at 30.06.23 %
Fixed income	1,970,730	97.30	97.98
Debt securities	1,970,730	97.30	97.98
'AAA' credit rated bonds	61,793	3.05	2.50
INR1,150,000,000 European Bank for Reconstruction & Development 6.3% 26/10/2027	13,547	0.67	
INR790,000,000 International Bank for Reconstruction & Development 6.75% 13/07/2029	9,411	0.46	
INR700,000,000 International Bank for Reconstruction & Development 6.85% 24/04/2028	8,388	0.41	
UZS12,000,000,000 International Finance 11% 18/10/2024	942	0.05	
SG\$39,200,000 Singapore (Republic of) 3% 01/09/2024	29,505	1.46	
'AA' credit rated bonds	21,803	1.08	1.36
US\$8,875,000 Qatar (State of) 5.103% 23/04/2048	8,967	0.44	
US\$11,000,000 Qatar Energy 3.125% 12/07/2041	8,429	0.42	
US\$5,150,000 TSMC Arizona 2.5% 25/10/2031	4,407	0.22	
'A' credit rated bonds	145,224	7.17	5.93
US\$5,000,000 Abu Dhabi Future Energy 4.875% 25/07/2033	4,938	0.24	
US\$4,000,000 AIA Var. Rate 2.7% Perpetual	3,640	0.18	
US\$5,600,000 Bermuda (Govt. of) 5% 15/07/2032	5,513	0.27	
US\$2,500,000 BOC Aviation 2.625% 17/09/2030	2,146	0.11	
US\$3,950,000 BOC Aviation 3.875% 27/04/2026	3,832	0.19	
US\$2,000,000 BOC Aviation USA 5.75% 09/11/2028	2,055	0.10	
US\$5,000,000 EIG Pearl 3.545% 31/08/2036	4,341	0.22	
US\$3,600,000 First Abu Dhabi Bank Var. Rate 6.32% 04/04/2034	3,704	0.18	
US\$3,804,000 Greensaif Pipelines Bidco 6.129% 23/02/2038	3,969	0.20	
US\$3,467,000 Greensaif Pipelines Bidco 6.51% 23/02/2042	3,648	0.18	
¥4,305,000,000 Japan (Govt. of) 0.1% 20/06/2024	30,443	1.50	
PLN100,000,000 Poland (Republic of) 1.75% 25/04/2032	19,846	0.98	
€7,000,000 Poland (Republic of) 4.25% 14/02/2043	8,151	0.40	
US\$13,255,000 Poland (Republic of) 5.5% 04/04/2053	13,791	0.68	
US\$3,539,000 Poland (Republic of) 5.75% 16/11/2032	3,817	0.19	
PLN80,000,000 Poland (Republic of) 6% 25/10/2033	21,667	1.07	
US\$5,100,000 SA Global Sukuk 2.694% 17/06/2031	4,506	0.22	
US\$7,800,000 Tencent 3.24% 03/06/2050	5,217	0.26	

Portfolio statement

Investments (continued)

Holding	as at 31.12.23 \$'000	as at 31.12.23 %	as at 30.06.23 %
Fixed income (continued)			
Debt securities (continued)			
'BBB' credit rated bonds	584,158	28.84	27.11
US\$3,888,000 Aldar Investment Properties 4.875% 24/05/2033	3,752	0.19	
US\$1,850,000 Banco de Crédito del Perú Var. Rate 3.125% 01/07/2030	1,747	0.09	
US\$3,433,000 Banco de Crédito del Perú Var. Rate 3.25% 30/09/2031	3,123	0.15	
US\$5,300,000 Bank Leumi Le-Israel Var. Rate 3.275% 29/01/2031	4,776	0.24	
US\$3,100,000 Bank of East Asia Var. Rate 4.875% 22/04/2032	2,788	0.14	
US\$3,182,000 Bimbo Bakeries USA 6.4% 15/01/2034	3,521	0.17	
€2,023,000 Bulgaria (Republic of) 4.125% 23/09/2029	2,301	0.11	
€4,059,000 Bulgaria (Republic of) 4.625% 23/09/2034	4,774	0.24	
US\$4,200,000 Burgan Bank Var. Rate 2.75% 15/12/2031	3,525	0.17	
€1,600,000 Ceska sporitelna Var. Rate 5.737% 08/03/2028	1,828	0.09	
US\$2,174,000 Consorcio Transmantaro 5.2% 11/04/2038	2,036	0.10	
US\$3,080,000 Corporación Financiera de Desarrollo 2.4% 28/09/2027	2,737	0.14	
€5,000,000 Croatia (Republic of) 1.75% 04/03/2041	4,191	0.21	
US\$4,340,000 DP World Crescent 5.5% 13/09/2033	4,432	0.22	
US\$1,638,000 Flex 6% 15/01/2028	1,688	0.08	
US\$4,100,000 Fondo MIVIVIENDA 4.625% 12/04/2027	3,986	0.20	
US\$3,678,000 Freeport Indonesia 4.763% 14/04/2027	3,619	0.18	
HUF3,200,000,000 Hungary (Republic of) 4.75% 24/11/2032	8,542	0.42	
€8,153,000 Hungary (Republic of) 5.375% 12/09/2033	9,637	0.48	
US\$11,835,000 Hungary (Republic of) 6.25% 22/09/2032	12,624	0.62	
HUF7,400,000,000 Hungary (Republic of) 6.75% 22/10/2028	22,249	1.10	
US\$5,200,000 Hutama Karya 3.75% 11/05/2030	4,854	0.24	
US\$8,300,000 Indofood CBP Sukses Makmur 3.398% 09/06/2031	7,163	0.35	
IDR242,000,000,000 Indonesia (Republic of) 7.5% 15/06/2035	16,804	0.83	
IDR304,881,000,000 Indonesia (Republic of) 8.25% 15/05/2036	22,375	1.10	
IDR222,600,000,000 Indonesia (Republic of) 8.375% 15/03/2034	16,301	0.81	
IDR201,667,000,000 Indonesia (Republic of) 8.375% 15/04/2039	15,054	0.74	
US\$2,970,000 Israel Electric 3.75% 22/02/2032	2,503	0.12	
KZT2,700,000,000 Kazakhstan (Republic of) 0% 20/01/2024	5,871	0.29	
KZT1,200,000,000 Kazakhstan (Republic of) 0% 13/03/2024	2,554	0.13	

Portfolio statement

Investments (continued)

Holding		as at 31.12.23 \$'000	as at 31.12.23 %	as at 30.06.23 %
Fixed income (continued)				
Debt securities (continued)				
'BBB' credit rated bonds (continued)				
KZT2,220,000,000	Kazakhstan (Republic of) 8.05% 20/05/2024	4,731	0.23	
KZT394,728,000	Kazakhstan (Republic of) 13.75% 24/06/2026	860	0.04	
KZT1,100,000,000	Kazakhstan (Republic of) 16.7% 13/01/2025	2,449	0.12	
US\$9,750,000	KazMunayGas National 6.375% 24/10/2048	9,154	0.45	
US\$4,650,000	Lenovo 3.421% 02/11/2030	4,096	0.20	
MYR94,000,000	Malaysia (Govt. of) 3.582% 15/07/2032	20,102	0.99	
MYR88,678,000	Malaysia (Govt. of) 3.844% 15/04/2033	19,299	0.95	
MYR102,000,000	Malaysia (Govt. of) 3.885% 15/08/2029	22,399	1.11	
US\$4,000,000	Mashreqbank Var. Rate 7.875% 24/02/2033	4,145	0.20	
US\$5,900,000	Meituan 3.05% 28/10/2030	4,959	0.25	
£5,520,000	Mexico (United Mexican States) 5.625% 19/03/2114	5,416	0.27	
MXN200,000,000	Mexico (United Mexican States) 7.5% 26/05/2033	10,665	0.53	
MXN997,790,000	Mexico (United Mexican States) 8.5% 18/11/2038	56,092	2.77	
US\$2,453,000	MFB Magyar Fejlesztési Bank Zrt 6.5% 29/06/2028	2,520	0.12	
US\$4,879,000	Mizrahi-Tefahot Bank Var. Rate 3.077% 07/04/2031	4,310	0.21	
€3,727,000	MVM 0.875% 18/11/2027	3,513	0.17	
US\$4,000,000	NBK Tier 1 Var. Rate 3.625% Perpetual	3,598	0.18	
US\$3,800,000	Panama (Republic of) 4.5% 16/04/2050	2,634	0.13	
US\$9,500,000	Panama (Republic of) 6.375% 25/07/2033	8,861	0.44	
US\$7,500,000	Panama (Republic of) 6.4% 14/02/2035	7,307	0.36	
US\$4,469,000	Pertamina 2.3% 09/02/2031	3,748	0.19	
PEN43,000,000	Peru (Republic of) 5.4% 12/08/2034	10,520	0.52	
PEN48,000,000	Peru (Republic of) 5.94% 12/02/2029	13,000	0.64	
PEN39,500,000	Peru (Republic of) 6.15% 12/08/2032	10,451	0.52	
PEN35,000,000	Peru (Republic of) 7.3% 12/08/2033	9,944	0.49	
€5,900,000	Perusahaan Listrik Negara 1.875% 05/11/2031	5,316	0.26	
US\$4,700,000	Perusahaan Listrik Negara 4.875% 17/07/2049	4,118	0.20	
PHP240,000,000	Philippines (Republic of) 6.125% 22/08/2028	4,383	0.22	
PHP593,000,000	Philippines (Republic of) 6.25% 14/01/2036	10,093	0.50	
US\$5,000,000	Prosus 3.061% 13/07/2031	4,022	0.20	

Portfolio statement

Investments (continued)

Holding		as at 31.12.23 \$'000	as at 31.12.23 %	as at 30.06.23 %
Fixed income (continued)				
Debt securities (continued)				
'BBB' credit rated bonds (continued)				
€9,202,000	Romania (Republic of) 2.875% 13/04/2042	6,866	0.34	
RON64,000,000	Romania (Republic of) 4.15% 26/01/2028	13,227	0.65	
RON27,000,000	Romania (Republic of) 4.25% 28/04/2036	4,957	0.25	
€11,129,000	Romania (Republic of) 6.375% 18/09/2033	12,997	0.64	
RON67,000,000	Romania (Republic of) 8.75% 30/10/2028	16,422	0.81	
US\$4,488,000	Shinhan Bank 4.375% 13/04/2032	4,129	0.20	
US\$4,800,000	SK Hynix 2.375% 19/01/2031	3,883	0.19	
US\$3,300,000	Standard Chartered Var. Rate 6.301% 09/01/2029	3,378	0.17	
THB187,687,000	Thailand (Kingdom of) IL 1.25% 12/03/2028	5,879	0.29	
UYU816,902,481	Uruguay (Republic of) 3.875% 02/07/2040	27,602	1.36	
UYU453,157,534	Uruguay (Republic of) 8.25% 21/05/2031	10,758	0.53	
	'BB' credit rated bonds	668,357	33.00	34.13
US\$3,593,000	Aegea Finance 9% 20/01/2031	3,810	0.19	
US\$3,170,000	Alsea 7.75% 14/12/2026	3,210	0.16	
US\$7,863,000	Armenia (Republic of) 3.6% 02/02/2031	6,399	0.32	
US\$3,200,000	Armenia (Republic of) 3.95% 26/09/2029	2,776	0.14	
US\$7,897,000	Azerbaijan (Republic of) 3.5% 01/09/2032	6,835	0.34	
€3,181,000	Banca Transilvania SNR NPF EMTN Var. Rate 8.875% 27/04/2027	3,702	0.18	
US\$6,250,000	Banco Mercantil del Norte Var. Rate 7.625% Perpetual	5,989	0.30	
US\$5,850,000	Bangkok Bank Var. Rate 3.733% 25/09/2034	5,170	0.26	
US\$4,300,000	Bank Negara Indonesia Persero Var. Rate 4.3% Perpetual	3,795	0.19	
US\$4,075,000	BBVA Bancomer Var. Rate 5.125% 18/01/2033	3,681	0.18	
US\$1,956,000	BBVA Bancomer Var. Rate 8.45% 29/06/2038	2,067	0.10	
US\$5,201,000	Bidvest 3.625% 23/09/2026	4,812	0.24	
US\$10,203,755	Bioceanico Sovereign Certificate 0% 05/06/2034	7,268	0.36	
COP19,571,000,000	Bogota Distrito Capital 9.75% 26/07/2028	4,545	0.22	
BRL287,000,000	Brazil (Federal Republic of) 10% 01/01/2029	58,940	2.91	
BRL116,000,000	Brazil (Federal Republic of) 10% 01/01/2033	23,486	1.16	
US\$3,200,000	Cemex 3.875% 11/07/2031	2,846	0.14	
US\$7,000,000	Colombia (Republic of) 4.125% 22/02/2042	4,989	0.25	

Portfolio statement

Investments (continued)

Holding		as at 31.12.23 \$'000	as at 31.12.23 %	as at 30.06.23 %
Fixed income (continued)				
Debt securities (continued)				
'BB' credit rated bonds (continued)				
US\$8,050,000	Colombia (Republic of) 4.125% 15/05/2051	5,338	0.26	
US\$3,150,000	Colombia (Republic of) 6.125% 18/01/2041	2,855	0.14	
COP83,500,000,000	Colombia (Republic of) 7.25% 18/10/2034	17,727	0.88	
COP63,000,000,000	Colombia (Republic of) 7.25% 26/10/2050	11,786	0.58	
US\$7,156,000	Colombia (Republic of) 7.5% 02/02/2034	7,532	0.37	
COP19,100,000,000	Colombia (Republic of) 9.85% 28/06/2027	4,748	0.23	
€8,909,000	Côte d'Ivoire (Republic of) 4.875% 30/01/2032	8,288	0.41	
€4,457,000	Côte d'Ivoire (Republic of) 5.25% 22/03/2030	4,412	0.22	
€7,539,000	Côte d'Ivoire (Republic of) 6.625% 22/03/2048	6,633	0.33	
US\$10,167,000	Dominica (Republic of) 5.875% 30/01/2060	8,793	0.43	
US\$3,200,000	Dominica (Republic of) 6% 22/02/2033	3,148	0.16	
US\$7,500,000	Dominica (Republic of) 6.4% 05/06/2049	7,052	0.35	
US\$2,890,000	Dominica (Republic of) 7.45% 30/04/2044	3,061	0.15	
DOP630,000,000	Dominica (Republic of) 9.75% 05/06/2026	10,815	0.53	
DOP174,200,000	Dominica (Republic of) 11.25% 15/09/2035	3,219	0.16	
DOP623,050,000	Dominica (Republic of) 13.625% 03/02/2033	12,964	0.64	
US\$5,500,000	Ecopetrol 5.875% 02/11/2051	4,148	0.20	
US\$3,000,000	Ecopetrol 6.875% 29/04/2030	2,956	0.15	
US\$4,850,000	Ecopetrol 7.375% 18/09/2043	4,592	0.23	
US\$2,800,000	Electricidad Firme de Mexico 4.9% 20/11/2026	2,498	0.12	
COP31,919,000,000	Empresas Publicas de Medellin ESP 8.375% 08/11/2027	7,029	0.35	
US\$2,000,000	Energean Israel Finance 4.875% 30/03/2026	1,838	0.09	
US\$826,974	Energean Israel Finance 5.375% 30/03/2028	724	0.04	
US\$5,203,704	Energean Israel Finance 8.5% 30/09/2033	4,944	0.24	
US\$4,343,000	EnfraGen Energia 5.375% 30/12/2030	3,334	0.16	
US\$7,896,000	Georgia (Govt. of) 2.75% 22/04/2026	7,380	0.36	
US\$4,500,000	Georgian Railway 4% 17/06/2028	4,128	0.20	
US\$5,500,000	Globo Comunicacao e Participacoes 5.5% 14/01/2032	4,712	0.23	
US\$6,600,000	Greenko Solar Mauritius 5.95% 29/07/2026	6,396	0.32	
US\$9,750,000	Guatemala (Republic of) 4.65% 07/10/2041	7,952	0.39	

Portfolio statement

Investments (continued)

Holding	as at 31.12.23 \$'000	as at 31.12.23 %	as at 30.06.23 %
Fixed income (continued)			
Debt securities (continued)			
'BB' credit rated bonds (continued)			
US\$2,439,000 Guatemala (Republic of) 4.875% 13/02/2028	2,372	0.12	
US\$2,320,000 Guatemala (Republic of) 4.9% 01/06/2030	2,231	0.11	
US\$3,667,000 Guatemala (Republic of) 6.6% 13/06/2036	3,727	0.18	
US\$9,050,000 Heritage Petroleum 9% 12/08/2029	9,487	0.47	
US\$4,448,000 Hunt Oil Company of Peru 8.55% 18/09/2033	4,799	0.24	
US\$2,000,000 Ipoteka-Bank 5.5% 19/11/2025	1,860	0.09	
US\$3,000,000 Jollibee Worldwide Pte 4.75% 24/06/2030	2,816	0.14	
US\$5,000,000 JSW Steel 5.05% 05/04/2032	4,296	0.21	
US\$6,050,000 KUO 5.75% 07/07/2027	5,354	0.26	
€3,388,000 Macedonia (Govt. of) 1.625% 10/03/2028	3,249	0.16	
US\$3,300,000 MAF Global Securities Var. Rate 6.375% Perpetual	3,234	0.16	
US\$3,181,000 MAF Global Securities Var. Rate 7.875% Perpetual	3,233	0.16	
€3,100,000 mBank Var. Rate 8.375% 11/09/2027	3,618	0.18	
US\$3,000,000 Melco Resorts Finance 5.75% 21/07/2028	2,763	0.14	
US\$3,400,000 Metalsa 3.75% 04/05/2031	2,737	0.14	
US\$6,000,000 Millicom International Cellular 4.5% 27/04/2031	4,983	0.25	
US\$2,610,000 Millicom International Cellular 6.25% 25/03/2029	2,472	0.12	
US\$5,000,000 Minerva Luxembourg 8.875% 13/09/2033	5,286	0.26	
US\$12,752,000 Morocco (Kingdom of) 4% 15/12/2050	9,153	0.45	
US\$8,928,000 Morocco (Kingdom of) 5.5% 11/12/2042	8,080	0.40	
US\$3,137,000 National Bank of Uzbekistan 4.85% 21/10/2025	2,912	0.14	
US\$4,050,000 Network i2i Var. Rate 5.65% Perpetual	3,987	0.20	
US\$4,050,000 Nexa Resources 6.5% 18/01/2028	4,028	0.20	
US\$4,900,000 OCP 3.75% 23/06/2031	4,208	0.21	
US\$3,500,000 OCP 6.875% 25/04/2044	3,317	0.16	
US\$8,200,000 Oman (Sultanate of) 6.5% 08/03/2047	8,342	0.41	
US\$10,566,000 Oman (Sultanate of) 6.75% 17/01/2048	11,034	0.54	
US\$3,400,000 OTP Bank Var. Rate 8.75% 15/05/2033	3,488	0.17	
US\$12,311,000 Paraguay (Republic of) 6.1% 11/08/2044	12,034	0.59	
US\$2,750,000 Rede D'or Finance 4.5% 22/01/2030	2,460	0.12	

Portfolio statement

Investments (continued)

Holding	as at 31.12.23 \$'000	as at 31.12.23 %	as at 30.06.23 %
Fixed income (continued)			
Debt securities (continued)			
'BB' credit rated bonds (continued)			
US\$4,225,000 Rede D'or Finance 4.95% 17/01/2028	4,007	0.20	
RUB2,783,367,000 Russia (Federation of) 8.15% 03/02/2027 ^a	12,966	0.64	
US\$5,533,000 Sagicor Financial 5.3% 13/05/2028	5,298	0.26	
€6,000,000 San Marino (Republic of) 6.5% 19/01/2027	6,842	0.34	
US\$3,000,000 Sands China 4.875% 18/06/2030	2,728	0.13	
US\$1,750,000 Sasol Financing USA 8.75% 03/05/2029	1,783	0.09	
€11,973,000 Serbia (Republic of) 1.65% 03/03/2033	9,781	0.48	
€11,368,000 Serbia (Republic of) 2.05% 23/09/2036	8,737	0.43	
US\$359,825 Seychelles (Republic of) 8% 01/01/2026	358	0.02	
US\$11,030,000 Sharjah (Govt. of) 6.5% 23/11/2032	11,549	0.57	
US\$3,374,000 Sitios Latinoamerica 5.375% 04/04/2032	3,111	0.15	
US\$8,300,000 South Africa (Republic of) 5.375% 24/07/2044	6,608	0.33	
ZAR699,118,303 South Africa (Republic of) 8.75% 28/02/2048	27,871	1.38	
ZAR553,000,000 South Africa (Republic of) 8.875% 28/02/2035	25,250	1.25	
US\$9,120,000 Southern Gas Corridor CJSC 6.875% 24/03/2026	9,252	0.46	
US\$3,750,000 Telefonica Celular del Paraguay 5.875% 15/04/2027	3,633	0.18	
€4,000,000 Teva Pharmaceutical Finance Netherlands II 3.75% 09/05/2027	4,265	0.21	
US\$3,200,000 Teva Pharmaceutical Finance Netherlands III 6.75% 01/03/2028	3,271	0.16	
US\$6,200,000 Teva Pharmaceutical Finance Netherlands III 7.875% 15/09/2029	6,664	0.33	
US\$2,050,000 Uzbek Industrial and Construction Bank 5.75% 02/12/2024	1,994	0.10	
US\$9,139,000 Uzbekistan (Republic of) 3.9% 19/10/2031	7,645	0.38	
US\$5,211,000 Uzbekistan (Republic of) 5.375% 20/02/2029	4,937	0.24	
US\$2,272,000 Uzbekistan (Republic of) 7.85% 12/10/2028	2,372	0.12	
UZS55,800,000,000 Uzbekistan (Republic of) 14% 19/07/2024	4,482	0.22	
UZS36,670,000,000 Uzbekistan (Republic of) 16.25% 12/10/2026	2,956	0.15	
US\$6,466,333 Vietnam (Socialist Republic of) 5.5% 12/03/2028	6,179	0.30	
US\$3,000,000 Vivo Energy Investments 5.125% 24/09/2027	2,799	0.14	
US\$4,000,000 WE Soda Investments 9.5% 06/10/2028	4,137	0.20	

Portfolio statement

Investments (continued)

Holding	as at 31.12.23 \$'000	as at 31.12.23 %	as at 30.06.23 %
Fixed income (continued)			
Debt securities (continued)			
'B' credit rated bonds	288,756	14.26	15.00
€10,500,000 Albania (Republic of) 5.9% 09/06/2028	11,874	0.59	
US\$2,900,000 Angola (Republic of) 8.75% 14/04/2032	2,545	0.12	
US\$8,763,000 Angola (Republic of) 9.375% 08/05/2048	7,253	0.36	
US\$3,827,000 Aydem Yenilenebilir Enerji 7.75% 02/02/2027	3,481	0.17	
US\$8,000,000 Bahamas (Commonwealth of) 6% 21/11/2028	7,016	0.35	
US\$7,478,000 Bahamas (Commonwealth of) 8.95% 15/10/2032	6,970	0.34	
US\$5,775,000 Bahrain (Kingdom of) 5.25% 25/01/2033	5,131	0.25	
US\$2,700,000 Banco Davivienda Var. Rate 6.65% Perpetual	1,917	0.09	
US\$4,000,000 Banco do Brasil Var. Rate 6.25% Perpetual	3,894	0.19	
US\$3,500,000 Banco Industrial Guatemala Var. Rate 4.875% 29/01/2031	3,272	0.16	
US\$9,200,000 Barbados (Govt. of) 6.5% 01/10/2029	8,623	0.43	
€8,650,000 Benin (Republic of) 4.875% 19/01/2032	7,814	0.39	
€5,348,000 Benin (Republic of) 6.875% 19/01/2052	4,645	0.23	
US\$2,000,000 Cemex Var. Rate 9.125% Perpetual	2,119	0.10	
US\$3,145,000 Continuum Energy Aura Pte 9.5% 24/02/2027	3,199	0.16	
US\$4,300,000 Costa Rica (Republic of) 5.625% 30/04/2043	3,922	0.19	
US\$1,911,000 Costa Rica (Republic of) 6.55% 03/04/2034	1,978	0.10	
US\$4,200,000 Costa Rica (Republic of) 7% 04/04/2044	4,378	0.22	
US\$2,000,000 Costa Rica (Republic of) 7.3% 13/11/2054	2,168	0.11	
CRC1,000,000,000 Costa Rica (Republic of) 9.66% 30/09/2026	2,055	0.10	
CRC200,000,000 Costa Rica (Republic of) 10.35% 24/09/2025	409	0.02	
US\$3,526,000 Dar Al-Arkan Sukuk 8% 25/02/2029	3,599	0.18	
US\$3,655,000 ERO Copper 6.5% 15/02/2030	3,220	0.16	
US\$6,200,000 Eskom 7.125% 11/02/2025	6,193	0.31	
US\$2,550,000 Export Credit Bank of Turkey 9% 28/01/2027	2,652	0.13	
US\$4,628,000 Hazine Mustesarligi Varlik Kiralama 8.5091% 14/01/2029	4,910	0.24	
US\$10,917,000 Honduras (Republic of) 5.625% 24/06/2030	9,710	0.48	
US\$2,947,000 Istanbul Metropolitan Municipality 6.375% 09/12/2025	2,842	0.14	
US\$1,400,000 Istanbul Metropolitan Municipality 10.5% 06/12/2028	1,482	0.07	
US\$3,600,000 Jamaica (Govt. of) 7.875% 28/07/2045	4,385	0.22	

Portfolio statement

Investments (continued)

Holding		as at 31.12.23 \$'000	as at 31.12.23 %	as at 30.06.23 %
Fixed income (continued)				
Debt securities (continued)				
'B' credit rated bonds (continued)				
JA\$988,000,000	Jamaica (Govt. of) 9.625% 03/11/2030	6,459	0.32	
US\$3,692,000	Jordan (Kingdom of) 6.125% 29/01/2026	3,678	0.18	
US\$11,835,000	Jordan (Kingdom of) 7.375% 10/10/2047	10,484	0.52	
US\$6,460,000	Kenya (Republic of) 8% 22/05/2032	5,826	0.29	
US\$4,900,000	Kenya (Republic of) 8.25% 28/02/2048	4,045	0.20	
US\$3,850,000	Kosmos Energy 7.125% 04/04/2026	3,664	0.18	
US\$4,350,000	Liberty Costa Rica Senior Secured Finance 10.875% 15/01/2031	4,448	0.22	
US\$3,400,000	Liquid Telecommunications Financing 5.5% 04/09/2026	1,960	0.10	
US\$4,180,000	Mongolia (Govt. of) 3.5% 07/07/2027	3,740	0.18	
US\$4,850,000	Mongolia (Govt. of) 4.45% 07/07/2031	4,058	0.20	
US\$2,500,000	Mongolia (Govt. of) 8.65% 19/01/2028	2,632	0.13	
€3,000,000	Montenegro (Republic of) 2.55% 03/10/2029	2,720	0.13	
€8,418,000	Montenegro (Republic of) 2.875% 16/12/2027	8,149	0.40	
US\$7,200,000	Namibia (Republic of) 5.25% 29/10/2025	7,092	0.35	
US\$3,846,000	Papua New Guinea (Govt. of) 8.375% 04/10/2028	3,590	0.18	
US\$9,351,000	Petroleos Mexicanos 6.75% 21/09/2047	6,127	0.30	
MXN90,322,600	Petroleos Mexicanos 7.19% 12/09/2024	5,108	0.25	
US\$11,400,000	Petroleos Mexicanos 7.69% 23/01/2050	8,091	0.40	
US\$12,000,000	Rwanda (Republic of) 5.5% 09/08/2031	9,563	0.47	
€3,150,000	Senegal (Republic of) 5.375% 08/06/2037	2,566	0.13	
US\$5,000,000	Senegal (Republic of) 6.25% 23/05/2033	4,453	0.22	
US\$4,900,000	Senegal (Republic of) 6.75% 13/03/2048	3,843	0.19	
€6,725,000	Srpska (Republic of) 4.75% 27/04/2026	7,027	0.35	
US\$12,767,000	Tajikistan (Republic of) 7.125% 14/09/2027	10,852	0.54	
US\$12,000,000	Türkiye (Republic of) 4.875% 16/04/2043	8,749	0.43	
US\$8,000,000	Türkiye (Republic of) 5.75% 11/05/2047	6,264	0.31	
US\$8,000,000	Türkiye (Republic of) 6.625% 17/02/2045	7,036	0.35	
US\$3,250,000	Wynn Macau 5.125% 15/12/2029	2,876	0.14	
	'CCC' credit rated bonds	106,220	5.24	7.26
US\$2,766,000	ALROSA Finance 3.1% 25/06/2027 ^b	0	0.00	

Portfolio statement

Investments (continued)

Holding	as at 31.12.23 \$'000	as at 31.12.23 %	as at 30.06.23 %
Fixed income (continued)			
Debt securities (continued)			
'CCC' credit rated bonds (continued)			
€2,596,000 BOI Finance 7.5% 16/02/2027	2,636	0.13	
US\$1,886,000 Bolivia (Plurinational State of) 4.5% 20/03/2028	891	0.04	
€11,550,000 Cameroon (Republic of) 5.95% 07/07/2032	9,407	0.46	
US\$2,082,908 Ecuador (Republic of) 0% 31/07/2030	589	0.03	
US\$7,136,364 Ecuador (Republic of) 1.5% 31/07/2040	2,238	0.11	
US\$7,179,271 Ecuador (Republic of) 2.5% 31/07/2035	2,535	0.13	
US\$4,739,000 Egypt (Arab Republic of) 5.8% 30/09/2027	3,644	0.18	
US\$10,383,000 Egypt (Arab Republic of) 8.7002% 01/03/2049	6,475	0.32	
US\$9,735,000 Egypt (Arab Republic of) 8.875% 29/05/2050	6,179	0.31	
US\$7,000,000 El Salvador (Republic of) 7.1246% 20/01/2050	4,938	0.24	
US\$4,250,000 El Salvador (Republic of) 9.5% 15/07/2052	3,523	0.17	
US\$9,750,000 Gabon (Republic of) 6.625% 06/02/2031	8,108	0.40	
US\$4,610,000 Gabon (Republic of) 6.95% 16/06/2025	4,376	0.22	
US\$2,212,000 GTLK Europe 5.125% 31/05/2024 ^b	0	0.00	
US\$631,000 GTLK Europe Capital 4.65% 10/03/2027 ^b	0	0.00	
US\$3,208,000 GTLK Europe Capital 5.95% 17/04/2025 ^b	0	0.00	
US\$8,051,063 Iraq (Republic of) 5.8% 15/01/2028	7,507	0.37	
US\$4,688,000 Kenbourne Invest 4.7% 22/01/2028	2,477	0.12	
US\$3,079,000 Maldives Sukuk Issuance 9.875% 08/04/2026	2,464	0.12	
US\$11,700,000 Mozambique (Republic of) 5% 15/09/2031	9,905	0.49	
US\$12,186,000 Nigeria (Federal Republic of) 7.375% 28/09/2033	10,358	0.51	
US\$10,243,000 Nigeria (Federal Republic of) 8.747% 21/01/2031	9,733	0.48	
US\$3,990,000 Oriflame Investment 5.125% 04/05/2026	1,107	0.06	
US\$2,852,000 Pakistan (Islamic Republic of) 8.875% 08/04/2051	1,717	0.09	
US\$1,000,000 Suriname (Republic of) 7.95% 15/07/2033	867	0.04	
US\$4,750,000 YPF 8.5% 28/07/2025	4,546	0.22	
'C' credit rated bonds	40,682	2.01	1.88
€4,992,000 Argentina (Republic of) 0.125% 09/07/2030	1,961	0.10	
US\$10,000,000 Argentina (Republic of) 0.5% 09/07/2030	4,028	0.20	
US\$31,170,041 Argentina (Republic of) 1.5% 09/07/2035	10,649	0.53	

Portfolio statement

Investments (continued)

Holding	as at 31.12.23 \$'000	as at 31.12.23 %	as at 30.06.23 %
Fixed income (continued)			
Debt securities (continued)			
'C' credit rated bonds (continued)			
US\$5,000,000 Argentina (Republic of) 1.5% 09/07/2046	1,735	0.09	
ARS193,441,000 Argentina (Republic of) 15.5% 17/10/2026	72	0.00	
US\$5,328,297 Buenos Aires (Province of) 5.25% 01/09/2037	2,023	0.10	
US\$4,500,000 Córdoba (Province of) 6.875% 01/02/2029	3,476	0.17	
US\$3,268,000 NAK Naftogaz Ukraine via Kondor Finance 7.625% 08/11/2026	1,508	0.07	
US\$2,093,000 NPC Ukrenergo 6.875% 09/11/2028	550	0.03	
€5,000,000 Ukraine (Republic of) 6.75% 20/06/2028	1,308	0.06	
US\$4,000,000 Ukraine (Republic of) 6.876% 21/05/2031	905	0.04	
US\$4,000,000 Ukraine (Republic of) 7.253% 15/03/2035	932	0.05	
US\$10,017,000 Ukraine (Republic of) 7.375% 25/09/2034	2,332	0.12	
US\$4,000,000 Ukraine (Republic of) 7.75% 01/09/2029	1,082	0.05	
UAH27,923,000 Ukraine (Republic of) 9.99% 22/05/2024	717	0.04	
UAH150,000,000 Ukraine (Republic of) 12.7% 30/10/2024	3,084	0.15	
UAH30,000,000 Ukraine (Republic of) 15.5% 02/10/2024	625	0.03	
UAH63,000,000 Ukraine (Republic of) 19.6% 02/04/2025	1,687	0.08	
UAH60,000,000 Ukraine (Republic of) 19.7% 06/08/2025	1,210	0.06	
UAH40,000,000 Ukraine (Republic of) 19.75% 05/11/2025	798	0.04	
'D' credit rated bonds	20,856	1.03	0.95
US\$8,934,000 Ghana (Republic of) 8.125% 26/03/2032	3,877	0.19	
US\$4,200,000 Ghana (Republic of) 8.627% 16/06/2049	1,785	0.09	
US\$1,750,000 Sri Lanka (Republic of) 6.2% 11/05/2027	877	0.04	
US\$1,950,000 Sri Lanka (Republic of) 6.75% 18/04/2028	976	0.05	
US\$4,200,000 Sri Lanka (Republic of) 7.55% 28/03/2030	2,093	0.10	
US\$3,200,000 Sri Lanka (Republic of) 7.85% 14/03/2029	1,598	0.08	
US\$1,500,000 Venezuela (Republic of) 0% 13/10/2024 ^b	216	0.01	
US\$12,676,000 Venezuela (Republic of) 7% 31/03/2038 ^b	1,776	0.09	
US\$6,171,300 Venezuela (Republic of) 9.25% 07/05/2028 ^b	1,035	0.05	
US\$2,200,000 Yuzhou 7.7% 20/02/2025	132	0.01	
US\$1,600,000 Yuzhou 7.85% 12/08/2026	100	0.01	

Portfolio statement

Investments (continued)

Holding	as at 31.12.23 \$'000	as at 31.12.23 %	as at 30.06.23 %
Fixed income (continued)			
Debt securities (continued)			
'D' credit rated bonds (continued)			
US\$6,635,000 Zambia (Republic of) 8.5% 14/04/2024 ^b	4,111	0.20	
US\$3,700,000 Zambia (Republic of) 8.97% 30/07/2027 ^b	2,280	0.11	
Bonds with no credit rating	32,881	1.62	1.86
US\$12,132,000 Abu Dhabi (Emirate of) 3.9% 09/09/2050	9,105	0.45	
US\$2,262,000 Abu Dhabi Commercial Bank Var. Rate 8% Perpetual	2,397	0.12	
US\$5,397,000 Commercial Bank of Qatar Var. Rate 4.5% Perpetual	4,916	0.24	
US\$11,676,200 Petroleos de Venezuela 5.375% 12/04/2027 ^b	1,201	0.06	
US\$5,000,000 Petroleos de Venezuela 6% 16/05/2024 ^b	547	0.02	
US\$2,944,927 Petroleos de Venezuela 9.75% 17/05/2035 ^b	361	0.02	
US\$3,700,000 Sovcombank Via SovCom Capital 8% 07/04/2030 ^b	0	0.00	
US\$16,439,000 Vietnam Debt & Asset Trading 1% 10/10/2025	14,354	0.71	
Currency	(839)	(0.04)	(0.02)
Forward currency contracts	(839)	(0.04)	(0.02)
CLP12,000,000,000 Bought for US\$13,259,669 (expires 16.01.24)	325	0.01	
THB516,300,000 Bought for US\$14,830,411 (expires 06.03.24)	379	0.02	
TRY225,000,000 Bought for US\$7,159,221 (expires 18.03.24)	(63)	0.00	
€(142,658,970) Sold for US\$156,939,703 (expires 06.03.24)	(1,480)	(0.07)	
Share class hedging	11,416	0.56	0.26
Forward currency contracts for share class hedging	11,416	0.56	0.26
£713,844,085 Bought for US\$898,472,654 (expires 24.01.24)	11,426	0.56	
£(1,790,819) Sold for US\$2,273,071 (expires 24.01.24)	(10)	0.00	
Total portfolio	1,981,307	97.82	98.22
Net other assets/(liabilities)	44,186	2.18	1.78
Net assets attributable to shareholders	2,025,493	100.00	100.00

^a Sanctioned.

^b Defaulted bond.

Portfolio statement

Top ten portfolio transactions for the six months to 31 December 2023

Largest purchases	\$'000
iShares JPMorgan Fund (USD) Acc	51,286
Singapore (Republic of) 3% 01/09/2024	28,161
Hungary (Republic of) 6.75% 22/10/2028	20,681
Poland (Republic of) 6% 25/10/2033	19,681
Poland (Republic of) 1.75% 25/04/2032	18,063
Romania (Republic of) 6.375% 18/09/2033	14,508
Malaysia (Govt. of) 3.844% 15/04/2033	14,364
Malaysia (Govt. of) 3.582% 15/07/2032	12,925
Panama (Republic of) 6.375% 25/07/2033	10,866
Chile (Republic of) 5.8% 01/10/2034	9,941
Other purchases	377,769
Total purchases	578,245

Largest sales	\$'000
iShares JPMorgan Fund (USD) Acc	50,213
Singapore (Republic of) 2.75% 01/07/2023	23,185
Romania (Republic of) 7.125% 17/01/2033	14,267
Slovakia (Republic of) 4% 20/02/2043	12,941
Mexico (United Mexican States) 8% 05/09/2024	12,323
Chile (Republic of) 5.8% 01/10/2034	10,844
OTP Bank Var. Rate 7.5% 25/05/2027	7,652
Cyprus (Republic of) 4.125% 13/04/2033	6,444
Poland (Republic of) 4.25% 14/02/2043	6,338
Cyprus (Republic of) 0.95% 20/01/2032	6,255
Other sales	198,692
Total sales	349,154

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

Financial highlights

Fund performance

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

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

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

Long-term performance by share class

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

Share class	Six months % ^a	Three years % pa	Five years % pa	Ten years % pa
Sterling				
Class 'A' Income	+5.8	+0.9	+3.1	+6.0
Class 'A' Accumulation	+5.9	+0.9	+3.1	+6.1
Class 'I' Income	+6.0	+1.3	+3.6	+6.5
Class 'I' Accumulation	+6.1	+1.3	+3.6	+6.6
Class 'I-H' Income	+6.4	-2.0	+2.1	n/a
Class 'I-H' Accumulation	+6.4	-2.0	+2.2	n/a
Class 'PP' Income	+6.1	+1.4	n/a	n/a
Class 'PP' Accumulation	+6.1	+1.4	n/a	n/a
Class 'PP-H' Income	+6.5	n/a	n/a	n/a
Class 'PP-H' Accumulation	+6.5	n/a	n/a	n/a
Class 'R' Income	+5.9	+1.1	+3.3	+6.2
Class 'R' Accumulation	+5.9	+1.1	+3.3	+6.3
Benchmark	+5.2	-0.3	+2.0	+5.1

^a Not annualised.

Specific share class performance

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

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

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

Financial highlights

Sterling Class 'A' Income share performance

The share class was launched on 1 October 2002.

Change in NAV per share	Six months to 31.12.23 UK p	Year to 30.06.23 UK p	Year to 30.06.22 UK p
Opening NAV	74.84	73.46	86.16
Return before operating charges	4.81	7.28	(6.66)
Operating charges	(0.41)	(0.85)	(0.91)
Return after operating charges	4.40	6.43	(7.57)
Distributions	(2.67)	(5.05)	(5.13)
Closing NAV	76.57	74.84	73.46
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	1.08	1.09	1.10
Return after charges	+5.88	+8.75	-8.79
Other information			
Closing NAV (\$'000)	7,527	7,393	8,235
Number of shares	7,713,389	7,811,050	9,258,716
Highest share price (UK p)	80.10	82.33	88.58
Lowest share price (UK p)	73.89	72.38	75.37

Sterling Class 'A' Accumulation share performance

The share class was launched on 1 October 2002.

Change in NAV per share	Six months to 31.12.23 UK p	Year to 30.06.23 UK p	Year to 30.06.22 UK p
Opening NAV	244.11	224.40	246.76
Return before operating charges	15.67	22.34	(19.71)
Operating charges	(1.33)	(2.63)	(2.65)
Return after operating charges	14.34	19.71	(22.36)
Distributions	(7.41)	(13.12)	(12.15)
Retained distributions	7.41	13.12	12.15
Closing NAV	258.45	244.11	224.40
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.03
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.00	0.03
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	1.08	1.09	1.10
Return after charges	+5.87	+8.78	-9.06
Other information			
Closing NAV (\$'000)	9,559	9,249	8,671
Number of shares	2,902,048	2,995,980	3,191,035
Highest share price (UK p)	261.20	253.23	253.68
Lowest share price (UK p)	240.95	221.09	222.05

Financial highlights

Sterling Class 'I' Income share performance

The share class was launched on 19 April 2012.

Change in NAV per share	Six months to 31.12.23 UK p	Year to 30.06.23 UK p	Year to 30.06.22 UK p
Opening NAV	104.13	101.79	118.91
Return before operating charges	6.72	10.10	(9.22)
Operating charges	(0.36)	(0.75)	(0.80)
Return after operating charges	6.36	9.35	(10.02)
Distributions	(3.73)	(7.01)	(7.10)
Closing NAV	106.76	104.13	101.79
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	0.68	0.70	0.69
Return after charges	+6.11	+9.19	-8.43
Other information			
Closing NAV (\$'000)	154,789	205,003	159,751
Number of shares	113,757,460	155,673,168	129,609,526
Highest share price (UK p)	111.67	114.19	122.43
Lowest share price (UK p)	102.83	100.32	104.30

Sterling Class 'I' Accumulation share performance

The share class was launched on 19 April 2012.

Change in NAV per share	Six months to 31.12.23 UK p	Year to 30.06.23 UK p	Year to 30.06.22 UK p
Opening NAV	184.55	168.97	185.06
Return before operating charges	11.85	16.84	(14.82)
Operating charges	(0.64)	(1.26)	(1.27)
Return after operating charges	11.21	15.58	(16.09)
Distributions	(5.97)	(10.60)	(9.89)
Retained distributions	5.97	10.60	9.89
Closing NAV	195.76	184.55	168.97
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.02
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.00	0.02
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	0.68	0.70	0.69
Return after charges	+6.07	+9.22	-8.69
Other information			
Closing NAV (\$'000)	473,186	367,427	341,690
Number of shares	189,660,819	157,423,447	167,003,534
Highest share price (UK p)	197.84	191.14	190.54
Lowest share price (UK p)	182.18	166.51	166.99

Financial highlights

Sterling Class 'I-H' Income share performance

The share class was launched on 24 July 2015.

Change in NAV per share	Six months to 31.12.23 UK p	Year to 30.06.23 UK p	Year to 30.06.22 UK p
Opening NAV	72.48	69.19	93.08
Return before operating charges	4.94	8.57	(18.14)
Operating charges	(0.26)	(0.53)	(0.64)
Return after operating charges	4.68	8.04	(18.78)
Distributions	(2.61)	(4.75)	(5.11)
Closing NAV	74.55	72.48	69.19
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	0.71	0.72	0.73
Return after charges	+6.46	+11.62	-20.18
Other information			
Closing NAV (\$'000)	197,341	187,467	24,891
Number of shares	207,697,612	204,504,993	29,710,788
Highest share price (UK p)	78.04	76.03	94.93
Lowest share price (UK p)	69.26	65.49	71.76

Sterling Class 'I-H' Accumulation share performance

The share class was launched on 24 July 2015.

Change in NAV per share	Six months to 31.12.23 UK p	Year to 30.06.23 UK p	Year to 30.06.22 UK p
Opening NAV	116.11	103.82	130.92
Return before operating charges	7.85	13.08	(26.20)
Operating charges	(0.41)	(0.79)	(0.90)
Return after operating charges	7.44	12.29	(27.10)
Distributions	(3.76)	(6.46)	(6.37)
Retained distributions	3.76	6.46	6.37
Closing NAV	123.55	116.11	103.82
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	0.71	0.72	0.73
Return after charges	+6.41	+11.84	-20.70
Other information			
Closing NAV (\$'000)	196,941	207,493	149,757
Number of shares	125,069,753	141,299,046	119,130,278
Highest share price (UK p)	124.96	117.80	133.53
Lowest share price (UK p)	110.89	98.23	103.82

Financial highlights

Sterling Class 'PP' Income share performance

The share class was launched on 5 August 2019.

Change in NAV per share	Six months to 31.12.23 UK p	Year to 30.06.23 UK p	Year to 30.06.22 UK p
Opening NAV	74.86	73.08	85.26
Return before operating charges	4.81	7.28	(6.59)
Operating charges	(0.22)	(0.46)	(0.50)
Return after operating charges	4.59	6.82	(7.09)
Distributions	(2.68)	(5.04)	(5.09)
Closing NAV	76.77	74.86	73.08
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	0.58	0.59	0.60
Return after charges	+6.13	+9.33	-8.32
Other information			
Closing NAV (\$'000)	160,695	12,746	6,024
Number of shares	164,250,621	13,462,464	6,808,109
Highest share price (UK p)	80.29	82.00	87.81
Lowest share price (UK p)	73.90	72.03	74.84

Sterling Class 'PP' Accumulation share performance

The share class was launched on 8 April 2019.

Change in NAV per share	Six months to 31.12.23 UK p	Year to 30.06.23 UK p	Year to 30.06.22 UK p
Opening NAV	106.67	97.57	106.76
Return before operating charges	6.85	9.72	(8.57)
Operating charges	(0.31)	(0.62)	(0.62)
Return after operating charges	6.54	9.10	(9.19)
Distributions	(3.51)	(6.23)	(5.82)
Retained distributions	3.51	6.23	5.82
Closing NAV	113.21	106.67	97.57
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	0.58	0.60	0.59
Return after charges	+6.13	+9.33	-8.61
Other information			
Closing NAV (\$'000)	328,556	283,478	237,461
Number of shares	227,712,961	210,120,864	200,985,919
Highest share price (UK p)	114.41	110.44	109.96
Lowest share price (UK p)	105.31	96.16	96.41

Financial highlights

Sterling Class 'PP-H' Income share performance

The share class was launched on 15 March 2021.

Change in NAV per share	Six months to 31.12.23 UK p	Year to 30.06.23 UK p	Year to 30.06.22 UK p
Opening NAV	77.39	73.76	99.13
Return before operating charges	5.28	9.22	(19.33)
Operating charges	(0.24)	(0.51)	(0.56)
Return after operating charges	5.04	8.71	(19.89)
Distributions	(2.79)	(5.08)	(5.48)
Closing NAV	79.64	77.39	73.76
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	0.61	0.61	0.62
Return after charges	+6.51	+11.81	-20.06
Other information			
Closing NAV (\$'000)	463,888	401,584	3,960
Number of shares	457,022,053	410,325,075	4,433,694
Highest share price (UK p)	83.37	81.17	101.14
Lowest share price (UK p)	73.96	69.84	76.51

Sterling Class 'PP-H' Accumulation share performance

The share class was launched on 15 March 2021.

Change in NAV per share	Six months to 31.12.23 UK p	Year to 30.06.23 UK p	Year to 30.06.22 UK p
Opening NAV	90.57	80.92	101.97
Return before operating charges	6.16	10.19	(20.45)
Operating charges	(0.28)	(0.54)	(0.60)
Return after operating charges	5.88	9.65	(21.05)
Distributions	(2.98)	(5.13)	(5.10)
Retained distributions	2.98	5.13	5.10
Closing NAV	96.45	90.57	80.92
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	0.61	0.62	0.63
Return after charges	+6.49	+11.93	-20.64
Other information			
Closing NAV (\$'000)	28,130	13,543	5,520
Number of shares	22,882,380	11,824,275	5,633,158
Highest share price (UK p)	97.56	91.89	104.03
Lowest share price (UK p)	86.53	76.60	80.92

Financial highlights

Sterling Class 'R' Income share performance

The share class was launched on 3 August 2012.

Change in NAV per share	Six months to 31.12.23 UK p	Year to 30.06.23 UK p	Year to 30.06.22 UK p
Opening NAV	95.51	93.60	109.62
Return before operating charges	6.15	9.28	(8.48)
Operating charges	(0.45)	(0.93)	(1.01)
Return after operating charges	5.70	8.35	(9.49)
Distributions	(3.41)	(6.44)	(6.53)
Closing NAV	97.80	95.51	93.60
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	0.93	0.95	0.94
Return after charges	+5.97	+8.92	-8.66
Other information			
Closing NAV (\$'000)	1,893	1,724	1,320
Number of shares	1,518,283	1,427,646	1,164,896
Highest share price (UK p)	102.30	104.94	112.77
Lowest share price (UK p)	94.31	92.24	95.99

Sterling Class 'R' Accumulation share performance

The share class was launched on 3 August 2012.

Change in NAV per share	Six months to 31.12.23 UK p	Year to 30.06.23 UK p	Year to 30.06.22 UK p
Opening NAV	167.15	153.42	168.46
Return before operating charges	10.72	15.28	(13.47)
Operating charges	(0.79)	(1.55)	(1.57)
Return after operating charges	9.93	13.73	(15.04)
Distributions	(5.20)	(9.22)	(8.56)
Retained distributions	5.20	9.22	8.56
Closing NAV	177.08	167.15	153.42
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.02
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.00	0.02
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	0.93	0.95	0.95
Return after charges	+5.94	+8.95	-8.93
Other information			
Closing NAV (\$'000)	2,988	2,724	2,611
Number of shares	1,323,883	1,288,492	1,405,335
Highest share price (UK p)	178.98	173.29	173.28
Lowest share price (UK p)	164.99	151.17	151.75

Financial statements and notes

Financial statements

Statement of total return

for the six months to 31 December	2023		2022	
	\$'000	\$'000	\$'000	\$'000
Income				
Net capital gains/(losses)		69,719		32,277
Revenue	67,162		31,564	
Expenses	(6,002)		(3,269)	
Interest payable and similar charges	(7)		(12)	
Net revenue/(expense) before taxation	61,153		28,283	
Taxation	(301)		(141)	
Net revenue/(expense) after taxation		60,852		28,142
Total return before distributions		130,571		60,419
Distributions		(63,883)		(28,973)
Change in net assets attributable to shareholders from investment activities		66,688		31,446

Statement of change in net assets attributable to shareholders

for the six months to 31 December	2023		2022	
	\$'000	\$'000	\$'000	\$'000
Opening net assets attributable to shareholders		1,699,831		949,891
Amounts received on issue of shares	472,547		113,967	
Amounts paid on cancellation of shares	(248,104)		(142,569)	
		224,443		(28,602)
Dilution adjustments		2,687		869
Change in net assets attributable to shareholders from investment activities (see above)		66,688		31,446
Retained distributions on Accumulation shares		31,844		19,890
Closing net assets attributable to shareholders		2,025,493		973,494

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

Financial statements and notes

Financial statements

Balance sheet

as at	31 December 2023 \$'000	30 June 2023 \$'000
Assets		
Fixed assets		
Investments	1,982,860	1,671,722
Current assets		
Debtors	42,222	46,250
Cash and bank balances	23,239	24,497
Cash equivalents	34,312	20,497
Total assets	2,082,633	1,762,966
Liabilities		
Investment liabilities	(1,553)	(2,090)
Creditors		
Bank overdrafts	(19,410)	(18,973)
Distribution payable	(34,479)	(27,684)
Other creditors	(1,698)	(14,388)
Total liabilities	(57,140)	(63,135)
Net assets attributable to shareholders	2,025,493	1,699,831

Financial statements and notes

Notes to the financial statements

Accounting policies

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

Distribution policy

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

Authorised Corporate Director's Report

For the purposes of these financial statements, the Prospectus dated 15 September 2023 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 the average return of the Bloomberg Global Treasury Index Unhedged USD over any five-year period.

Investment policy

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

Other investments may include:

- below investment grade debt securities, issued or guaranteed by governments and their agencies, public authorities, quasi-sovereigns and supranational bodies;
- asset backed securities; and
- other transferable securities, cash, and near cash, directly or via collective investment schemes (including funds managed by M&G).

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

Investment approach

The fund is globally diversified across a range of government debt securities and issuers from a variety of sectors and geographies. The fund's investment approach is flexible and begins with an assessment of macroeconomic factors such as expectations on interest rates, inflation and economic growth.

On a regional and country-specific level, factors such as monetary and fiscal policies, capital flows, and political and regulatory environments are assessed. The result of this analysis helps to inform the country, currency allocations and duration of the portfolio.

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: Bloomberg Global Treasury Index Unhedged USD.

The benchmark is a target against 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.

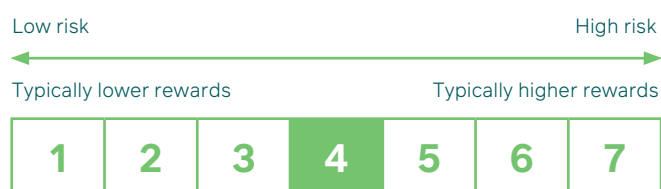
For unhedged and hedged share classes, the benchmark is shown in the share class currency.

Authorised Corporate Director's Report

Risk profile

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

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



The above number:

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

Investment review

For the six months ended 31 December 2023

Performance against objective

Over the reporting period, the M&G Global Government Bond Fund delivered positive total returns (the combination of income and growth of capital) across all its sterling share classes. The fund outperformed its benchmark, the Bloomberg Global Treasury Index Unhedged USD index, which returned 3.3% in the same period.

Over five years, not all the share classes of the fund have achieved its objective, which is to provide a higher total return (the combination of capital growth and income), net of the ongoing charge figure, than the average of the Bloomberg Global Treasury Index Unhedged USD index over any five-year period. The index returned -0.3% pa over the period.

Prior to 19 April 2021, the benchmark was the IA Global Bond Sector average. From 19 April 2021 to 5 March 2023, it was the IA Global Government Bond Sector average. Thereafter, it is the Bloomberg Global Treasury Index Unhedged USD. The performance of the sector and that of the index have been linked to reflect the change.

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

Investor sentiment over the direction of interest rates dominated government bond prices, which fell during the first part of the period before recovering strongly on hopes that peak rates have been reached. In the summer months, central banks in core economies indicated that interest rates would need to stay higher for longer, which created a difficult environment for developed market sovereign bonds. After months of relentless hiking, both the US Federal Reserve (Fed) and European Central Bank raised rates in July, with the latter continuing to hike in September. The Bank of England raised rates in August. However, easing inflation data, combined with a deterioration in economic activity, led to rates being held steady for the remainder of the year. While emerging market debt was relatively resilient earlier in 2023, sentiment was mired by soaring bond yields (meaning prices fell) in the core developed sovereign markets and concern over weakness in the Chinese economy.

In November, a marked slowdown in inflation, combined with a moderation in economic growth, ignited hopes that global interest rates may have reached their peak. The ensuing government bond markets rally continued over the remainder of the year, galvanised by the Fed's December meeting where policy makers signalled rate cuts of 75 basis points (bps), or three quarters of a percentage point, in 2024. Emerging market debt also performed well, benefiting from the fall in yields for developed market bonds, and local currencies' strength against the US dollar.

Authorised Corporate Director's Report

The fund's above-benchmark interest rate (duration) exposure was a key driver of relative performance in the latter part of the review period, as government bond prices rebounded. Longer-duration bonds generally benefit more when bond prices rise (and yields fall). Other important drivers of performance were asset allocation and security selection.

In terms of asset allocation, off-benchmark positions in select emerging market sovereigns, such as Argentina, Egypt and Brazil were key contributors. Issuer selection in Colombia also boosted returns. Exposure to select US Treasuries detracted from relative performance, as we held fewer US Treasuries than the benchmark, but was still the best contributor to performance overall during the period. German sovereign bonds (bunds) were among the best contributors to the fund's performance while our holdings in sovereign bonds from Chile, Indonesia, Uruguay and Portugal weighed on returns.

Investment activities

In the earlier part of the review period, we took advantage of the market weakness to add duration (exposure to interest rate risk) given the inverted yield curve. Usually, an inverted yield curve signals a period of economic softening could be ahead, which may call for interest rate cuts by central banks. We also rotated into longer-dated UK inflation-linked bonds and added to 20-year US Treasuries.

We were particularly active within our emerging market exposure, which rallied earlier in the summer, prompting us to trim portfolio risk. We took profits from our Uruguayan conventional bond position (although continued to hold its inflation-linked counterparts). We also exited our Guatemalan exposure and bought protection via the emerging market credit default swap (CDS) index. Within emerging markets, we maintained a preference for bonds denominated in local currencies (as opposed to debt issued in US dollars) given that several central banks were starting to cut rates.

As the reporting period progressed, we increased our allocations to developed market sovereigns through investing in long-dated UK, German, French and US

bonds. We reduced risk again by taking profits on our local currency Colombian bond exposure and the US dollar-denominated Argentinian bond position, recycling the proceeds into US treasuries, UK gilts and German bunds. We reduced duration at the margin in December but maintain our above-benchmark exposure.

Within currencies, the strength of the euro earlier in the year prompted us to reduce exposure and rotate into the US dollar. We also added to our Japanese yen allocation, bringing our exposure up to benchmark weight.

Outlook

Despite the recent significant rebound in developed government bond markets, we believe that there is still room for further gains given the major devaluation seen over the last few years. As a result, we maintain our above-benchmark duration positioning to take advantage of a lower inflation environment, accompanied by weaker economic growth. Investors have moved quickly to price in a soft landing, but will likely remain preoccupied with future economic data releases and central bank rhetoric around monetary policy, therefore we expect the elevated volatility to prevail.

We will continue with our flexible and diversified strategy of looking for opportunities across a range of government debt securities and issuers from a variety of sectors and geographies. We feel that US Treasuries, in particular, represent good value. We remain constructive on the prospects for emerging market debt as we expect monetary policy easing to continue across these economies. Additionally, a more accommodative monetary policy from the Fed typically means a softer US dollar, which in turn tends to be supportive of emerging market rates. Elsewhere, our modest off-benchmark positions in both investment grade and sub-investment grade corporate bonds will likely remain. Credit markets have been surprisingly

Authorised Corporate Director's Report

resilient over the last year, and while the recent rebound has been strong, we anticipate further progress as inflation pressures continue to subside.

Eva Sun-Wai

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 31.12.23 \$'000	as at 31.12.23 %	as at 30.06.23 %
Fixed income	107,431	96.31	96.31
Debt securities	106,406	95.39	96.22
'AAA' credit rated bonds	20,197	18.11	13.03
AU\$1,900,000 Australia (Commonwealth of) 1.75% 21/06/2051	763	0.69	
AU\$3,619,000 Australia (Commonwealth of) 2.75% 21/11/2028	2,364	2.12	
€1,616,000 Germany (Federal Republic of) 0.25% 15/08/2028	1,661	1.49	
€3,041,000 Germany (Federal Republic of) 0.5% 15/02/2025	3,280	2.94	
€1,400,000 Germany (Federal Republic of) 1.8% 15/08/2053	1,401	1.26	
€2,000,000 Germany (Federal Republic of) 2.5% 13/03/2025	2,206	1.98	
€829,000 Germany (Federal Republic of) IL 0.1% 15/04/2026	1,128	1.01	
€1,565,000 Germany (Federal Republic of) IL 0.5% 15/04/2030	2,232	2.00	
INR170,060,000 International Finance 6.3% 25/11/2024	2,032	1.82	
€500,000 Netherlands (Kingdom of) 0.5% 15/07/2032	478	0.43	
€440,000 Netherlands (Kingdom of) 2.5% 15/07/2033	495	0.44	
NOK22,983,000 Norway (Kingdom of) 1.75% 17/02/2027	2,157	1.93	
'AA' credit rated bonds	46,320	41.52	35.19
€748,000 Austria (Republic of) 0.9% 20/02/2032	730	0.65	
€1,350,000 Belgium (Kingdom of) 0.35% 22/06/2032	1,253	1.12	
CA\$3,300,000 Canada (Govt. of) 3.75% 01/02/2025	2,469	2.21	
CZK56,640,000 Czechia (Republic of) 2.4% 17/09/2025	2,449	2.20	
€1,800,000 France (Republic of) 2% 25/11/2032	1,924	1.73	
€1,000,000 France (Republic of) 3% 25/05/2054	1,092	0.98	
NZD4,407,000 New Zealand (Govt. of) 0.5% 15/05/2026	2,543	2.28	
NZD4,003,000 New Zealand (Govt. of) 3.5% 14/04/2033	2,370	2.13	
US\$150,000 Petroleos Mexicanos 2.46% 15/12/2025	136	0.12	
US\$205,000 Qatar (State of) 5.103% 23/04/2048	207	0.19	
US\$513,000 Qatar (State of) 6.4% 20/01/2040	595	0.53	
£310,000 UK Treasury 0.125% 22/03/2046	485	0.44	
£2,979,164 UK Treasury 3.5% 22/10/2025	3,763	3.37	
£1,300,000 UK Treasury 3.75% 22/07/2052	1,546	1.39	
£1,250,000 UK Treasury 3.75% 22/10/2053	1,481	1.33	
£1,744,136 UK Treasury 4.125% 29/01/2027	2,255	2.02	
US\$1,300,000 US Treasury 0.25% 15/06/2024	1,271	1.14	

Portfolio statement

Investments (continued)

Holding	as at 31.12.23 \$'000	as at 31.12.23 %	as at 30.06.23 %
Fixed income (continued)			
Debt securities (continued)			
'AA' credit rated bonds (continued)			
US\$3,570,300 US Treasury 3% 15/11/2044	2,961	2.65	
US\$1,302,200 US Treasury 3% 15/02/2047	1,067	0.96	
US\$2,157,900 US Treasury 3% 15/08/2052	1,767	1.58	
US\$4,214,700 US Treasury 3.375% 15/08/2042	3,763	3.37	
US\$3,700,000 US Treasury 4.125% 15/11/2032	3,762	3.37	
US\$600,000 US Treasury IL 0.125% 15/04/2026	669	0.60	
US\$500,000 US Treasury IL 0.375% 15/01/2027	605	0.54	
US\$1,480,300 US Treasury IL 0.75% 15/02/2045	1,517	1.36	
US\$2,364,400 US Treasury IL 2.375% 15/01/2027	3,640	3.26	
'A' credit rated bonds	4,027	3.61	7.36
CLP480,000,000 Chile (Republic of) 4.7% 01/09/2030	525	0.47	
¥148,800,000 Japan (Govt. of) 0.6% 20/03/2024	1,053	0.94	
¥327,800,000 Japan (Govt. of) 1.3% 20/06/2035	2,449	2.20	
'BBB' credit rated bonds	21,047	18.87	21.34
€525,000 Bulgaria (Republic of) 3.125% 26/03/2035	541	0.48	
€1,195,000 Croatia (Republic of) 1.5% 17/06/2031	1,183	1.06	
€220,000 Cyprus (Republic of) 4.125% 13/04/2033	263	0.24	
€408,000 Hungary (Republic of) 5.375% 12/09/2033	482	0.43	
US\$1,161,000 Hutama Karya 3.75% 11/05/2030	1,084	0.97	
US\$893,000 Indonesia (Republic of) 2.55% 09/06/2031	776	0.70	
IDR19,921,000,000 Indonesia (Republic of) 8.25% 15/05/2036	1,462	1.31	
IDR11,335,000,000 Indonesia (Republic of) 8.375% 15/03/2034	830	0.74	
€990,000 Italy (Republic of) 3.25% 01/03/2038	1,011	0.91	
€1,663,000 Italy (Republic of) 5.75% 01/02/2033	2,159	1.94	
MYR3,601,000 Malaysia (Govt. of) 4.254% 31/05/2035	805	0.72	
€661,000 Mexico (United Mexican States) 1.45% 25/10/2033	570	0.51	
MXN20,500,000 Mexico (United Mexican States) 5% 06/03/2025	1,144	1.03	
£469,000 Mexico (United Mexican States) 5.625% 19/03/2114	460	0.41	
MXN6,500,000 Mexico (United Mexican States) 8.5% 18/11/2038	365	0.33	
MXN9,400,000 Mexico (United Mexican States) 10% 05/12/2024	552	0.49	

Portfolio statement

Investments (continued)

Holding		as at 31.12.23 \$'000	as at 31.12.23 %	as at 30.06.23 %
Fixed income (continued)				
Debt securities (continued)				
'BBB' credit rated bonds (continued)				
€791,000	Peru (Republic of) 3.75% 01/03/2030	869	0.78	
PEN2,940,000	Peru (Republic of) 5.94% 12/02/2029	796	0.71	
PEN2,050,000	Peru (Republic of) 6.15% 12/08/2032	542	0.49	
€577,000	Philippines (Republic of) 0.7% 03/02/2029	557	0.50	
PHP48,000,000	Philippines (Republic of) 6.25% 14/01/2036	817	0.73	
€528,000	Romania (Republic of) 1.75% 13/07/2030	471	0.42	
US\$638,000	Romania (Republic of) 3.625% 27/03/2032	550	0.49	
€437,000	Spain (Kingdom of) 1% 30/07/2042	325	0.29	
€370,000	Spain (Kingdom of) 1.9% 31/10/2052	285	0.26	
THB16,630,000	Thailand (Kingdom of) 1.585% 17/12/2035	431	0.39	
UYU31,463,711	Uruguay (Republic of) 3.875% 02/07/2040	1,063	0.95	
UYU27,535,000	Uruguay (Republic of) 8.25% 21/05/2031	654	0.59	
	'BB' credit rated bonds	10,717	9.61	12.67
COP2,350,000,000	Bogota Distrito Capital 9.75% 26/07/2028	546	0.49	
BRL7,955,000	Brazil (Federal Republic of) 10% 01/01/2029	1,634	1.47	
US\$1,000,000	Colombia (Republic of) 7.375% 18/09/2037	1,035	0.93	
€465,000	Macedonia (Govt. of) 3.675% 03/06/2026	499	0.45	
€634,000	Morocco (Kingdom of) 1.5% 27/11/2031	559	0.50	
€354,000	Morocco (Kingdom of) 2% 30/09/2030	337	0.30	
US\$347,000	Morocco (Kingdom of) 5.5% 11/12/2042	314	0.28	
US\$208,000	Paraguay (Republic of) 4.95% 28/04/2031	203	0.18	
US\$800,000	Paraguay (Republic of) 6.1% 11/08/2044	782	0.70	
RUB227,020,000	Russia (Federation of) 8.15% 03/02/2027 ^a	1,057	0.95	
RSD86,700,000	Serbia (Republic of) 4.5% 20/08/2032	728	0.65	
US\$93,575	Seychelles (Republic of) 8% 01/01/2026	93	0.08	
ZAR33,351,000	South Africa (Republic of) 8.75% 28/02/2048	1,329	1.19	
US\$1,675,800	Vietnam (Socialist Republic of) 5.5% 12/03/2028	1,601	1.44	
	'B' credit rated bonds	494	0.44	1.66
US\$530,000	Bahamas (Commonwealth of) 8.95% 15/10/2032	494	0.44	

Portfolio statement

Investments (continued)

Holding	as at 31.12.23 \$'000	as at 31.12.23 %	as at 30.06.23 %
Fixed income (continued)			
Debt securities (continued)			
'CCC' credit rated bonds	324	0.29	1.59
US\$339,000 Nigeria (Federal Republic of) 8.375% 24/03/2029	324	0.29	
'C' credit rated bonds	1,236	1.11	1.50
US\$1,000,000 Argentina (Republic of) 1.5% 09/07/2035	342	0.31	
US\$1,098,233 Argentina (Republic of) 3.875% 09/01/2038	434	0.39	
ARS36,000,000 Argentina (Republic of) 15.5% 17/10/2026	13	0.01	
€2,000,000 Ukraine (Republic of) 4.375% 27/01/2032	447	0.40	
Bonds with no credit rating	2,044	1.83	1.88
US\$2,341,000 Vietnam Debt & Asset Trading 1% 10/10/2025	2,044	1.83	
Debt derivatives	1,025	0.92	0.09
Credit default swaps	126	0.11	0.34
US\$(8,150,000) Markit CDX Emerging Markets Series 38 V1 5 Year Dec 2027	126	0.11	
Interest rate swaps	(6)	0.00	0.02
¥710,000,000 Pay 0.2181% Receive VAR Oct 2025	(6)	0.00	
Interest rate futures	905	0.81	(0.27)
103 2 Year US Treasury Note Mar 2024	217	0.19	
13 Euro-Bono Mar 2024	58	0.05	
15 Euro-BTP Mar 2024	72	0.06	
10 Euro-OAT Mar 2024	44	0.04	
13 Euro-Schatz Mar 2024	7	0.01	
26 UK Long Gilt Bond March 2024	233	0.21	
14 US Long Bond Mar 2024	132	0.12	
12 US Ultra Treasury Bond Mar 2024	142	0.13	
Currency	6	0.00	(0.14)
Forward currency contracts	6	0.00	(0.14)
€2,230,535 Bought for CZK55,000,000 (expires 31.01.24)	11	0.01	
SEK16,000,000 Bought for €1,336,979 (expires 31.01.24)	118	0.11	
¥140,000,000 Bought for €902,834 (expires 31.01.24)	(8)	(0.01)	
£3,878,515 Bought for €4,477,914 (expires 31.01.24)	(22)	(0.02)	
¥100,000,000 Bought for £538,618 (expires 31.01.24)	23	0.02	

Portfolio statement

Investments (continued)

Holding	as at 31.12.23 \$'000	as at 31.12.23 %	as at 30.06.23 %
Currency (continued)			
Forward currency contracts (continued)			
¥2,069,000,000 Bought for US\$14,316,569 (expires 31.01.24)	361	0.32	
€2,276,612 Bought for US\$2,444,789 (expires 31.01.24)	80	0.07	
CNY32,820,000 Bought for US\$4,556,561 (expires 31.01.24)	84	0.07	
CA\$625,000 Bought for US\$455,948 (expires 31.01.24)	16	0.01	
IDR8,000,000,000 Bought for US\$518,901 (expires 31.01.24)	0	0.00	
AU\$(1,635,000) Sold for US\$1,057,768 (expires 31.01.24)	(55)	(0.05)	
CA\$(625,000) Sold for US\$468,159 (expires 31.01.24)	(4)	0.00	
CLP(422,460,000) Sold for US\$466,194 (expires 31.01.24)	(12)	(0.01)	
COP(2,530,000,000) Sold for US\$624,961 (expires 31.01.24)	(24)	(0.02)	
€(900,000) Sold for US\$963,230 (expires 31.01.24)	(35)	(0.03)	
£(9,010,960) Sold for US\$11,172,896 (expires 31.01.24)	(313)	(0.28)	
MXN(34,550,000) Sold for US\$1,976,045 (expires 31.01.24)	(54)	(0.05)	
NZD(3,890,000) Sold for US\$2,298,834 (expires 31.01.24)	(160)	(0.14)	
Total portfolio	107,437	96.31	96.17
Net other assets/(liabilities)	4,112	3.69	3.83
Net assets attributable to shareholders	111,549	100.00	100.00

^a Sanctioned.

Portfolio statement

Top ten portfolio transactions for the six months to 31 December 2023

Largest purchases	\$'000
US Treasury 4.125% 15/11/2032	3,111
UK Treasury 3.5% 22/10/2025	3,017
US Treasury 3.375% 15/08/2042	2,267
Germany (Federal Republic of) 2.5% 13/03/2025	2,162
Norway (Kingdom of) 1.75% 17/02/2027	2,072
New Zealand (Govt. of) 3.5% 14/04/2033	2,062
France (Republic of) 2% 25/11/2032	1,776
Canada (Govt. of) 4% 01/06/2041	1,746
Germany (Federal Republic of) 0.5% 15/02/2025	1,569
Canada (Govt. of) 3.75% 01/02/2025	1,372
Other purchases	8,221
Total purchases	29,375

Largest sales	\$'000
US Treasury 0.25% 15/06/2024	5,959
US Treasury 0.375% 22/10/2026	2,405
Canada (Govt. of) 4% 01/06/2041	1,626
Canada (Govt. of) 3.75% 01/02/2025	1,502
Japan (Govt. of) IL 0.1% 10/03/2029	1,424
Columbia (Republic. of) 2.25% 18/04/2029	1,061
MFB Magyar Fejlesztési Bank Zrt 1.375% 24/06/2025	1,054
Poland (Republic of) 3.25% 25/07/2025	986
France (Republic of) 2% 25/11/2032	912
Egypt (Arab Republic of) 5.625% 16/04/2030	908
Other sales	9,498
Total sales	27,335

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

Financial highlights

Fund performance

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

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

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

Long-term performance by share class

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

Share class	Six months % ^a	Three years % pa	Five years % pa	Ten years % pa
Sterling				
Class 'A' Income	+4.1	-3.7	-0.5	+3.0
Class 'A' Accumulation	+4.1	-3.7	-0.5	+3.0
Class 'I' Income	+4.3	-3.3	-0.1	+3.4
Class 'I' Accumulation	+4.3	-3.3	-0.1	+3.5
Class 'R' Income	+4.1	-3.5	-0.3	+3.2
Class 'R' Accumulation	+4.1	-3.5	-0.3	+3.2
Benchmark^b	+3.3	-4.1	-0.3	+2.0

^a Not annualised.

^b Prior to 19 April 2021 the benchmark was the IA Global Bond Sector average. From 19 April 2021 to 5th March 2023 it was the IA Global Government Bond Sector average. Thereafter it is Bloomberg Global Treasury Index Unhedged USD.

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 4 October 1999.

Change in NAV per share	Six months to 31.12.23 UK p	Year to 30.06.23 UK p	Year to 30.06.22 UK p
Opening NAV	76.00	81.11	90.80
Return before operating charges	3.50	(1.39)	(6.55)
Operating charges	(0.34)	(0.73)	(0.80)
Return after operating charges	3.16	(2.12)	(7.35)
Distributions	(1.33)	(2.99)	(2.34)
Closing NAV	77.83	76.00	81.11
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.02
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.00	0.02
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	0.90	0.90	0.90
Return after charges	+4.16	-2.61	-8.09
Other information			
Closing NAV (\$'000)	1,437	1,521	1,845
Number of shares	1,448,924	1,582,430	1,877,777
Highest share price (UK p)	79.72	85.38	92.45
Lowest share price (UK p)	73.71	77.02	81.53

Sterling Class 'A' Accumulation share performance

The share class was launched on 4 October 1999.

Change in NAV per share	Six months to 31.12.23 UK p	Year to 30.06.23 UK p	Year to 30.06.22 UK p
Opening NAV	124.99	128.46	139.88
Return before operating charges	5.72	(2.30)	(10.18)
Operating charges	(0.56)	(1.17)	(1.24)
Return after operating charges	5.16	(3.47)	(11.42)
Distributions	(1.63)	(3.64)	(2.34)
Retained distributions	1.63	3.64	2.34
Closing NAV	130.15	124.99	128.46
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.01	0.03
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.01	0.03
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	0.90	0.90	0.90
Return after charges	+4.13	-2.70	-8.16
Other information			
Closing NAV (\$'000)	8,385	6,794	7,039
Number of shares	5,054,638	4,297,775	4,525,325
Highest share price (UK p)	131.10	135.19	142.43
Lowest share price (UK p)	121.21	124.01	127.09

Financial highlights

Sterling Class 'I' Income share performance

The share class was launched on 3 August 2012.

Change in NAV per share	Six months to 31.12.23 UK p	Year to 30.06.23 UK p	Year to 30.06.22 UK p
Opening NAV	907.65	964.87	1,075.62
Return before operating charges	41.82	(16.69)	(77.67)
Operating charges	(2.25)	(4.86)	(5.30)
Return after operating charges	39.57	(21.55)	(82.97)
Distributions	(15.86)	(35.67)	(27.78)
Closing NAV	931.36	907.65	964.87
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.02	0.04	0.20
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.02	0.04	0.20
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	0.50	0.50	0.50
Return after charges	+4.36	-2.23	-7.71
Other information			
Closing NAV (\$'000)	13,166	12,116	11,587
Number of shares	1,109,146	1,055,488	991,767
Highest share price (UK p)	954.04	1,016.51	1,097.21
Lowest share price (UK p)	880.85	919.78	969.62

Sterling Class 'I' Accumulation share performance

The share class was launched on 3 August 2012.

Change in NAV per share	Six months to 31.12.23 UK p	Year to 30.06.23 UK p	Year to 30.06.22 UK p
Opening NAV	1,178.54	1,206.45	1,308.45
Return before operating charges	54.12	(21.80)	(95.54)
Operating charges	(2.92)	(6.11)	(6.46)
Return after operating charges	51.20	(27.91)	(102.00)
Distributions	(17.71)	(39.03)	(27.30)
Retained distributions	17.71	39.03	27.30
Closing NAV	1,229.74	1,178.54	1,206.45
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.02	0.05	0.25
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.02	0.05	0.25
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	0.50	0.50	0.50
Return after charges	+4.34	-2.31	-7.80
Other information			
Closing NAV (\$'000)	87,205	82,525	111,614
Number of shares	5,563,977	5,536,724	7,640,174
Highest share price (UK p)	1,238.60	1,270.87	1,334.72
Lowest share price (UK p)	1,143.58	1,169.21	1,193.46

Financial highlights

Sterling Class 'R' Income share performance

The share class was launched on 3 August 2012.

Change in NAV per share	Six months to 31.12.23 UK p	Year to 30.06.23 UK p	Year to 30.06.22 UK p
Opening NAV	89.18	95.04	106.21
Return before operating charges	4.10	(1.63)	(7.66)
Operating charges	(0.33)	(0.72)	(0.77)
Return after operating charges	3.77	(2.35)	(8.43)
Distributions	(1.56)	(3.51)	(2.74)
Closing NAV	91.39	89.18	95.04
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.02
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.00	0.02
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	0.75	0.75	0.75
Return after charges	+4.23	-2.47	-7.94
Other information			
Closing NAV (\$'000)	584	497	536
Number of shares	501,408	441,096	465,494
Highest share price (UK p)	93.62	100.06	108.22
Lowest share price (UK p)	86.51	90.37	95.51

Sterling Class 'R' Accumulation share performance

The share class was launched on 3 August 2012.

Change in NAV per share	Six months to 31.12.23 UK p	Year to 30.06.23 UK p	Year to 30.06.22 UK p
Opening NAV	115.20	118.23	128.54
Return before operating charges	5.28	(2.13)	(9.36)
Operating charges	(0.43)	(0.90)	(0.95)
Return after operating charges	4.85	(3.03)	(10.31)
Distributions	(1.59)	(3.53)	(2.35)
Retained distributions	1.59	3.53	2.35
Closing NAV	120.05	115.20	118.23
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.01	0.02
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.01	0.02
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	0.75	0.75	0.75
Return after charges	+4.21	-2.56	-8.02
Other information			
Closing NAV (\$'000)	772	852	974
Number of shares	504,517	584,846	680,088
Highest share price (UK p)	120.92	124.46	130.97
Lowest share price (UK p)	111.74	114.30	116.96

Financial statements and notes

Financial statements

Statement of total return

for the six months to 31 December	2023		2022	
	\$'000	\$'000	\$'000	\$'000
Income				
Net capital gains/(losses)		4,217		(683)
Revenue	1,802		1,924	
Expenses	(271)		(303)	
Interest payable and similar charges	(1)		(2)	
Net revenue/(expense) before taxation	1,530		1,619	
Taxation	(9)		(6)	
Net revenue/(expense) after taxation		1,521		1,613
Total return before distributions		5,738		930
Distributions		(1,560)		(1,651)
Change in net assets attributable to shareholders from investment activities		4,178		(721)

Statement of change in net assets attributable to shareholders

for the six months to 31 December	2023		2022	
	\$'000	\$'000	\$'000	\$'000
Opening net assets attributable to shareholders		104,305		133,595
Amounts received on issue of shares	10,869		3,252	
Amounts paid on cancellation of shares	(9,216)		(36,875)	
		1,653		(33,623)
Dilution adjustments		42		146
Change in net assets attributable to shareholders from investment activities (see above)		4,178		(721)
Retained distributions on Accumulation shares		1,371		1,187
Closing net assets attributable to shareholders		111,549		100,584

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

Financial statements and notes

Financial statements

Balance sheet

as at	31 December 2023 \$'000	30 June 2023 \$'000
Assets		
Fixed assets		
Investments	108,130	100,976
Current assets		
Debtors	1,646	1,410
Cash and bank balances	3,619	3,910
Cash equivalents	1,201	728
Total assets	114,596	107,024
Liabilities		
Investment liabilities	(693)	(669)
Creditors		
Bank overdrafts	(1,706)	(1,697)
Overdrawn positions at futures clearing houses and collateral manager	(205)	(17)
Distribution payable	(257)	(303)
Other creditors	(186)	(33)
Total liabilities	(3,047)	(2,719)
Net assets attributable to shareholders	111,549	104,305

Financial statements and notes

Notes to the financial statements

Accounting policies

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

Distribution policy

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

Authorised Corporate Director's Report

For the purposes of these financial statements, the Prospectus dated 15 September 2023 has been used.

Investment objective

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

Investment policy

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

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

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

Derivatives may be used for efficient portfolio management and hedging.

Investment approach

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

Recovery investing focuses on companies that have experienced difficulties but have the potential to deliver returns for shareholders through their turnaround over the long-term.

The fund looks to benefit from the market's inefficiency in valuing companies going through short-term challenges. This enables the fund manager to identify companies whose long-term prospects have been under-appreciated by the market.

When analysing a company, the fund manager focuses on three key factors: people, strategy and cashflow.

Developing a constructive dialogue with company management is fundamental to the investment process.

The investment approach means the fund manager is prepared to take a contrarian view and consider areas that are out of favour with other investors. To take this contrarian view, the fund manager focuses on company management, their turnaround strategy and the businesses' ability to generate cashflow.

The fund manager expects individual cases of companies recovering to be the main driver of performance rather than individual sectors and the macroeconomic environment.

The fund manager takes a long-term view with a typical holding period of five years or more.

Benchmark

Benchmark: FTSE All-Share Index.

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

The fund is actively managed.

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

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

Authorised Corporate Director's Report

Risk profile

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

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



The above number:

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

Investment review

For the six months ended 31 December 2023

Performance against objective

The fund delivered positive returns across all share classes over the reporting period. However, it finished behind its benchmark, the FTSE All-Share index, which returned 5.2% over the same period.

The fund's objective is to outperform the FTSE All-Share Index (net of charges) over any five year period. The fund has underperformed the FTSE All-Share Index in total return terms (the combination of income and growth of capital) across all its share classes over five years, therefore it did not meet its objective. The index returned 6.6% pa in sterling terms in the five years to 31 December 2023.

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

Investor sentiment about the direction of interest rates dominated market movements over the last six months. In the earlier part of the review period, the Bank of England, along with other major central banks, continued to battle against inflation by raising interest rates. Some easing in inflation data over the summer, coupled with a deterioration in economic activity, led to rates being held at 5.25% for the remainder of the period. In November, a marked slowing of inflation, combined with a moderation in economic growth, ignited hopes that interest rates may have reached their peak. The ensuing rally continued over the remainder of the year, galvanised by the US Federal Reserve's (Fed) December meeting where policy makers signalled rate cuts of 75 basis points (bps) in 2024.

While volatile, UK equities delivered decent positive returns over the reporting period, driven by the resilience of larger companies in the first part and enthusiasm over prospects for smaller companies during the last couple of months. Real estate and technology fared well, with the latter benefiting from excitement over advancements in artificial intelligence (AI). The industrials sector was also strong as investors revisited the more economically exposed areas of the market. In contrast, companies in both the consumer goods and healthcare sectors were shunned in the recent rally and posted negative returns over the period.

The fund underperformed the benchmark on security selection, mainly within basic materials and financials. Conversely, sector allocation was positive for relative returns through our below-benchmark position in consumer staples and our above-benchmark exposure to technology. In contrast, the underweight (below-benchmark) position in the strongly rebounding real estate sector hindered relative performance, while our overweight (above-benchmark) allocation to healthcare also worked against us. At a market-cap level, the fund's bias towards mid-sized companies boosted overall returns, particularly towards the end of the year.

From a security selection perspective, our above-market exposures to Mesoblast and Oxford Biomedica,

Authorised Corporate Director's Report

both in the biopharma sector, were negative. Mesoblast shares were hurt by the US Food and Drug Administration's request for another trial on its graft-versus-host disease (GvHD) treatment. Meanwhile, Oxford Biomedica's share price was weaker as a consequence of poor sentiment around the execution of its pivot away from developing drugs itself to being a fully-fledged contract development and manufacturing organisation for the pharmaceutical industry. By contrast, our off-benchmark holding in Hong Kong biopharmaceutical company HutchMed was a notable contributor following news that it had received approval to market its first US drug with partner Takeda. Hot holding Diageo, a global beverage company, also proved constructive.

Investment activities

In terms of portfolio activity, we entered several new positions where we felt valuations looked compelling. These included renewable energy group Drax, water utility Pennon and taking advantage of the recent capital raise by Videndum, the camera and camera equipment group. We also took advantage of share price weakness to initiate a new position in global pharmaceutical manufacturer AstraZeneca, following a disappointing trial for a cancer treatment. Elsewhere, we also built our holding in miner Anglo American. We exited consumer health business Haleon as we felt it looked fully valued. We trimmed BP, which remains our largest overweight position and took profits from our holding in Sage, an accounting software business that has performed extremely strongly over the past few years as management have executed on a plan to turnaround margins and reinvigorate the business through a shift to cloud-based products and services.

Outlook

The last two months have seen a strong rebound, following a difficult period for financial markets. The main catalyst for the change in fortunes came from a significant shift in interest rate expectations. As a result, market participants have moved quickly to price in a soft economic landing, (a slowdown in inflation and economic growth, but avoiding recession) after inflation

data came in consistently below expectations and there was a softening in tone from central bank policymakers.

The fund continues to invest in companies that we feel the market overlooks and underestimates the value of their recovery efforts. We think that the UK market remains attractively valued — particularly when compared against other regions. Sentiment in sectors such as utilities has been hurt by the aggressive rise in interest rates, and as such, has presented us with buying opportunities. The fund's main investment stances are above-market allocations to pharmaceuticals and biotech, energy, water utilities and software. The FTSE Mid-250 index has also been a rich hunting ground as smaller companies have, until recently, borne the brunt of investor pessimism.

Michael Stiasny

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 31.12.23 £'000	as at 31.12.23 %	as at 30.06.23 %
Equities	1,068,533	99.26	99.96
Software & computer services	36,115	3.35	4.34
224,676 FD Technologies ^a	2,593	0.24	
69,156,273 Mirriad Advertising ^a	1,521	0.14	
5,503,755 Moneysupermarket.com	15,400	1.43	
1,391,054 Sage	16,414	1.52	
2,872,000 Watchstone ^b	187	0.02	
Telecommunication service providers	17,168	1.59	1.50
13,918,155 BT	17,168	1.59	
Medical equipment & services	15,126	1.41	1.00
33,612,732 Creo Medical ^a	15,126	1.41	
Pharmaceuticals & biotechnology	127,011	11.80	12.32
39,868,814 Alizyme ^c	0	0.00	
385,368 AstraZeneca	40,764	3.79	
3,040,592 GSK	44,368	4.12	
8,645,500 HUTCHMED ^a	24,903	2.31	
18,303,057 Mesoblast	2,979	0.28	
1,502,732 Mesoblast Warrants 20/03/2028	0	0.00	
6,525,420 Oxford Biomedica	13,997	1.30	
Banks	109,163	10.14	11.53
11,634,950 HSBC	73,824	6.86	
7,115,000 NatWest	15,582	1.45	
2,991,696 Standard Chartered	19,757	1.83	
Investment banking & brokerage services	34,959	3.25	3.43
5,537,294 Ashmore	12,348	1.15	
1,962,374 Hargreaves Lansdown	14,290	1.33	
14,345,804 IP	8,321	0.77	
Life insurance	25,735	2.39	1.73
552,996 Phoenix	2,956	0.27	
2,575,000 Prudential	22,779	2.12	
Non-life insurance	52,128	4.84	5.80
3,360,575 Beazley	17,525	1.63	

Portfolio statement

Investments (continued)

Holding	as at 31.12.23 £'000	as at 31.12.23 %	as at 30.06.23 %
Equities (continued)			
Non-life insurance (continued)			
8,598,610 Direct Line Insurance	15,757	1.46	
1,786,296 Hiscox	18,846	1.75	
Real estate investment trusts	11,680	1.09	0.27
1,603,055 Great Portland Estates	6,749	0.63	
3,594,153 Shaftesbury Capital	4,931	0.46	
Consumer services	30,198	2.81	3.24
1,403,269 Compass	30,198	2.81	
Media	55,394	5.15	5.56
2,269,274 Informa	17,646	1.64	
21,899,233 ITV	13,858	1.29	
10,969,090 Reach	8,161	0.76	
2,090,000 WPP	15,729	1.46	
Retailers	18,876	1.75	1.45
5,566,513 Marks & Spencer	15,124	1.40	
55,179,905 Mothercare ^a	3,752	0.35	
Travel & leisure	38,063	3.54	4.14
2,181,598 Dalata Hotel	8,731	0.81	
1,984,375 Entain	19,685	1.83	
11,436,427 Mobico	9,647	0.90	
Food producers	24,117	2.24	2.21
14,618,205 Premier Foods	19,822	1.84	
6,223,693 REA	4,295	0.40	
Tobacco	26,028	2.42	0.96
1,440,000 Imperial Brands	26,028	2.42	
Personal care, drug & grocery stores	38,257	3.55	4.53
1,005,835 Unilever	38,257	3.55	
Construction & materials	45,425	4.22	4.32
4,006,594 Balfour Beatty	13,278	1.23	
17,929,585 Kier	19,292	1.79	
20,276,339 Severfield	12,855	1.20	

Portfolio statement

Investments (continued)

Holding	as at 31.12.23 £'000	as at 31.12.23 %	as at 30.06.23 %
Equities (continued)			
General industrials			
17,340,000 Coats	13,490	1.25	
Industrial engineering			
1,749,158 Videndum	6,061	0.56	
Industrial support services			
45,479,083 Capita	10,005	0.93	
1,376,660 Grafton	12,587	1.17	
2,457,785 PageGroup	12,014	1.11	
Industrial transportation			
6,010,000 International Distributions Services	16,401	1.52	
Industrial metals & mining			
38,761,085 African Minerals ^c	0	0.00	
500,000 Anglo American	9,931	0.92	
887,200 First Quantum Minerals	5,769	0.54	
10,000,000 Hummingbird Resources ^a	1,000	0.09	
798,403 Hummingbird Resources (Subscription offer) ^a	0	0.00	
8,437,569 Kenmare Resources	33,202	3.08	
34,595,680 Pensana	7,231	0.67	
199,777 Rio Tinto	11,695	1.09	
Precious metals & mining			
254,159,091 Troy Resouces ^c	0	0.00	
Chemicals			
933,275 Johnson Matthey	15,950	1.48	
Oil & gas			
18,420,610 BP	85,766	7.97	
1,273,349 Shell	32,636	3.03	
37,619,704 Tullow Oil	14,649	1.36	
Electricity			
3,097,888 Drax	15,257	1.42	
34,149,791 KSK Power Ventur ^c	0	0.00	
Gas, water & multi-utilities			
6,429,865 Centrica	9,031	0.84	

Portfolio statement

Investments (continued)

Holding	as at 31.12.23 £'000	as at 31.12.23 %	as at 30.06.23 %
Equities (continued)			
Gas, water & multi-utilities (continued)			
3,068,329 National Grid	32,540	3.02	
1,815,000 Pennon	13,721	1.28	
Alternative energy	4,154	0.39	0.45
2,237,155 Ceres Power	4,154	0.39	
Total portfolio	1,068,533	99.26	99.96
Net other assets/(liabilities)	7,986	0.74	0.04
Net assets attributable to shareholders	1,076,519	100.00	100.00

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

^a AIM quoted.

^b AQSE quoted.

^c Suspended/delisted.

Portfolio statement

Top ten portfolio transactions for the six months to 31 December 2023

Largest purchases	£'000
AstraZeneca	41,433
Imperial Brands	14,386
Drax	13,323
Pennon	11,302
Anglo American	11,178
PageGroup	10,764
Prudential	8,213
Great Portland Estates	6,628
Shell	5,562
Videndum	5,215
Other purchases	17,028
Total purchases	145,032

Largest sales	£'000
Centrica	17,031
Mesoblast	12,838
Kenmare Resources	11,949
Sage	11,871
Haleon	10,993
BP	10,662
Unilever	10,149
HSBC	9,326
Standard Chartered	8,674
HutchMed ADR	7,139
Other sales	99,185
Total sales	209,817

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

Financial highlights

Fund performance

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

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

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

Long-term performance by share class

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

Share class	Six months % ^a	Three years % pa	Five years % pa	Ten years % pa
Sterling				
Class 'A' Income	+0.3	+0.8	-0.3	-0.6
Class 'A' Accumulation	+0.3	+0.8	-0.3	-0.6
Class 'C' Income	+0.8	+1.9	+0.9	+0.8
Class 'C' Accumulation	+0.8	+1.9	+0.9	+0.8
Class 'I' Income	+0.5	+1.2	+0.2	+0.0
Class 'I' Accumulation	+0.5	+1.2	+0.2	+0.0
Class 'PP' Income	+0.5	+1.3	n/a	n/a
Class 'PP' Accumulation	+0.5	+1.3	n/a	n/a
Class 'R' Income	+0.4	+1.0	-0.1	-0.2
Class 'R' Accumulation	+0.4	+1.0	-0.1	-0.2
Benchmark	+5.2	+8.6	+6.6	+5.3

^a Not annualised.

Specific share class performance

The following comparative tables show the performance of each share class. All 'Performance and charges' percentages represent an annual rate except for the 'Return after operating charges' which is calculated as a percentage of the opening net asset value per share (NAV per share). '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 27 June 1977.

Change in NAV per share	Six months to 31.12.23 UK p	Year to 30.06.23 UK p	Year to 30.06.22 UK p
Opening NAV	104.18	101.48	123.75
Return before operating charges	0.88	7.78	(17.71)
Operating charges	(0.55)	(1.15)	(1.29)
Return after operating charges	0.33	6.63	(19.00)
Distributions	(1.62)	(3.93)	(3.27)
Closing NAV	102.89	104.18	101.48
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.08	0.11	0.10
Dilution adjustments	(0.01)	0.00	(0.02)
Total direct transaction costs	0.07	0.11	0.08
Performance and charges	%	%	%
Direct portfolio transaction costs	0.13	0.10	0.08
Operating charges	1.08	1.08	1.08
Return after charges	+0.32	+6.53	-15.35
Other information			
Closing NAV (£'000)	249,430	260,943	281,454
Number of shares	242,422,092	250,483,636	277,349,793
Highest share price (UK p)	108.18	115.66	127.03
Lowest share price (UK p)	98.33	96.44	103.62

Sterling Class 'A' Accumulation share performance

The share class was launched on 23 May 1969.

Change in NAV per share	Six months to 31.12.23 UK p	Year to 30.06.23 UK p	Year to 30.06.22 UK p
Opening NAV	283.11	265.72	314.53
Return before operating charges	2.34	20.42	(45.52)
Operating charges	(1.50)	(3.03)	(3.29)
Return after operating charges	0.84	17.39	(48.81)
Distributions	(2.89)	(7.35)	(5.06)
Retained distributions	2.89	7.35	5.06
Closing NAV	283.95	283.11	265.72
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.21	0.28	0.26
Dilution adjustments	(0.03)	0.00	(0.05)
Total direct transaction costs	0.18	0.28	0.21
Performance and charges	%	%	%
Direct portfolio transaction costs	0.13	0.10	0.08
Operating charges	1.08	1.08	1.08
Return after charges	+0.30	+6.54	-15.52
Other information			
Closing NAV (£'000)	257,771	272,533	352,812
Number of shares	90,781,471	96,262,918	132,774,405
Highest share price (UK p)	293.92	307.56	325.60
Lowest share price (UK p)	267.15	252.55	265.59

Financial highlights

Sterling Class 'C' Income share performance

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

The share class was launched on 1 July 2004.

Change in NAV per share	Six months to 31.12.23 UK p	Year to 30.06.23 UK p	Year to 30.06.22 UK p
Opening NAV	114.58	110.40	133.18
Return before operating charges	0.98	8.48	(19.24)
Operating charges	0.00	0.00	0.00
Return after operating charges	0.98	8.48	(19.24)
Distributions	(1.78)	(4.30)	(3.54)
Closing NAV	113.78	114.58	110.40
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.09	0.12	0.11
Dilution adjustments	(0.01)	0.00	(0.02)
Total direct transaction costs	0.08	0.12	0.09
Performance and charges	%	%	%
Direct portfolio transaction costs	0.13	0.10	0.08
Operating charges	0.00	0.00	0.00
Return after charges	+0.86	+7.68	-14.45
Other information			
Closing NAV (£'000)	48,990	50,237	49,110
Number of shares	43,057,148	43,844,921	44,481,934
Highest share price (UK p)	119.08	126.74	137.52
Lowest share price (UK p)	108.54	105.25	112.72

Sterling Class 'C' Accumulation share performance

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

The share class was launched on 1 July 2004.

Change in NAV per share	Six months to 31.12.23 UK p	Year to 30.06.23 UK p	Year to 30.06.22 UK p
Opening NAV	369.10	342.71	401.29
Return before operating charges	3.08	26.39	(58.58)
Operating charges	0.00	0.00	0.00
Return after operating charges	3.08	26.39	(58.58)
Distributions	(5.74)	(13.48)	(10.72)
Retained distributions	5.74	13.48	10.72
Closing NAV	372.18	369.10	342.71
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.28	0.37	0.34
Dilution adjustments	(0.03)	0.00	(0.06)
Total direct transaction costs	0.25	0.37	0.28
Performance and charges	%	%	%
Direct portfolio transaction costs	0.13	0.10	0.08
Operating charges	0.00	0.00	0.00
Return after charges	+0.83	+7.70	-14.60
Other information			
Closing NAV (£'000)	151,319	164,847	179,307
Number of shares	40,657,851	44,662,252	52,320,851
Highest share price (UK p)	383.49	399.53	417.89
Lowest share price (UK p)	349.57	326.72	342.54

Financial highlights

Sterling Class 'I' Income share performance

The share class was launched on 15 January 2010.

Change in NAV per share	Six months to 31.12.23 UK p	Year to 30.06.23 UK p	Year to 30.06.22 UK p
Opening NAV	108.43	105.19	127.77
Return before operating charges	0.91	8.08	(18.36)
Operating charges	(0.36)	(0.75)	(0.84)
Return after operating charges	0.55	7.33	(19.20)
Distributions	(1.68)	(4.09)	(3.38)
Closing NAV	107.30	108.43	105.19
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.08	0.11	0.11
Dilution adjustments	(0.01)	0.00	(0.02)
Total direct transaction costs	0.07	0.11	0.09
Performance and charges	%	%	%
Direct portfolio transaction costs	0.13	0.10	0.08
Operating charges	0.68	0.68	0.68
Return after charges	+0.51	+6.97	-15.03
Other information			
Closing NAV (£'000)	61,275	68,146	60,320
Number of shares	57,104,355	62,850,776	57,341,121
Highest share price (UK p)	112.62	120.21	131.44
Lowest share price (UK p)	102.48	100.09	107.41

Sterling Class 'I' Accumulation share performance

The share class was launched on 15 January 2010.

Change in NAV per share	Six months to 31.12.23 UK p	Year to 30.06.23 UK p	Year to 30.06.22 UK p
Opening NAV	308.40	288.30	339.89
Return before operating charges	2.55	22.18	(49.35)
Operating charges	(1.03)	(2.08)	(2.24)
Return after operating charges	1.52	20.10	(51.59)
Distributions	(3.76)	(9.22)	(6.81)
Retained distributions	3.76	9.22	6.81
Closing NAV	309.92	308.40	288.30
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.23	0.31	0.28
Dilution adjustments	(0.03)	0.00	(0.05)
Total direct transaction costs	0.20	0.31	0.23
Performance and charges	%	%	%
Direct portfolio transaction costs	0.13	0.10	0.08
Operating charges	0.68	0.68	0.68
Return after charges	+0.49	+6.97	-15.18
Other information			
Closing NAV (£'000)	242,135	259,282	219,862
Number of shares	78,127,565	84,073,966	76,261,438
Highest share price (UK p)	320.26	334.58	352.62
Lowest share price (UK p)	291.41	274.32	288.16

Financial highlights

Sterling Class 'PP' Income share performance

The share class was launched on 5 August 2019.

Change in NAV per share	Six months to 31.12.23 UK p	Year to 30.06.23 UK p	Year to 30.06.22 UK p
Opening NAV	86.26	83.61	101.44
Return before operating charges	0.74	6.41	(14.57)
Operating charges	(0.25)	(0.51)	(0.57)
Return after operating charges	0.49	5.90	(15.14)
Distributions	(1.34)	(3.25)	(2.69)
Closing NAV	85.41	86.26	83.61
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.06	0.09	0.08
Dilution adjustments	(0.01)	0.00	(0.01)
Total direct transaction costs	0.05	0.09	0.07
Performance and charges	%	%	%
Direct portfolio transaction costs	0.13	0.10	0.08
Operating charges	0.58	0.58	0.58
Return after charges	+0.57	+7.06	-14.93
Other information			
Closing NAV (£'000)	3,578	2,710	2,172
Number of shares	4,188,710	3,141,679	2,598,416
Highest share price (UK p)	89.61	95.60	104.41
Lowest share price (UK p)	81.56	79.57	85.36

Sterling Class 'PP' Accumulation share performance

The share class was launched on 8 April 2019.

Change in NAV per share	Six months to 31.12.23 UK p	Year to 30.06.23 UK p	Year to 30.06.22 UK p
Opening NAV	89.16	83.27	98.07
Return before operating charges	0.75	6.41	(14.25)
Operating charges	(0.26)	(0.52)	(0.55)
Return after operating charges	0.49	5.89	(14.80)
Distributions	(1.13)	(2.75)	(2.06)
Retained distributions	1.13	2.75	2.06
Closing NAV	89.65	89.16	83.27
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.07	0.09	0.08
Dilution adjustments	(0.01)	0.00	(0.01)
Total direct transaction costs	0.06	0.09	0.07
Performance and charges	%	%	%
Direct portfolio transaction costs	0.13	0.10	0.08
Operating charges	0.58	0.58	0.58
Return after charges	+0.55	+7.07	-15.09
Other information			
Closing NAV (£'000)	3,929	2,121	1,134
Number of shares	4,383,302	2,378,961	1,361,472
Highest share price (UK p)	92.60	96.70	101.80
Lowest share price (UK p)	84.28	79.25	83.23

Financial highlights

Sterling Class 'R' Income share performance

The share class was launched on 3 August 2012.

Change in NAV per share	Six months to 31.12.23 UK p	Year to 30.06.23 UK p	Year to 30.06.22 UK p
Opening NAV	91.62	89.12	108.51
Return before operating charges	0.78	6.83	(15.55)
Operating charges	(0.42)	(0.87)	(0.97)
Return after operating charges	0.36	5.96	(16.52)
Distributions	(1.42)	(3.46)	(2.87)
Closing NAV	90.56	91.62	89.12
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.07	0.10	0.09
Dilution adjustments	(0.01)	0.00	(0.02)
Total direct transaction costs	0.06	0.10	0.07
Performance and charges	%	%	%
Direct portfolio transaction costs	0.13	0.10	0.08
Operating charges	0.93	0.93	0.93
Return after charges	+0.39	+6.69	-15.22
Other information			
Closing NAV (£'000)	7,755	7,963	8,187
Number of shares	8,563,242	8,691,053	9,187,333
Highest share price (UK p)	95.15	101.67	111.47
Lowest share price (UK p)	86.52	84.73	90.99

Sterling Class 'R' Accumulation share performance

The share class was launched on 3 August 2012.

Change in NAV per share	Six months to 31.12.23 UK p	Year to 30.06.23 UK p	Year to 30.06.22 UK p
Opening NAV	115.97	108.68	128.45
Return before operating charges	0.96	8.36	(18.61)
Operating charges	(0.53)	(1.07)	(1.16)
Return after operating charges	0.43	7.29	(19.77)
Distributions	(1.27)	(3.18)	(2.26)
Retained distributions	1.27	3.18	2.26
Closing NAV	116.40	115.97	108.68
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.09	0.12	0.11
Dilution adjustments	(0.01)	0.00	(0.02)
Total direct transaction costs	0.08	0.12	0.09
Performance and charges	%	%	%
Direct portfolio transaction costs	0.13	0.10	0.08
Operating charges	0.93	0.93	0.93
Return after charges	+0.37	+6.71	-15.39
Other information			
Closing NAV (£'000)	50,337	54,072	54,525
Number of shares	43,246,143	46,626,393	50,169,225
Highest share price (UK p)	120.41	125.92	133.08
Lowest share price (UK p)	109.49	103.34	108.63

Financial statements and notes

Financial statements

Statement of total return

for the six months to 31 December	2023		2022	
	£'000	£'000	£'000	£'000
Income				
Net capital gains/(losses)		(9,129)		48,551
Revenue	17,296		19,225	
Expenses	(4,131)		(4,650)	
Interest payable and similar charges	(8)		0	
Net revenue/(expense) before taxation	13,157		14,575	
Taxation	(6)		(24)	
Net revenue/(expense) after taxation		13,151		14,551
Total return before distributions		4,022		63,102
Distributions		(14,782)		(16,343)
Change in net assets attributable to shareholders from investment activities		(10,760)		46,759

Statement of change in net assets attributable to shareholders

for the six months to 31 December	2023		2022	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		1,142,854		1,208,883
Amounts received on issue of shares	16,766		41,688	
Amounts paid on cancellation of shares	(81,065)		(105,241)	
		(64,299)		(63,553)
Dilution adjustments		195		230
Change in net assets attributable to shareholders from investment activities (see above)		(10,760)		46,759
Retained distributions on Accumulation shares		8,496		9,489
Unclaimed distributions		33		18
Closing net assets attributable to shareholders		1,076,519		1,201,826

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

Financial statements and notes

Financial statements

Balance sheet

as at	31 December 2023 £'000	30 June 2023 £'000
Assets		
Fixed assets		
Investments	1,068,533	1,142,437
Current assets		
Debtors	13,849	5,221
Cash and bank balances	1,677	2,310
Cash equivalents	1,285	3,401
Total assets	1,085,344	1,153,369
Liabilities		
Creditors		
Distribution payable	(5,828)	(8,555)
Other creditors	(2,997)	(1,960)
Total liabilities	(8,825)	(10,515)
Net assets attributable to shareholders	1,076,519	1,142,854

Financial statements and notes

Notes to the financial statements

Accounting policies

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

Distribution policy

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

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

Authorised Corporate Director's Report

For the purposes of these financial statements, the Prospectus dated 15 September 2023 has been used.

Investment objective

The fund aims to deliver a higher total return (the combination of capital growth and income) than the Numis Smaller Companies Index (excluding Investment Companies), net of the ongoing charge figure, over any five year period.

Investment policy

At least 80% of the fund is invested in UK smaller companies. These are UK listed companies which, at the initial time of purchase, are:

- in the bottom 10% (by market capitalisation) of the FTSE All-Share index, or
- in the Numis Smaller Companies Index (excluding Investment Companies), or
- listed on the Alternative Investment Market.

The fund may also invest in collective investment schemes and other transferable securities. Cash and near cash may be held for ancillary purposes and derivatives, including warrants, may be used for efficient portfolio management and hedging purposes.

Investment approach

The fund manager takes a bottom-up approach to stockpicking and aims to construct a well-diversified portfolio. A long-term perspective is adopted with particular focus placed on 'growth drivers', competitive advantage, change, quality of management and valuation.

When a company held by the fund grows such that it no longer has the characteristics of a smaller company, the fund manager will reduce the holding in a manner and timescale best suited to meeting the fund's objective.

Benchmark

Benchmark: Numis Smaller Companies Index (excluding Investment Companies).

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 to measure the fund's performance and, together with the other index, and the Alternative Investment Market constrains the fund's portfolio construction as they define the investment universe of the fund.

The fund is actively managed.

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

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

Risk profile

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

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



The above number:

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

Authorised Corporate Director's Report

Investment review

For the six months ended 31 December 2023

Performance against objective

Between 1 July 2023 (the start of the review period) and 31 December 2023, the M&G Smaller Companies Fund delivered a positive total return (the combination of income and growth of capital) across all of its share classes. Fund performance was behind its benchmark, the Numis Smaller Companies Index (excluding Investment Companies), which returned 8.6% over the same period.

The fund did not meet its investment objective of delivering a higher total return than Numis Smaller Companies Index (excluding Investment Companies) over any five-year period for all share classes. The index returned 5.7% pa in the five years to 31 December 2023.

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

Investors' concern over above-target inflation levels and subsequent interest rate hikes continued to feature prominently over most of the six months under review. Some encouraging news regarding inflation was welcomed by investors at times, particularly as the period progressed, with the falling trend in inflation becoming more evident. The UK stockmarket made solid advances over the six-month period.

In this environment, sector allocation was modestly detrimental, notably due to a relatively small position in financials, compared with the benchmark. Such assets generally fared well as investors increasingly felt that lower inflation levels meant that cuts to interest rates could be expected in the near term.

Stock selection detracted overall, with individual detractors including access Technology, which provides ticketing and queuing services for visitor attractions, due to weaker consumer trends from some of its theme park customers. Alfa Financial Software also held back returns. The company had previously

benefited from a takeover bid approach, but this did not proceed and the share price weakened. A position in media content equipment manufacturer Videndum also cost some performance as a writers' strike in Hollywood, now concluded, hurt demand and forced the company to issue new shares in order to recapitalise.

In contrast, contributors included oil services firm Hunting and bank note printer De La Rue. Hunting benefited from a higher oil price, particularly in its international operations. Meanwhile, investors' concerns about De La Rue's capital structure eased and the firm's financial results were in line with expectations. Infrastructure provider Hill & Smith also added value as it continued to outperform earnings expectations.

Investment activities

We started a new position in online food delivery firm Deliveroo, which we feel is well placed to grow profitably and could be of strategic value to many of its competitors. We subsequently added to the holding as we believe its trading prospects continue to improve. We also started a holding in semiconductor IP company Alphawave IP. The company is benefiting from the vast potential of artificial intelligence (AI) and we believe its prospects over the longer term are very favourable. Avon Protection also entered the portfolio during the period. The company manufactures military respiratory masks and helmets and we feel that new management will be able to resolve some management and operational issues that had caused some concern.

In terms of sales, we sold a holding in Restaurant Group after shareholders accepted a takeover bid. Investment management and wealth management provider Rathbones was also sold as we felt that better-valued opportunities lay elsewhere. We took some profits in price comparison website Moneysupermarket.com following strong performance.

Outlook

Valuations in UK smaller companies are at attractive levels, in our view, and whilst higher interest rates remain a headwind for consumers and corporates alike,

Authorised Corporate Director's Report

earnings estimates appear to be stabilising. Merger and acquisition activity (M&A) is still a feature of the market environment, and we believe external buyers will remain interested in high-quality franchises.

James Taylor

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 31.12.23 £'000	as at 31.12.23 %	as at 30.06.23 %
Equities	185,474	96.87	95.71
Software & computer services	22,655	11.83	13.69
495,809 accesso Technology ^a	2,796	1.46	
2,386,377 Alfa Financial Software	3,317	1.73	
1,619,810 Ascential	4,743	2.48	
716,720 Bytes Technology	4,383	2.29	
1,631,503 Deliveroo	2,079	1.09	
2,790,000 Made Tech ^a	293	0.15	
1,410,648 Moneysupermarket.com	3,947	2.06	
1,688,299 Zoo Digital ^a	1,097	0.57	
Technology hardware & equipment	2,414	1.26	0.44
1,868,580 Alphawave IP	2,414	1.26	
Telecommunications equipment	2,461	1.29	0.56
2,007,507 Spirent Communications	2,461	1.29	
Pharmaceuticals & biotechnology	1,339	0.70	1.19
624,235 Oxford Biomedica	1,339	0.70	
Banks	0	0.00	0.94
Finance & credit services	6,740	3.52	5.06
5,500,000 Distribution Finance Capital ^a	1,100	0.57	
494,351 Mortgage Advice Bureau ^a	3,866	2.02	
3,695,364 Trufin ^a	1,774	0.93	
Investment banking & brokerage services	13,835	7.23	9.23
1,055,227 AJ Bell	3,332	1.74	
187,886 Alpha International ^a	3,194	1.67	
611 IntegraFin	2	0.00	
774,699 Polar Capital ^a	3,606	1.88	
1,452,049 PureTech Health	2,808	1.47	
595,491 Quilter	615	0.32	
54,100 Tatton Asset Management ^a	278	0.15	
Non-life insurance	5,651	2.95	2.55
906,293 Lancashire	5,651	2.95	

Portfolio statement

Investments (continued)

Holding	as at 31.12.23 £'000	as at 31.12.23 %	as at 30.06.23 %
Equities (continued)			
Real estate investment & services	4,435	2.32	2.05
635,522 LSL Property Services	1,564	0.82	
297,069 Savills	2,871	1.50	
Real estate investment trusts	11,714	6.12	5.25
362,094 Great Portland Estates	1,524	0.80	
581,159 Helical	1,290	0.67	
1,363,232 LondonMetric Property	2,615	1.37	
2,243,974 Shaftesbury Capital	3,079	1.61	
563,482 Workspace	3,206	1.67	
Automobiles & parts	3,849	2.01	1.64
2,518,866 TI Fluid Systems	3,849	2.01	
Consumer services	0	0.00	1.44
Household goods & home construction	5,898	3.08	2.06
492,513 Redrow	3,021	1.58	
4,892,368 Watkin Jones ^a	2,877	1.50	
Leisure goods	1,403	0.73	0.00
779,486 Team17 ^a	1,403	0.73	
Media	14,033	7.33	6.69
21,215 4imprint	974	0.51	
2,231,129 M&C Saatchi ^a	3,570	1.87	
2,173,912 Pebble ^a	1,283	0.67	
2,968,179 Reach	2,208	1.15	
1,203,302 STV	2,316	1.21	
1,115,740 Wilmington	3,682	1.92	
Retailers	5,883	3.07	2.93
1,278,454 Halfords	2,562	1.34	
249,682 WH Smith	3,321	1.73	
Travel & leisure	8,879	4.64	6.25
4,337,704 888	4,086	2.14	
9,049,749 Gaming Realms ^a	3,086	1.61	
2,023,296 Mobico	1,707	0.89	

Portfolio statement

Investments (continued)

Holding	as at 31.12.23 £'000	as at 31.12.23 %	as at 30.06.23 %
Equities (continued)			
Food producers			
4,252,427 Premier Foods	5,766	3.01	2.70
Personal care, drug & grocery stores			
1,310,019 IG Design ^a	1,900	0.99	0.88
Construction & materials			
376,665 Genuit	1,522	0.79	
918,058 Marshalls	2,609	1.36	
1,119,384 Tyman	3,515	1.84	
616,405 Volution	2,691	1.41	
Aerospace & defence			
284,558 Avon Protection	2,376	1.24	
1,191,931 Chemring	4,178	2.18	
1,458,601 Senior	2,596	1.36	
Electronic & electrical equipment			
173,128 discoverIE	1,364	0.71	
General industrials			
5,649,652 Coats	4,395	2.30	2.07
Industrial engineering			
279,799 Bodycote	1,669	0.87	
882,784 Videndum	3,059	1.60	
Industrial support services			
3,182,005 De La Rue	2,771	1.45	
541,562 Midwich ^a	2,318	1.21	
554,946 PageGroup	2,713	1.41	
1,026,235 Restore ^a	2,258	1.18	
902,405 RWS ^a	2,281	1.19	
196,241 SThree	819	0.43	
Industrial transportation			
1,061,395 Wincanton	3,296	1.72	1.41
Industrial metals & mining			
431,153 Hill & Smith	8,287	4.33	3.94

Portfolio statement

Investments (continued)

Holding	as at 31.12.23 £'000	as at 31.12.23 %	as at 30.06.23 %
Equities (continued)			
Chemicals	5,040	2.63	2.60
2,425,847 Elementis	3,095	1.62	
663,928 Synthomer	1,248	0.65	
45,600 Victrex	697	0.36	
Oil & gas	6,862	3.58	3.08
800,042 Hunting	2,360	1.23	
1,478,424 John Wood	2,550	1.33	
848,718 Serica Energy ^a	1,952	1.02	
Total portfolio	185,474	96.87	95.71
Net other assets/(liabilities)	6,001	3.13	4.29
Net assets attributable to shareholders	191,475	100.00	100.00

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

^a AIM quoted.

Portfolio statement

Top ten portfolio transactions for the six months to 31 December 2023

Largest purchases	£'000
Deliveroo	4,406
Alphawave IP	2,847
Synthomer	2,629
Avon Protection	2,376
Spirent Communications	1,508
Great Portland Estates	1,493
Team17 ^a	1,391
Helical	1,364
Videndum	1,335
Watkin Jones ^a	1,118
Other purchases	12,690
Total purchases	33,157

Largest sales	£'000
Moneysupermarket.com	4,807
Restaurant	3,114
Rathbone Brothers	2,840
Alpha Financial Markets Consulting ^a	2,570
Paragon Banking	2,548
Deliveroo	2,535
Shaftesbury Capital	2,349
Hunting	2,227
On the Beach	2,120
CVS ^a	2,057
Other sales	12,331
Total sales	39,498

^a AIM quoted.

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

Financial highlights

Fund performance

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

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

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

Long-term performance by share class

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

Share class	Six months % ^a	Three years % pa	Five years % pa	Ten years % pa
Sterling				
Class 'A' Income	+6.2	-3.1	+3.8	+3.4
Class 'A' Accumulation	+6.2	-3.1	+3.9	+3.5
Class 'C' Income	+6.9	-1.9	+5.5	+5.0
Class 'I' Income	+6.5	-2.7	+4.3	+4.1
Class 'I' Accumulation	+6.5	-2.7	+4.3	+4.1
Class 'R' Income	+6.3	-3.0	+4.1	+3.8
Class 'R' Accumulation	+6.3	-3.0	+4.1	+3.8
Benchmark	+8.6	+3.3	+5.7	+4.9

^a Not annualised.

Specific share class performance

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

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

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

Financial highlights

Sterling Class 'A' Income share performance

The share class was launched on 27 September 1967.

Change in NAV per share	Six months to 31.12.23 UK p	Year to 30.06.23 UK p	Year to 30.06.22 UK p
Opening NAV	314.83	336.52	447.31
Return before operating charges	21.64	(8.73)	(98.20)
Operating charges	(1.94)	(4.26)	(5.42)
Return after operating charges	19.70	(12.99)	(103.62)
Distributions	(4.98)	(8.70)	(7.17)
Closing NAV	329.55	314.83	336.52
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.23	0.67	0.79
Dilution adjustments	(0.03)	0.00	(0.09)
Total direct transaction costs	0.20	0.67	0.70
Performance and charges	%	%	%
Direct portfolio transaction costs	0.13	0.20	0.16
Operating charges	1.26	1.25	1.25
Return after charges	+6.26	-3.86	-23.17
Other information			
Closing NAV (£'000)	77,149	75,921	88,538
Number of shares	23,410,585	24,114,783	26,310,046
Highest share price (UK p)	334.37	369.37	497.27
Lowest share price (UK p)	284.92	304.75	340.71

Sterling Class 'A' Accumulation share performance

The share class was launched on 27 September 1967.

Change in NAV per share	Six months to 31.12.23 UK p	Year to 30.06.23 UK p	Year to 30.06.22 UK p
Opening NAV	905.00	942.10	1,228.99
Return before operating charges	62.19	(25.13)	(271.95)
Operating charges	(5.57)	(11.97)	(14.94)
Return after operating charges	56.62	(37.10)	(286.89)
Distributions	(8.87)	(12.62)	(4.85)
Retained distributions	8.87	12.62	4.85
Closing NAV	961.62	905.00	942.10
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.67	1.89	2.18
Dilution adjustments	(0.08)	0.00	(0.25)
Total direct transaction costs	0.59	1.89	1.93
Performance and charges	%	%	%
Direct portfolio transaction costs	0.13	0.20	0.16
Operating charges	1.26	1.25	1.25
Return after charges	+6.26	-3.94	-23.34
Other information			
Closing NAV (£'000)	24,581	24,332	28,845
Number of shares	2,556,159	2,688,639	3,061,786
Highest share price (UK p)	961.16	1,034.07	1,366.21
Lowest share price (UK p)	819.05	853.15	941.64

Financial highlights

Sterling Class 'C' Income share performance

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

The share class was launched on 3 January 2006.

Change in NAV per share	Six months to 31.12.23 UK p	Year to 30.06.23 UK p	Year to 30.06.22 UK p
Opening NAV	354.31	373.98	490.89
Return before operating charges	24.38	(10.06)	(109.01)
Operating charges	0.00	0.00	0.00
Return after operating charges	24.38	(10.06)	(109.01)
Distributions	(5.48)	(9.61)	(7.90)
Closing NAV	373.21	354.31	373.98
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.26	0.75	0.87
Dilution adjustments	(0.03)	0.00	(0.10)
Total direct transaction costs	0.23	0.75	0.77
Performance and charges	%	%	%
Direct portfolio transaction costs	0.13	0.20	0.16
Operating charges	0.01	0.00	0.00
Return after charges	+6.88	-2.69	-22.21
Other information			
Closing NAV (£'000)	23,336	22,838	25,500
Number of shares	6,252,827	6,445,786	6,818,728
Highest share price (UK p)	378.50	411.15	547.13
Lowest share price (UK p)	321.77	339.89	378.61

Financial highlights

Sterling Class 'I' Income share performance

The share class was launched on 3 August 2012.

Change in NAV per share	Six months to 31.12.23 UK p	Year to 30.06.23 UK p	Year to 30.06.22 UK p
Opening NAV	1,778.00	1,892.82	2,505.91
Return before operating charges	122.40	(49.54)	(552.02)
Operating charges	(7.45)	(16.30)	(20.84)
Return after operating charges	114.95	(65.84)	(572.86)
Distributions	(28.10)	(48.98)	(40.23)
Closing NAV	1,864.85	1,778.00	1,892.82
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	1.32	3.79	4.47
Dilution adjustments	(0.15)	0.00	(0.52)
Total direct transaction costs	1.17	3.79	3.95
Performance and charges	%	%	%
Direct portfolio transaction costs	0.13	0.20	0.16
Operating charges	0.86	0.85	0.85
Return after charges	+6.47	-3.48	-22.86
Other information			
Closing NAV (£'000)	35,079	33,614	34,612
Number of shares	1,881,088	1,890,551	1,828,611
Highest share price (UK p)	1,892.04	2,078.71	2,788.12
Lowest share price (UK p)	1,611.06	1,716.11	1,916.37

Sterling Class 'I' Accumulation share performance

The share class was launched on 3 August 2012.

Change in NAV per share	Six months to 31.12.23 UK p	Year to 30.06.23 UK p	Year to 30.06.22 UK p
Opening NAV	2,206.43	2,288.00	2,972.87
Return before operating charges	151.57	(61.77)	(660.23)
Operating charges	(9.23)	(19.80)	(24.64)
Return after operating charges	142.34	(81.57)	(684.87)
Distributions	(25.61)	(39.75)	(23.29)
Retained distributions	25.61	39.75	23.29
Closing NAV	2,348.77	2,206.43	2,288.00
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	1.64	4.60	5.29
Dilution adjustments	(0.19)	0.00	(0.61)
Total direct transaction costs	1.45	4.60	4.68
Performance and charges	%	%	%
Direct portfolio transaction costs	0.13	0.20	0.16
Operating charges	0.86	0.85	0.85
Return after charges	+6.45	-3.57	-23.04
Other information			
Closing NAV (£'000)	20,548	23,225	23,457
Number of shares	874,838	1,052,599	1,025,205
Highest share price (UK p)	2,347.64	2,514.64	3,307.50
Lowest share price (UK p)	1,998.99	2,074.35	2,286.88

Financial highlights

Sterling Class 'R' Income share performance

The share class was launched on 3 August 2012.

Change in NAV per share	Six months to 31.12.23 UK p	Year to 30.06.23 UK p	Year to 30.06.22 UK p
Opening NAV	174.68	186.43	247.44
Return before operating charges	12.02	(4.85)	(54.40)
Operating charges	(0.95)	(2.08)	(2.64)
Return after operating charges	11.07	(6.93)	(57.04)
Distributions	(2.76)	(4.82)	(3.97)
Closing NAV	182.99	174.68	186.43
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.13	0.37	0.44
Dilution adjustments	(0.01)	0.00	(0.05)
Total direct transaction costs	0.12	0.37	0.39
Performance and charges	%	%	%
Direct portfolio transaction costs	0.13	0.20	0.16
Operating charges	1.11	1.10	1.10
Return after charges	+6.34	-3.72	-23.05
Other information			
Closing NAV (£'000)	2,399	2,335	2,602
Number of shares	1,311,082	1,337,082	1,395,478
Highest share price (UK p)	185.66	204.67	275.16
Lowest share price (UK p)	158.15	168.90	188.75

Sterling Class 'R' Accumulation share performance

The share class was launched on 3 August 2012.

Change in NAV per share	Six months to 31.12.23 UK p	Year to 30.06.23 UK p	Year to 30.06.22 UK p
Opening NAV	214.62	223.11	290.62
Return before operating charges	14.72	(5.99)	(64.40)
Operating charges	(1.16)	(2.50)	(3.11)
Return after operating charges	13.56	(8.49)	(67.51)
Distributions	(2.23)	(3.30)	(1.57)
Retained distributions	2.23	3.30	1.57
Closing NAV	228.18	214.62	223.11
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.16	0.45	0.52
Dilution adjustments	(0.02)	0.00	(0.06)
Total direct transaction costs	0.14	0.45	0.46
Performance and charges	%	%	%
Direct portfolio transaction costs	0.13	0.20	0.16
Operating charges	1.11	1.10	1.10
Return after charges	+6.32	-3.81	-23.23
Other information			
Closing NAV (£'000)	8,383	8,286	9,021
Number of shares	3,673,892	3,860,658	4,043,509
Highest share price (UK p)	228.07	244.94	323.17
Lowest share price (UK p)	194.29	202.13	223.00

Financial statements and notes

Financial statements

Statement of total return

for the six months to 31 December	2023		2022	
	£'000	£'000	£'000	£'000
Income				
Net capital gains/(losses)		9,440		6,894
Revenue	2,974		2,263	
Expenses	(899)		(1,051)	
Interest payable and similar charges	0		0	
Net revenue/(expense) before taxation	2,075		1,212	
Taxation	0		0	
Net revenue/(expense) after taxation		2,075		1,212
Total return before distributions		11,515		8,106
Distributions		(2,690)		(1,932)
Change in net assets attributable to shareholders from investment activities		8,825		6,174

Statement of change in net assets attributable to shareholders

for the six months to 31 December	2023		2022	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		190,551		212,575
Amounts received on issue of shares	2,030		1,380	
Amounts paid on cancellation of shares	(10,528)		(6,396)	
		(8,498)		(5,016)
Dilution adjustments		54		35
Change in net assets attributable to shareholders from investment activities (see above)		8,825		6,174
Retained distributions on Accumulation shares		533		316
Unclaimed distributions		10		3
Closing net assets attributable to shareholders		191,475		214,087

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

Financial statements and notes

Financial statements

Balance sheet

as at	31 December 2023 £'000	30 June 2023 £'000
Assets		
Fixed assets		
Investments	185,474	182,373
Current assets		
Debtors	313	602
Cash and bank balances	195	222
Cash equivalents	7,801	10,024
Total assets	193,783	193,221
Liabilities		
Creditors		
Distribution payable	(2,073)	(2,167)
Other creditors	(235)	(503)
Total liabilities	(2,308)	(2,670)
Net assets attributable to shareholders	191,475	190,551

Financial statements and notes

Notes to the financial statements

Accounting policies

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

Distribution policy

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

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

