

# M&G Global Macro Bond Fund

**Interim report and unaudited financial statements  
for the six months ended 30 April 2023**

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# Authorised Corporate Director's Report

The Authorised Corporate Director (ACD) of M&G Global Macro Bond Fund presents its interim report and unaudited financial statements for the six months ended 30 April 2023.

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

## Company information

This Open-Ended Investment Company (OEIC) is an Investment Company with Variable Capital (ICVC) incorporated under the Open-Ended Investment Companies Regulations 2001. It is authorised and regulated by the Financial Conduct Authority (FCA) under the Financial Services and Markets Act 2000. The Company is a UCITS (Undertakings for Collective Investment in Transferable Securities) scheme as defined in the Collective Investment Schemes sourcebook, as issued (and amended) by the FCA.

The Company was authorised on 26 January 2009 and the fund was launched on 1 May 2009.

The Company's principal activity is to carry on business as an OEIC.

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

## Fund manager

Jim Leaviss is employed by M&G FA Limited which is an associate of M&G Securities Limited.

## ACD

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

## Directors of the ACD

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

## Investment manager

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

## Registrar

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

## Depository

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

## Independent auditor

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

## Annual value assessment

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

# Authorised Corporate Director's Report

## 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.

Effective 6 March 2023, the fund's benchmark changed from the IA Global Mixed Bond Sector to the Bloomberg Global Aggregate Index Unhedged USD.

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

## Investor information

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

## Customer services and administration for UK clients:

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

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

Telephone: 0800 390 390 (UK only)

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

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

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

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

Telephone: +352 2605 9944

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

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

## Swiss paying agent and representative:

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

# Authorised Corporate Director's Report

## Authorised Corporate Director's Responsibilities

The Authorised Corporate Director (ACD) is required to prepare annual and interim reports for the Company. The ACD must ensure that the financial statements, contained in this report, for the fund 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 June 2023

# Financial statements and notes

The financial statements for M&G Global Macro Bond Fund comprise the financial statements for the 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 the fund's ability to continue as a going concern which is made as at the date of issue of these financial statements and considers liquidity, declines in global capital markets, investor intention, known redemption levels, expense projections, key service provider's operational resilience, and the impact of COVID-19.

The interim financial statements have been prepared on the same basis as the audited financial statements for the year ended 31 October 2022. They are prepared under the historical cost convention, as modified by the revaluation of investments, and in accordance with the Statement of Recommended Practice (SORP) for Authorised Funds issued by the Investment Association in May 2014 and amended in June 2017.

# Authorised Corporate Director's Report

For the purposes of these financial statements, the Prospectus dated 6 March 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 Aggregate Index Unhedged USD over any five-year period.

## Investment policy

At least 80% of the fund is invested, directly or indirectly through derivatives, in debt securities and in asset-backed securities. These securities can be issued or guaranteed by governments and their agencies, public authorities, quasi-sovereigns, supranational bodies and companies from anywhere in the world, including emerging markets. These securities can be denominated in any currency.

Other investments may include 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 on the debt securities held by the fund.

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

## Investment approach

The fund is globally diversified across a range of debt securities from a variety of sectors and geographies. The fund's investment approach is based on the principle that returns from 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 highly flexible investment approach, changing the blend of duration, credit and the allocation to the various types of bonds in the portfolio to weight them appropriately.

The fund manager also seeks to add value through active management of the fund's exposure to currencies.

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 Aggregate Index Unhedged USD

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.

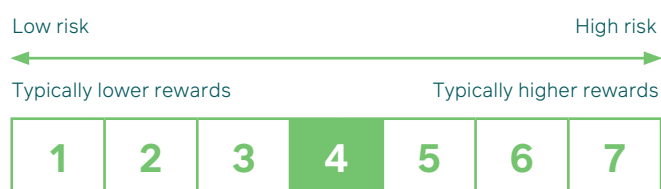
For unhedged share classes, the benchmark is shown in the share class currency.

# 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 30 April 2023

### Performance against objective

The M&G Global Macro Bond Fund recorded positive returns across all share classes in the period under review. The hedged share classes outperformed the benchmark\*, whereas the unhedged share classes posted returns below that of the benchmark, which returned 2.0% in the period.

Over five years, the fund's unhedged share classes met the objective of providing a total return (the combination of capital growth and income), net of the ongoing charge figure, higher than the average return of the benchmark, which was 0.3% per annum over this period. However, the fund's hedged share classes did not meet this objective.

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

\*The benchmark prior to 19 April 2021 was the IA Global Bonds Sector. From 19 April 2021 to 5 March 2023, it was the IA Global Mixed Bond Sector. Thereafter, the benchmark is Bloomberg Global Aggregate Index Unhedged USD.

### Performance review

The six months under review saw heightened volatility across global bond markets, though most fixed income markets posted positive returns over the period. Emerging market bonds outperformed, delivering double-digit returns, while UK and German government bonds posted marginal negative returns.

The period began with a rally across the board in November, triggered by expectations that major central banks would slow the size and pace of interest rate hikes. This came on the back of better-than-expected US inflation data. There was renewed optimism among market participants of the US Federal Reserve (Fed) pivoting away from its current tighter monetary policy stance.

Having rallied for much of 2022, the US dollar weakened in November and continued its downward slide until the end of the review period. Meanwhile, a combination of falling inflation, the end of rate hiking cycles outside of developed countries and stronger currencies boosted emerging market debt, notably in Latin America.

In the second half of the period, concerns over strong labour markets and 'stickier' components of core inflation such as wages and services dampened investor optimism of a Fed pivot. March saw heightened volatility across global bond markets after the failure of two mid-sized US banks and the forced sale of Swiss bank Credit Suisse. However, calm was restored to markets in April, as the stresses in the banking sector eased.

Against this backdrop, the fund delivered a positive return. The biggest performance driver was our yield curve positioning (in other words, where we focus on bonds of particular maturities in order to benefit from expected changes in interest rates across the yield curve. The yield curve is a graphical representation of the interest rates on debt for a range of maturities). The next biggest driver was our credit positioning. Our



# Authorised Corporate Director's Report

underweight position in credit proved beneficial in the periods when credit spreads (the difference between the yield of a corporate bond and a government bond of the same maturity) widened, which is an indicator of concerns within the markets.

## Investment activities

In terms of activity, we increased our government bond holdings while significantly hedging our credit exposure through credit default swaps (insurance-like contracts that allow an investor to transfer the risk of default — non-payment of interest or principal — of a bond to another investor). As a result, we had an outright short position (which seeks to profit from a fall in the price of an asset) in high yield bonds by the end of April. This left the fund with a lower spread duration (sensitivity to changes in investors' perception of corporate borrowers' creditworthiness) by the end of the period.

In terms of interest-rate duration (which measures sensitivity to changes in interest rates), we increased our position in euro bonds but slightly trimmed our US dollar exposure.

In hard currency (highly traded, stable international currencies such as the dollar and euro) bonds, we reduced our positions in emerging markets to lock in profits early in the period, thus lowering our exposure to this asset class.

We sold Thai and long-dated UK inflation-linked bonds to reduce duration, although we added similar Japanese bonds in January. We felt markets had not sufficiently priced in persistent inflation in Japan.

In local currency bonds, we used relative dollar weakness to move into local currency debt in Indonesia, Brazil and Peru early in the review period. In February, we took advantage of a sell-off in short-dated Mexican bonds to increase exposure here, by switching out of 10-year Mexican bonds.

Within credit, we added to financials in November. As credit spreads tightened during the first quarter of 2023, we closed positions in some high yield bonds and

lower-rated investment grade names that had performed well. Later, we reduced our exposure to financials.

From a currency perspective, our US dollar exposure was maintained at around 40% throughout the period.

## Outlook

Towards the end of March, concerns about the banking sector showed signs of easing, which prompted a partial recovery in risk assets. Looking ahead, we believe that expectations around inflation and recession risk will drive market performance. Inflation is currently heading in the right direction, particularly in the US, which is positive for bonds.

However, the possibility of a recession remains elevated as central banks continue to tighten financial conditions. In this environment, we will maintain a defensive position across duration and credit. Latterly we have been using CDS (credit default swaps – an insurance-like contract that allows an investor to transfer the risk of a default of a bond to another investor) extensively in order to reduce our credit exposure. We took profits from our local currency exposure which had performed well and are reducing our exposure as we continue to de-risk the portfolio.

## Jim Leaviss

Fund manager

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

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

# Portfolio statement

## Investments

Holding	as at 30.04.23 \$'000	as at 30.04.23 %	as at 31.10.22 %
<b>Fixed income</b>	<b>1,697,644</b>	<b>92.52</b>	<b>92.39</b>
<b>Debt securities</b>	<b>1,690,077</b>	<b>92.11</b>	<b>92.87</b>
<b>'AAA' credit rated bonds</b>	<b>222,021</b>	<b>12.10</b>	<b>12.73</b>
AU\$64,000,000 Australia (Commonwealth of) 1.75% 21/06/2051	26,958	1.47	
€6,000,000 Blackrock European XII FRN 4.117% 17/01/2035	6,356	0.35	
£4,256,000 Coventry Building Society FRN 4.6737% 13/11/2023	5,312	0.29	
€16,000,104 Germany (Federal Republic of) 0.5% 15/02/2025	16,888	0.92	
€34,000,000 Germany (Federal Republic of) 2.5% 13/03/2025	37,158	2.02	
€18,073,716 Germany (Federal Republic of) IL 0.1% 15/04/2026	24,064	1.31	
€18,926,000 Germany (Federal Republic of) IL 0.5% 15/04/2030	26,207	1.43	
€3,997,956 Glenbeigh 2 Issuer FRN 3.752% 24/03/2046	4,354	0.24	
£1,904,257 Hops Hill No. 1 FRN 5.1353% 27/05/2054	2,370	0.13	
€2,211,175 Jubilee Place 2021-1 FRN 4.007% 17/07/2058	2,418	0.13	
£5,315,052 Jupiter Mortgage No. 1 FRN 4.9992% 20/07/2060	6,583	0.36	
£4,649,000 Nationwide Building Society FRN 4.516% 24/02/2031	5,668	0.31	
€15,000,000 Netherlands (Kingdom of) 2.5% 15/07/2033	16,112	0.88	
NOK225,110,000 Norway (Kingdom of) 2% 24/05/2023	20,959	1.14	
£678,244 Precise Mortgage Funding 2020-1B FRN 5.1141% 16/10/2056	842	0.05	
€5,513,000 RRE 5 Loan Management FRN 4.127% 15/01/2037	5,835	0.32	
£2,539,926 Stratton Mortgage Funding 2021-1 FRN 5.0405% 25/09/2051	3,157	0.17	
£2,539,125 Towd Point Mortgage Funding 2019-Vantage 2 FRN 5.8932% 20/02/2054	3,159	0.17	
£3,713,839 Twin Bridges 2021-1 FRN 5.0016% 12/03/2055	4,598	0.25	
€2,819,000 Voya Euro III FRN 4.097% 15/04/2033	3,023	0.16	
<b>'AA' credit rated bonds</b>	<b>685,795</b>	<b>37.37</b>	<b>36.14</b>
US\$8,000,000 Apple 1.125% 11/05/2025	7,501	0.41	
US\$8,547,000 Apple 2.65% 08/02/2051	5,936	0.32	
€24,000,000 Belgium (Kingdom of) 0.35% 22/06/2032	20,837	1.14	
CA\$12,133,000 Canada (Govt. of) 1.5% 01/12/2031	7,966	0.43	
CA\$37,838,000 Canada (Govt. of) 3.75% 01/02/2025	27,684	1.51	
€2,263,000 Deutsche Bahn Finance 3.625% 18/12/2037	2,482	0.14	
£1,989,000 Jupiter Mortgage No. 1 FRN 5.5992% 20/07/2060	2,456	0.13	

# Portfolio statement

## Investments (continued)

Holding	as at 30.04.23 \$'000	as at 30.04.23 %	as at 31.10.22 %
<b>Fixed income (continued)</b>			
<b>Debt securities (continued)</b>			
<b>'AA' credit rated bonds (continued)</b>			
€7,200,000 Metropolitan Life Global Funding I 0.375% 09/04/2024	7,657	0.42	
US\$2,135,000 Metropolitan Life Global Funding I FRN 5.8519% 21/03/2025	2,130	0.12	
€7,376,000 New York Life Global Funding 0.25% 23/01/2027	7,133	0.39	
€5,477,000 New York Life Global Funding 0.75% 14/12/2028	5,476	0.30	
€6,073,000 New York Life Global Funding 1.25% 17/12/2026	6,616	0.36	
NZD66,000,000 New Zealand (Govt. of) 0.5% 15/05/2026	36,295	1.98	
£28,000,000 UK Treasury 0.375% 22/10/2026	31,006	1.69	
£21,018,000 UK Treasury 1.125% 31/01/2039	17,333	0.94	
£11,755,000 UK Treasury 3.5% 22/01/2045	13,319	0.73	
£22,237,000 UK Treasury IL 0.125% 22/03/2039	31,948	1.74	
US\$115,685,400 US Treasury 0.25% 15/06/2024	110,150	6.00	
US\$70,330,100 US Treasury 3% 15/11/2044	61,275	3.34	
US\$13,226,500 US Treasury 3% 15/02/2047	11,447	0.62	
US\$28,188,200 US Treasury 3% 15/08/2052	24,576	1.34	
US\$27,776,000 US Treasury 3.125% 15/11/2028	27,127	1.48	
US\$23,585,300 US Treasury 3.375% 15/08/2042	22,089	1.20	
US\$21,884,900 US Treasury 4.125% 15/11/2032	23,003	1.25	
US\$49,223,700 US Treasury IL 0.75% 15/02/2045	53,615	2.92	
US\$20,000,000 US Treasury IL 1% 15/02/2049	21,139	1.15	
US\$63,380,400 US Treasury IL 2.375% 15/01/2027	97,599	5.32	
<b>'A' credit rated bonds</b>	<b>193,599</b>	<b>10.55</b>	<b>11.28</b>
£2,000,000 Anheuser-Busch InBev 9.75% 30/07/2024	2,624	0.14	
US\$5,500,000 Athene Global Funding FRN 5.5051% 24/05/2024	5,444	0.30	
£3,330,000 Bank of America Var. Rate 3.584% 27/04/2031	3,703	0.20	
US\$3,571,000 Bank of America FRN 6.1549% 25/04/2025	3,560	0.20	
€4,000,000 Banque Fédérative du Crédit Mutuel 0.625% 21/02/2031	3,337	0.18	
€2,431,000 Booking 4.5% 15/11/2031	2,769	0.15	
€5,900,000 BPCE 0.25% 15/01/2026	5,896	0.32	
US\$4,500,000 BPCE FRN 5.5989% 14/01/2025	4,440	0.24	
CLP15,995,000,000 Chile (Republic of) 4.7% 01/09/2030	18,889	1.03	

# Portfolio statement

## Investments (continued)

Holding	as at 30.04.23 \$'000	as at 30.04.23 %	as at 31.10.22 %
<b>Fixed income (continued)</b>			
<b>Debt securities (continued)</b>			
<b>'A' credit rated bonds (continued)</b>			
€3,576,000 Comcast 0% 14/09/2026	3,501	0.19	
£3,536,000 Comcast 5.5% 23/11/2029	4,576	0.25	
US\$4,211,000 Comcast 5.5% 15/11/2032	4,476	0.24	
€3,300,000 Crédit Agricole Var. Rate 1.875% 22/04/2027	3,381	0.19	
US\$2,501,000 International Business Machines 1.7% 15/05/2027	2,252	0.12	
¥4,863,150,000 Japan (Govt. of) 0.6% 20/03/2024	35,967	1.96	
¥2,919,000,000 Japan (Govt. of) IL 0.1% 10/03/2029	23,712	1.29	
€8,670,000 JPMorgan Chase Var. Rate 1.001% 25/07/2031	7,672	0.42	
US\$6,000,000 JPMorgan Chase Var. Rate 1.045% 19/11/2026	5,391	0.29	
US\$2,135,000 JPMorgan Chase Var. Rate 4.586% 26/04/2033	2,057	0.11	
€338,246 Ludgate Funding FRN 3.212% 01/01/2061	352	0.02	
US\$506,000 MetLife 5% 15/07/2052	476	0.03	
€4,295,000 Morgan Stanley Var. Rate 0.497% 07/02/2031	3,665	0.20	
US\$3,880,000 Morgan Stanley Var. Rate 3.622% 01/04/2031	3,528	0.19	
€4,039,000 Nationwide Building Society 2% 28/04/2027	4,132	0.23	
US\$6,000,000 Nationwide Building Society 4.85% 27/07/2027	5,894	0.32	
£4,871,000 NatWest Markets 6.375% 08/11/2027	6,279	0.34	
£4,364,000 Nestlé 2.125% 04/04/2027	4,955	0.27	
€6,316,000 Nestlé Finance International 3.25% 15/01/2031	6,942	0.38	
€5,000,000 PepsiCo 0.25% 06/05/2024	5,325	0.29	
US\$667,000 S&P Global 2.7% 01/03/2029	608	0.03	
US\$3,242,000 Société Générale 4.677% 15/06/2027	3,167	0.17	
US\$2,555,000 US Bancorp 3.375% 05/02/2024	2,515	0.14	
€2,323,000 Wolters Kluwer 0.75% 03/07/2030	2,114	0.12	
<b>'BBB' credit rated bonds</b>	<b>479,605</b>	<b>26.14</b>	<b>24.20</b>
€2,100,000 Aéroports de Paris 2.125% 02/10/2026	2,212	0.12	
€2,231,000 AIB Var. Rate 4.625% 23/07/2029	2,414	0.13	
€1,400,000 Allianz Var. Rate 2.625% Perpetual	1,079	0.06	
US\$1,490,000 American Express Var. Rate 4.989% 26/05/2033	1,459	0.08	
£2,377,000 Aviva Var. Rate 4% 03/06/2055	2,314	0.13	

# Portfolio statement

## Investments (continued)

Holding	as at 30.04.23 \$'000	as at 30.04.23 %	as at 31.10.22 %
<b>Fixed income (continued)</b>			
<b>Debt securities (continued)</b>			
<b>'BBB' credit rated bonds (continued)</b>			
€4,000,000 Banco Bilbao Vizcaya Argentaria 0.5% 14/01/2027	3,872	0.21	
£4,500,000 Banco Santander Var. Rate 3.125% 06/10/2026	5,218	0.28	
€1,569,000 Bank of Ireland Var. Rate 4.875% 16/07/2028	1,737	0.09	
US\$8,000,000 Barclays Var. Rate 7.437% 02/11/2033	8,750	0.48	
€3,500,000 BNP Paribas 2.1% 07/04/2032	3,248	0.18	
£4,789,000 BNP Paribas 3.375% 23/01/2026	5,662	0.31	
€5,294,000 Bulgaria (Republic of) 4.625% 23/09/2034	5,695	0.31	
£2,192,000 Bunzl Finance 1.5% 30/10/2030	2,080	0.11	
£2,700,000 CaixaBank Var. Rate 3.5% 06/04/2028	3,028	0.17	
€3,100,000 CaixaBank Var. Rate 5.375% 14/11/2030	3,517	0.19	
US\$3,020,000 CaixaBank Var. Rate 6.208% 18/01/2029	3,031	0.17	
€2,945,000 CBRE Global Investors 0.5% 27/01/2028	2,452	0.13	
US\$4,050,000 Citigroup Var. Rate 3.785% 17/03/2033	3,638	0.20	
US\$1,805,000 Citigroup FRN 5.5079% 25/08/2036	1,473	0.08	
€1,200,000 Cooperatieve Rabobank Var. Rate 4.875% Perpetual	1,115	0.06	
£3,441,000 Coventry Building Society 2% 20/12/2030	3,316	0.18	
€4,000,000 Credit Suisse Var. Rate 2.875% 02/04/2032	3,697	0.20	
€5,019,000 Croatia (Republic of) 1.125% 04/03/2033	4,294	0.23	
€6,400,000 Deutsche Bank Var. Rate 3.25% 24/05/2028	6,416	0.35	
£5,000,000 Deutsche Bank Var. Rate 6.125% 12/12/2030	5,986	0.33	
€3,900,000 EDF 4.625% 25/01/2043	4,015	0.22	
£6,400,000 EDF 5.5% 25/01/2035	7,499	0.41	
€1,356,000 Enel Var. Rate 6.375% Perpetual	1,498	0.08	
US\$2,581,000 Enel Finance International 7.5% 14/10/2032	2,878	0.16	
£3,950,000 Engie 5% 01/10/2060	4,510	0.25	
€4,969,000 Goldman Sachs FRN 3.75% 30/04/2024	5,447	0.30	
£5,410,000 Goldman Sachs 4.25% 29/01/2026	6,572	0.36	
€4,125,000 Hammerson Ireland Finance 1.75% 03/06/2027	3,630	0.20	
€2,016,000 Harley-Davidson Financial Services 5.125% 05/04/2026	2,240	0.12	
€3,500,000 Heimstaden Bostad Treasury 1% 13/04/2028	2,838	0.15	

# Portfolio statement

## Investments (continued)

Holding	as at 30.04.23 \$'000	as at 30.04.23 %	as at 31.10.22 %
<b>Fixed income (continued)</b>			
<b>Debt securities (continued)</b>			
<b>'BBB' credit rated bonds (continued)</b>			
£2,521,000 Hiscox 6% 22/09/2027	3,181	0.17	
£3,200,000 HSBC 7% 07/04/2038	4,023	0.22	
IDR337,430,000,000 Indonesia (Republic of) 8.25% 15/05/2036	25,532	1.39	
IDR193,289,000,000 Indonesia (Republic of) 8.375% 15/03/2034	14,783	0.81	
US\$841,000 ING Var. Rate 4.252% 28/03/2033	775	0.04	
€8,240,000 Italy (Republic of) 3.25% 01/03/2038	7,830	0.43	
€29,719,000 Italy (Republic of) 5.75% 01/02/2033	36,544	1.99	
US\$2,017,000 Lowe's 4.25% 01/04/2052	1,639	0.09	
MYR28,077,000 Malaysia (Govt. of) 3.955% 15/09/2025	6,401	0.35	
MYR44,225,000 Malaysia (Govt. of) 4.254% 31/05/2035	10,175	0.55	
€6,000,000 McDonald's 2% 01/06/2023	6,583	0.36	
MXN300,000,000 Mexico (United Mexican States) 5% 06/03/2025	15,100	0.82	
£4,230,000 Mexico (United Mexican States) 5.625% 19/03/2114	3,956	0.22	
MXN190,000,000 Mexico (United Mexican States) 8% 07/12/2023	10,315	0.56	
MXN113,356,000 Mexico (United Mexican States) 8.5% 18/11/2038	5,960	0.32	
MXN200,000,000 Mexico (United Mexican States) 10% 05/12/2024	10,945	0.60	
£790,332 Mitchells & Butlers Finance FRN 4.9964% 15/12/2033	847	0.05	
US\$1,441,508 Mitchells & Butlers Finance FRN 5.3163% 15/12/2030	1,299	0.07	
£1,629,000 National Gas Transmission 5.75% 05/04/2035	2,029	0.11	
€5,945,000 National Grid 0.25% 01/09/2028	5,426	0.30	
£2,136,000 Nationwide Building Society Var. Rate 6.178% 07/12/2027	2,699	0.15	
US\$3,266,000 NatWest Var. Rate 4.892% 18/05/2029	3,168	0.17	
£2,294,000 Northumbrian Water 6.375% 28/10/2034	3,052	0.17	
US\$7,500,000 Oracle 6.25% 09/11/2032	8,034	0.44	
PEN57,000,000 Peru (Republic of) 6.15% 12/08/2032	14,046	0.77	
PEN38,450,000 Peru (Republic of) 6.9% 12/08/2037	9,732	0.53	
PEN25,382,000 Peru (Republic of) 6.95% 12/08/2031	6,648	0.36	
PHP465,000,000 Philippines (Republic of) 6.25% 14/01/2036	8,235	0.45	
€2,010,622 Portugal (Republic of) 1% 12/04/2052	1,158	0.06	
€3,825,000 Prosus 1.288% 13/07/2029	3,206	0.17	

# Portfolio statement

## Investments (continued)

Holding	as at 30.04.23 \$'000	as at 30.04.23 %	as at 31.10.22 %
<b>Fixed income (continued)</b>			
<b>Debt securities (continued)</b>			
<b>'BBB' credit rated bonds (continued)</b>			
US\$2,330,000 PVH 4.625% 10/07/2025	2,285	0.12	
€2,641,000 Romania (Republic of) 1.75% 13/07/2030	2,156	0.12	
US\$7,790,000 Romania (Republic of) 3.625% 27/03/2032	6,642	0.36	
€3,377,000 Romania (Republic of) 6.625% 27/09/2029	3,803	0.21	
£1,009,000 Severn Trent Utilities Finance 2.625% 22/02/2033	1,008	0.05	
£1,471,000 Severn Trent Utilities Finance 4.625% 30/11/2034	1,734	0.09	
£2,114,000 Severn Trent Utilities Finance 5.25% 04/04/2036	2,634	0.14	
€3,507,000 Smurfit Kappa Treasury ULC 1.5% 15/09/2027	3,470	0.19	
€3,500,000 Société Générale Var. Rate 1% 24/11/2030	3,383	0.18	
£5,100,000 Southern Water Services Finance 3% 28/05/2037	4,620	0.25	
€3,276,000 Spain (Kingdom of) 1% 30/07/2042	2,224	0.12	
€6,150,000 Spain (Kingdom of) 1.9% 31/10/2052	4,351	0.24	
€21,450,000 Spain (Kingdom of) 2.55% 31/10/2032	21,987	1.20	
€3,914,000 Takeda Pharmaceutical 1.375% 09/07/2032	3,476	0.19	
£5,161,634 Tesco Property Finance 1 7.6227% 13/07/2039	7,150	0.39	
£3,840,000 Thames Water Utilities Finance 3.5% 25/02/2028	4,406	0.24	
€3,501,000 Thames Water Utilities Finance 4.375% 18/01/2031	3,835	0.21	
UYU293,278,943 Uruguay (Republic of) 3.875% 02/07/2040	9,882	0.54	
UYU33,430,997 Uruguay (Republic of) 4.375% 15/12/2028	2,273	0.12	
UYU154,282,874 Uruguay (Republic of) 8.25% 21/05/2031	3,603	0.20	
UYU167,380,000 Uruguay (Republic of) 8.5% 15/03/2028	4,069	0.22	
€3,428,000 Verizon Communications 0.75% 22/03/2032	2,864	0.16	
US\$2,062,000 Walt Disney 3.8% 13/05/2060	1,648	0.09	
US\$1,325,000 Warnermedia 4.054% 15/03/2029	1,223	0.07	
£3,073,000 Wessex Water Services Finance 5.125% 31/10/2032	3,746	0.20	
£3,200,000 Yorkshire Power Finance 7.25% 04/08/2028	4,329	0.24	
£3,754,000 Yorkshire Water Finance 5.25% 28/04/2030	4,653	0.25	
<b>'BB' credit rated bonds</b>	<b>89,451</b>	<b>4.88</b>	<b>6.23</b>
COP17,889,000,000 Bogota Distrito Capital 9.75% 26/07/2028	3,301	0.18	
BRL98,200,000 Brazil (Federal Republic of) 10% 01/01/2025	19,170	1.04	

# Portfolio statement

## Investments (continued)

Holding		as at 30.04.23 \$'000	as at 30.04.23 %	as at 31.10.22 %
<b>Fixed income (continued)</b>				
<b>Debt securities (continued)</b>				
<b>'BB' credit rated bonds (continued)</b>				
BRL53,094,000	Brazil (Federal Republic of) 10% 01/01/2029	9,839	0.54	
€2,100,000	Cellnex Finance 1.25% 15/01/2029	1,926	0.10	
US\$2,551,000	Charter Communications Operating 4.4% 01/04/2033	2,248	0.12	
COP53,540,000	Colombia (Republic of) 2.25% 18/04/2029	3,453	0.19	
COP47,137,200,000	Colombia (Republic of) 7.75% 18/09/2030	8,215	0.45	
US\$3,000,000	Dominica (Republic of) 6.5% 15/02/2048	2,539	0.14	
US\$3,022,000	Dominica (Republic of) 6.85% 27/01/2045	2,700	0.15	
£2,789,000	Lloyds Banking Var. Rate 8.5% Perpetual	3,272	0.18	
€1,300,000	Mahle 2.375% 14/05/2028	1,082	0.06	
US\$6,600,000	Nordstrom 4.375% 01/04/2030	5,145	0.28	
US\$2,014,000	Paraguay (Republic of) 5.6% 13/03/2048	1,758	0.10	
US\$4,511,000	Paraguay (Republic of) 6.1% 11/08/2044	4,288	0.23	
€4,684,000	Serbia (Republic of) 1% 23/09/2028	3,958	0.21	
€2,726,000	Serbia (Republic of) 1.65% 03/03/2033	1,962	0.11	
US\$4,000,000	Sirius XM Radio 5% 01/08/2027	3,656	0.20	
US\$4,000,000	South Africa (Republic of) 5.75% 30/09/2049	2,866	0.16	
ZAR198,576,252	South Africa (Republic of) 8.75% 28/02/2048	8,073	0.44	
	<b>'B' credit rated bonds</b>	<b>13,260</b>	<b>0.72</b>	<b>1.93</b>
US\$3,000,000	Bahamas (Commonwealth of) 6% 21/11/2028	2,288	0.12	
£4,626,000	Bellis Acquisition 3.25% 16/02/2026	4,706	0.26	
€2,227,000	Garfunkelux Holdco 3 FRN 9.5% 01/05/2026	2,001	0.11	
US\$1,829,000	Iliad 7% 15/10/2028	1,738	0.09	
US\$3,000,000	Staples 7.5% 15/04/2026	2,527	0.14	
	<b>'CCC' credit rated bonds</b>	<b>3,169</b>	<b>0.17</b>	<b>0.19</b>
US\$3,200,000	Altice France 6% 15/02/2028	1,978	0.11	
€1,272,794	Selecta 8% 01/04/2026	1,191	0.06	
	<b>'CC' credit rated bonds</b>	<b>0</b>	<b>0.00</b>	<b>0.04</b>
	<b>'C' credit rated bonds</b>	<b>3,054</b>	<b>0.17</b>	<b>0.13</b>
ARS100,000,000	Argentina (Republic of) 15.5% 17/10/2026	98	0.00	
US\$3,100,000	Bausch Health 5% 30/01/2028	1,395	0.08	



# Portfolio statement

## Investments (continued)

Holding	as at 30.04.23 \$'000	as at 30.04.23 %	as at 31.10.22 %
<b>Fixed income (continued)</b>			
<b>Debt securities (continued)</b>			
<b>'C' credit rated bonds (continued)</b>			
US\$2,803,039 Buenos Aires (Province of) 5.25% 01/09/2037	868	0.05	
US\$4,000,000 Ukraine (Republic of) 7.75% 01/09/2028	693	0.04	
<b>'D' credit rated bonds</b>	<b>123</b>	<b>0.01</b>	<b>0.00</b>
€2,808,101 Silverback Finance 3.1261% 25/02/2037	123	0.01	
<b>Debt derivatives</b>	<b>7,567</b>	<b>0.41</b>	<b>(0.48)</b>
<b>Credit default swaps</b>			
US\$81,340,000 Markit CDX North American Investment Grade Series 39 5 Year Dec 2027	(1,346)	(0.07)	
€16,000,000 Markit iTraxx Europe Crossover Series 38 V1 5 Year Dec 2027	(681)	(0.04)	
€34,000,000 Markit iTraxx Europe Senior Financial Series 38 V1 5 Year Dec 2027	(142)	(0.01)	
€25,200,000 Markit iTraxx Europe Series 38 V1 5 Year Dec 2027	(280)	(0.01)	
€86,000,000 Markit iTraxx Europe Subordinated Financials Index Series 38 V1 5 Year Dec 2027	2,950	0.16	
<b>Interest rate swaps</b>	<b>108</b>	<b>0.00</b>	<b>0.06</b>
¥1,050,000,000 Pay 0.9102% Receive VAR May 2052	108	0.00	
<b>Interest rate futures</b>	<b>6,958</b>	<b>0.38</b>	<b>(0.31)</b>
349 Euro-Oat Jun 2023	1,487	0.08	
634 US 10 Year Note Jun 2023	2,239	0.12	
1,056 US 2 Year Note Jun 2023	2,240	0.12	
390 US 5 Year Note Jun 2023	992	0.06	
<b>Currency</b>	<b>(14,329)</b>	<b>(0.78)</b>	<b>(0.77)</b>
<b>Forward currency contracts</b>			
BRL(49,000,000) Sold for \$9,061,824 (expires 21.06.23)	(689)	(0.04)	
CA\$(11,813,501) Sold for \$8,672,313 (expires 21.06.23)	15	0.00	
CLP(7,340,000,000) Sold for \$8,895,891 (expires 22.06.23)	(174)	(0.01)	
DKK61,500,000 Bought for \$8,871,961 (expires 21.06.23)	222	0.01	
€17,000,000 Bought for \$18,250,240 (expires 21.06.23)	476	0.03	
€(52,343,771) Bought for €26,171,886 (expires 31.07.23)	237	0.01	
€(16,914,231) Sold for \$17,950,263 (expires 21.06.23)	(681)	(0.04)	
€(45,561,215) Bought for €22,780,607 (expires 31.07.23)	(1,655)	(0.09)	

# Portfolio statement

## Investments (continued)

Holding	as at 30.04.23 \$'000	as at 30.04.23 %	as at 31.10.22 %
<b>Currency (continued)</b>			
<b>Forward currency contracts (continued)</b>			
£78,774,974 Bought for \$98,041,206 (expires 21.06.23)	243	0.01	
£(171,074,043) Bought for £85,537,022 (expires 31.07.23)	(653)	(0.03)	
£(71,788,760) Sold for \$86,754,211 (expires 21.06.23)	(2,814)	(0.15)	
£(116,903,351) Bought for £58,451,675 (expires 31.07.23)	(4,057)	(0.22)	
¥18,565,000,000 Bought for \$140,953,610 (expires 21.06.23)	(3,471)	(0.19)	
MXN(775,360,000) Sold for \$40,370,717 (expires 21.06.23)	(2,109)	(0.11)	
NOK140,000,000 Bought for \$13,194,256 (expires 21.06.23)	(117)	(0.01)	
NZD(57,670,000) Sold for \$35,558,324 (expires 21.06.23)	154	0.01	
PEN(34,500,000) Sold for \$8,991,109 (expires 21.06.23)	(244)	(0.01)	
PLN75,000,000 Bought for \$16,922,952 (expires 21.06.23)	988	0.05	
<b>Share class hedging</b>	<b>542</b>	<b>0.03</b>	<b>0.04</b>
<b>Forward currency contracts for share class hedging</b>	<b>542</b>	<b>0.03</b>	<b>0.04</b>
£200,953,471 Bought for \$250,032,926 (expires 31.07.23)	544	0.03	
£165,438 Bought for \$253,205 (expires 31.07.23)	0	0.00	
£(354,094) Sold for \$440,084 (expires 31.07.23)	(2)	0.00	
US\$1,018 Bought for £665 (expires 31.07.23)	0	0.00	
<b>Total portfolio</b>	<b>1,683,857</b>	<b>91.77</b>	<b>91.66</b>
<b>Net other assets/(liabilities)</b>	<b>151,057</b>	<b>8.23</b>	<b>8.34</b>
<b>Net assets attributable to shareholders</b>	<b>1,834,914</b>	<b>100.00</b>	<b>100.00</b>

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

# Portfolio statement

## Top ten portfolio transactions for the six months to 30 April 2023

Largest purchases	\$'000
US Treasury 0.25% 15/06/2024	124,101
US Treasury 1.75% 15/05/2023	101,925
US Treasury IL 2.375% 15/01/2027	49,020
Japan (Govt. of) 0.6% 20/03/2024	38,056
New Zealand (Govt. of) 0.5% 15/05/2026	36,679
Germany (Federal Republic of) 2.5% 13/03/2025	35,762
Italy (Republic of) 5.75% 01/02/2033	34,945
Canada (Govt. of) 0.75% 01/02/2024	27,748
Canada (Govt. of) 3.75% 01/02/2025	27,540
US Treasury 3% 15/08/2052	22,929
Other purchases	248,969
<b>Total purchases</b>	<b>747,674</b>

Largest sales	\$'000
US Treasury 1.75% 15/05/2023	102,528
US Treasury 2.75% 15/02/2028	98,254
US Treasury IL 3.875% 15/04/2029	43,853
Canada (Govt. of) 0.75% 01/02/2024	27,529
Canada (Govt. of) 1.75% 01/03/2023	26,991
US Treasury 1.75% 15/08/2041	23,667
Japan (Govt. of) 1.3% 20/06/2035	22,686
Canada (Govt. of) 1.5% 01/06/2030	21,520
US Treasury 0.625% 15/05/2030	17,164
Japan (Govt. of) 2.1% 20/12/2029	16,150
Other sales	338,563
<b>Total sales</b>	<b>738,905</b>

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

# Financial highlights

## Fund performance

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

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

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

## Long-term performance by share class

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

Share class	Six months % <sup>a</sup>	Three years % pa	Five years % pa	Ten years % pa
<b>Sterling</b>				
Class 'A' Income	+1.6	-3.0	+1.6	+2.4
Class 'A' Accumulation	+1.6	-3.0	+1.6	+2.4
Class 'A-H' Income	+8.7	-4.0	-1.6	n/a
Class 'A-H' Accumulation	+8.8	-3.9	-1.6	n/a
Class 'I' Income	+1.8	-2.5	+2.1	+2.9
Class 'I' Accumulation	+1.8	-2.5	+2.1	+2.9
Class 'I-H' Income	+8.9	-3.6	-1.1	n/a
Class 'I-H' Accumulation	+9.0	-3.5	-1.1	n/a
Class 'J' Income	+1.8	-2.5	n/a	n/a
Class 'J-H' Income	+8.8	-3.6	n/a	n/a
Class 'PP' Income	+1.8	-2.4	n/a	n/a
Class 'PP' Accumulation	+1.8	-2.4	n/a	n/a
Class 'PP-H' Income	+8.9	n/a	n/a	n/a
Class 'R' Income	+1.6	-2.8	+1.9	+2.6
Class 'R' Accumulation	+1.6	-2.8	+1.9	+2.6
Class 'R-H' Income	+8.8	-3.8	-1.4	n/a
Class 'R-H' Accumulation	+8.8	-3.8	-1.4	n/a
<b>Benchmark<sup>b</sup></b>	<b>+2.0</b>	<b>-1.7</b>	<b>+0.3</b>	<b>+1.3</b>

<sup>a</sup> Not annualised.

<sup>b</sup> The benchmark prior to 19 April 2021 was the IA Global Bond Sector average. From 19 April 2021 to 5 March 2023 it was the IA Global Mixed Bond Sector average. Thereafter it is Bloomberg Global Aggregate Index Unhedged USD.

# Financial highlights

## Specific share class performance

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

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

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

# Financial highlights

## Sterling Class 'A' Income share performance

The share class was launched on 15 October 1999.

Change in NAV per share	Six months to 30.04.23 UK p	Year to 31.10.22 UK p	Year to 31.10.21 UK p
Opening NAV	78.55	84.74	91.91
Return before operating charges	1.77	(3.26)	(5.10)
Operating charges	(0.41)	(0.87)	(0.96)
Return after operating charges	1.36	(4.13)	(6.06)
Distributions	(1.74)	(2.06)	(1.11)
Closing NAV	78.17	78.55	84.74
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	1.03	1.03	1.11
Return after charges	+1.73	-4.87	-6.59
Other information			
Closing NAV (\$'000)	9,740	9,344	11,882
Number of shares	9,997,309	10,309,830	10,172,596
Highest share price (UK p)	82.49	87.83	92.86
Lowest share price (UK p)	78.87	79.29	84.24

## Sterling Class 'A' Accumulation share performance

The share class was launched on 15 October 1999.

Change in NAV per share	Six months to 30.04.23 UK p	Year to 31.10.22 UK p	Year to 31.10.21 UK p
Opening NAV	133.24	140.15	150.07
Return before operating charges	2.94	(5.46)	(8.34)
Operating charges	(0.69)	(1.45)	(1.58)
Return after operating charges	2.25	(6.91)	(9.92)
Distributions	(2.28)	(1.97)	(0.25)
Retained distributions	2.28	1.97	0.25
Closing NAV	135.49	133.24	140.15
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	1.03	1.03	1.11
Return after charges	+1.69	-4.93	-6.61
Other information			
Closing NAV (\$'000)	18,162	19,588	31,682
Number of shares	10,754,680	12,742,392	16,400,251
Highest share price (UK p)	140.97	145.26	151.61
Lowest share price (UK p)	134.56	133.12	138.36

# Financial highlights

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

The share class was launched on 7 August 2015.

Change in NAV per share	Six months to 30.04.23 UK p	Year to 31.10.22 UK p	Year to 31.10.21 UK p
Opening NAV	73.87	96.40	98.81
Return before operating charges	6.96	(19.51)	(0.02)
Operating charges	(0.41)	(0.93)	(1.12)
Return after operating charges	6.55	(20.44)	(1.14)
Distributions	(1.73)	(2.09)	(1.27)
Closing NAV	78.69	73.87	96.40
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	1.06	1.06	1.13
Return after charges	+8.87	-21.20	-1.15
Other information			
Closing NAV (\$'000)	23	20	31
Number of shares	23,060	23,060	23,060
Highest share price (UK p)	81.76	96.84	102.55
Lowest share price (UK p)	73.47	72.66	96.44

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

The share class was launched on 7 August 2015.

Change in NAV per share	Six months to 30.04.23 UK p	Year to 31.10.22 UK p	Year to 31.10.21 UK p
Opening NAV	86.92	110.55	111.89
Return before operating charges	8.24	(22.55)	(0.07)
Operating charges	(0.49)	(1.08)	(1.27)
Return after operating charges	7.75	(23.63)	(1.34)
Distributions	(1.57)	(1.35)	(0.17)
Retained distributions	1.57	1.35	0.17
Closing NAV	94.67	86.92	110.55
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	1.06	1.06	1.13
Return after charges	+8.92	-21.37	-1.20
Other information			
Closing NAV (\$'000)	23	20	30
Number of shares	19,714	19,714	19,714
Highest share price (UK p)	97.12	111.06	116.14
Lowest share price (UK p)	86.46	84.71	110.18

# Financial highlights

## Sterling Class 'I' Income share performance

The share class was launched on 16 December 2011.

Change in NAV per share	Six months to 30.04.23 UK p	Year to 31.10.22 UK p	Year to 31.10.21 UK p
Opening NAV	120.39	129.33	139.69
Return before operating charges	2.68	(4.98)	(7.78)
Operating charges	(0.38)	(0.81)	(0.89)
Return after operating charges	2.30	(5.79)	(8.67)
Distributions	(2.66)	(3.15)	(1.69)
Closing NAV	120.03	120.39	129.33
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	0.63	0.63	0.67
Return after charges	+1.91	-4.48	-6.21
Other information			
Closing NAV (\$'000)	466,494	411,258	535,371
Number of shares	311,822,831	296,092,641	300,310,020
Highest share price (UK p)	126.51	134.11	141.20
Lowest share price (UK p)	121.09	121.50	128.34

## Sterling Class 'I' Accumulation share performance

The share class was launched on 16 December 2011.

Change in NAV per share	Six months to 30.04.23 UK p	Year to 31.10.22 UK p	Year to 31.10.21 UK p
Opening NAV	149.16	156.26	166.61
Return before operating charges	3.30	(6.11)	(9.28)
Operating charges	(0.48)	(0.99)	(1.07)
Return after operating charges	2.82	(7.10)	(10.35)
Distributions	(2.85)	(2.84)	(0.96)
Retained distributions	2.85	2.84	0.96
Closing NAV	151.98	149.16	156.26
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	0.63	0.63	0.67
Return after charges	+1.89	-4.54	-6.21
Other information			
Closing NAV (\$'000)	824,750	948,583	993,842
Number of shares	435,418,708	551,209,058	461,416,955
Highest share price (UK p)	157.98	162.03	168.42
Lowest share price (UK p)	150.63	148.82	154.00



# Financial highlights

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

The share class was launched on 7 August 2015.

Change in NAV per share	Six months to 30.04.23 UK p	Year to 31.10.22 UK p	Year to 31.10.21 UK p
Opening NAV	76.30	99.19	101.24
Return before operating charges	7.17	(20.11)	(0.04)
Operating charges	(0.26)	(0.63)	(0.71)
Return after operating charges	6.91	(20.74)	(0.75)
Distributions	(1.78)	(2.15)	(1.30)
Closing NAV	81.43	76.30	99.19
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	0.66	0.66	0.70
Return after charges	+9.06	-20.91	-0.74
Other information			
Closing NAV (\$'000)	319	311	9,868
Number of shares	314,317	353,590	7,217,173
Highest share price (UK p)	84.53	99.66	105.17
Lowest share price (UK p)	75.89	75.05	99.21

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

The share class was launched on 7 August 2015.

Change in NAV per share	Six months to 30.04.23 UK p	Year to 31.10.22 UK p	Year to 31.10.21 UK p
Opening NAV	90.31	114.42	115.32
Return before operating charges	8.53	(23.39)	(0.09)
Operating charges	(0.29)	(0.72)	(0.81)
Return after operating charges	8.24	(24.11)	(0.90)
Distributions	(1.81)	(1.82)	(0.67)
Retained distributions	1.81	1.82	0.67
Closing NAV	98.55	90.31	114.42
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	0.66	0.66	0.70
Return after charges	+9.12	-21.07	-0.78
Other information			
Closing NAV (\$'000)	252,213	18,032	55,758
Number of shares	205,334,327	17,305,333	35,353,856
Highest share price (UK p)	101.02	114.97	119.80
Lowest share price (UK p)	89.84	88.01	114.01

# Financial highlights

## Sterling Class 'J' Income share performance

The share class was launched on 4 May 2018.

Change in NAV per share	Six months to 30.04.23 UK p	Year to 31.10.22 UK p	Year to 31.10.21 UK p
Opening NAV	97.07	104.29	112.61
Return before operating charges	2.18	(4.01)	(6.22)
Operating charges	(0.31)	(0.66)	(0.72)
Return after operating charges	1.87	(4.67)	(6.94)
Distributions	(2.15)	(2.55)	(1.38)
Closing NAV	96.79	97.07	104.29
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	0.63	0.63	0.66
Return after charges	+1.93	-4.48	-6.16
Other information			
Closing NAV (\$'000)	1,818	1,706	2,290
Number of shares	1,507,141	1,523,141	1,593,141
Highest share price (UK p)	102.00	108.14	113.84
Lowest share price (UK p)	97.64	97.97	103.49

# Financial highlights

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

The share class was launched on 4 May 2018.

Change in NAV per share	Six months to 30.04.23 UK p	Year to 31.10.22 UK p	Year to 31.10.21 UK p
Opening NAV	77.92	101.39	103.44
Return before operating charges	7.28	(20.61)	(0.03)
Operating charges	(0.27)	(0.66)	(0.70)
Return after operating charges	7.01	(21.27)	(0.73)
Distributions	(1.82)	(2.20)	(1.32)
Closing NAV	83.11	77.92	101.39
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	0.66	0.66	0.67
Return after charges	+9.00	-20.98	-0.71
Other information			
Closing NAV (\$'000)	30	26	24,726
Number of shares	28,620	28,620	17,693,057
Highest share price (UK p)	86.27	101.86	107.48
Lowest share price (UK p)	77.51	76.63	101.40

# Financial highlights

## Sterling Class 'PP' Income share performance

The share class was launched on 5 August 2019.

Change in NAV per share	Six months to 30.04.23 UK p	Year to 31.10.22 UK p	Year to 31.10.21 UK p
Opening NAV	87.32	93.72	101.11
Return before operating charges	1.95	(3.62)	(5.66)
Operating charges	(0.23)	(0.50)	(0.50)
Return after operating charges	1.72	(4.12)	(6.16)
Distributions	(1.93)	(2.28)	(1.23)
Closing NAV	87.11	87.32	93.72
<b>Direct transaction costs</b>	<b>UK p</b>	<b>UK p</b>	<b>UK p</b>
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
<b>Performance and charges</b>	<b>%</b>	<b>%</b>	<b>%</b>
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	0.53	0.53	0.53
Return after charges	+1.97	-4.40	-6.09
<b>Other information</b>			
Closing NAV (\$'000)	246,900	233,308	401,723
Number of shares	227,416,584	231,584,541	310,983,057
Highest share price (UK p)	91.78	97.19	102.22
Lowest share price (UK p)	87.88	88.13	92.96

## Sterling Class 'PP' Accumulation share performance

The share class was launched on 8 April 2019.

Change in NAV per share	Six months to 30.04.23 UK p	Year to 31.10.22 UK p	Year to 31.10.21 UK p
Opening NAV	102.46	107.23	114.21
Return before operating charges	2.26	(4.19)	(6.37)
Operating charges	(0.27)	(0.58)	(0.61)
Return after operating charges	1.99	(4.77)	(6.98)
Distributions	(2.01)	(2.06)	(0.77)
Retained distributions	2.01	2.06	0.77
Closing NAV	104.45	102.46	107.23
<b>Direct transaction costs</b>	<b>UK p</b>	<b>UK p</b>	<b>UK p</b>
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
<b>Performance and charges</b>	<b>%</b>	<b>%</b>	<b>%</b>
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	0.53	0.53	0.53
Return after charges	+1.94	-4.45	-6.11
<b>Other information</b>			
Closing NAV (\$'000)	3,011	1,935	3,147
Number of shares	2,313,038	1,637,319	2,128,883
Highest share price (UK p)	108.55	111.20	115.47
Lowest share price (UK p)	103.47	102.18	105.62

# Financial highlights

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

The share class was launched on 28 April 2021.

Change in NAV per share	Six months to 30.04.23 UK p	Year to 31.10.22 UK p	Year to 31.10.21 UK p
Opening NAV	75.60	98.27	100.00
Return before operating charges	7.11	(20.10)	(0.47)
Operating charges	(0.22)	(0.43)	(0.27)
Return after operating charges	6.89	(20.53)	(0.74)
Distributions	(1.77)	(2.14)	(0.99)
Closing NAV	80.72	75.60	98.27
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	0.56	0.56	0.56
Return after charges	+9.11	-20.89	-0.74
Other information			
Closing NAV (\$'000)	7,543	10,197	27
Number of shares	7,497,760	11,691,127	20,000
Highest share price (UK p)	83.76	98.74	101.02
Lowest share price (UK p)	75.19	74.36	98.28

# Financial highlights

## Sterling Class 'R' Income share performance

The share class was launched on 3 August 2012.

Change in NAV per share	Six months to 30.04.23 UK p	Year to 31.10.22 UK p	Year to 31.10.21 UK p
Opening NAV	113.81	122.58	132.72
Return before operating charges	2.55	(4.71)	(7.36)
Operating charges	(0.50)	(1.08)	(1.17)
Return after operating charges	2.05	(5.79)	(8.53)
Distributions	(2.52)	(2.98)	(1.61)
Closing NAV	113.34	113.81	122.58
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	0.88	0.88	0.93
Return after charges	+1.80	-4.72	-6.43
Other information			
Closing NAV (\$'000)	824	747	1,057
Number of shares	583,129	568,929	625,717
Highest share price (UK p)	119.54	127.08	134.12
Lowest share price (UK p)	114.34	114.87	121.78

## Sterling Class 'R' Accumulation share performance

The share class was launched on 3 August 2012.

Change in NAV per share	Six months to 30.04.23 UK p	Year to 31.10.22 UK p	Year to 31.10.21 UK p
Opening NAV	137.92	144.85	154.83
Return before operating charges	3.04	(5.65)	(8.60)
Operating charges	(0.61)	(1.28)	(1.38)
Return after operating charges	2.43	(6.93)	(9.98)
Distributions	(2.46)	(2.26)	(0.53)
Retained distributions	2.46	2.26	0.53
Closing NAV	140.35	137.92	144.85
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	0.88	0.88	0.93
Return after charges	+1.76	-4.78	-6.45
Other information			
Closing NAV (\$'000)	2,895	2,508	3,445
Number of shares	1,654,869	1,576,278	1,725,231
Highest share price (UK p)	145.98	150.16	156.47
Lowest share price (UK p)	139.28	137.72	142.90

# Financial highlights

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

The share class was launched on 7 August 2015.

Change in NAV per share	Six months to 30.04.23 UK p	Year to 31.10.22 UK p	Year to 31.10.21 UK p
Opening NAV	74.91	97.62	99.88
Return before operating charges	7.05	(19.78)	(0.03)
Operating charges	(0.36)	(0.81)	(0.95)
Return after operating charges	6.69	(20.59)	(0.98)
Distributions	(1.75)	(2.12)	(1.28)
Closing NAV	79.85	74.91	97.62
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	0.91	0.91	0.95
Return after charges	+8.93	-21.09	-0.98
Other information			
Closing NAV (\$'000)	68	49	71
Number of shares	68,726	56,513	52,900
Highest share price (UK p)	82.94	98.06	103.71
Lowest share price (UK p)	74.51	73.68	97.64

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

The share class was launched on 7 August 2015.

Change in NAV per share	Six months to 30.04.23 UK p	Year to 31.10.22 UK p	Year to 31.10.21 UK p
Opening NAV	88.30	112.12	113.30
Return before operating charges	8.34	(22.89)	(0.09)
Operating charges	(0.42)	(0.93)	(1.09)
Return after operating charges	7.92	(23.82)	(1.18)
Distributions	(1.65)	(1.52)	(0.37)
Retained distributions	1.65	1.52	0.37
Closing NAV	96.22	88.30	112.12
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	0.91	0.91	0.96
Return after charges	+8.97	-21.25	-1.04
Other information			
Closing NAV (\$'000)	101	83	112
Number of shares	84,159	81,437	72,558
Highest share price (UK p)	98.71	112.65	117.64
Lowest share price (UK p)	87.83	86.05	111.73

# Financial statements and notes

## Financial statements

### Statement of total return

for the six months to 30 April	2023		2022	
	\$'000	\$'000	\$'000	\$'000
<b>Income</b>				
Net capital gains/(losses)		135,584		(232,263)
Revenue	40,019		19,138	
Expenses	(5,517)		(6,117)	
Interest payable and similar charges	(15)		(24)	
Net revenue/(expense) before taxation	34,487		12,997	
Taxation	(171)		(81)	
Net revenue/(expense) after taxation		34,316		12,916
<b>Total return before distributions</b>		<b>169,900</b>		<b>(219,347)</b>
Distributions		(36,492)		(13,970)
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>133,408</b>		<b>(233,317)</b>

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

for the six months to 30 April	2023		2022	
	\$'000	\$'000	\$'000	\$'000
<b>Opening net assets attributable to shareholders</b>		<b>1,657,715</b>		<b>2,080,851</b>
Amounts received on issue of shares	366,645		79,658	
Amounts paid on cancellation of shares	(343,982)		(191,784)	
		22,663		(112,126)
Dilution adjustments		928		282
Change in net assets attributable to shareholders from investment activities (see above)		133,408		(233,317)
Retained distributions on Accumulation shares		20,200		5,653
<b>Closing net assets attributable to shareholders</b>		<b>1,834,914</b>		<b>1,741,343</b>

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	30 April 2023 \$'000	31 October 2022 \$'000
<b>Assets</b>		
<b>Fixed assets</b>		
Investments	1,702,972	1,542,946
<b>Current assets</b>		
Debtors	28,792	19,856
Cash and bank balances	136,884	47,308
Cash equivalents	0	87,527
<b>Total assets</b>	<b>1,868,648</b>	<b>1,697,637</b>
<b>Liabilities</b>		
Investment liabilities	(19,115)	(23,541)
<b>Creditors</b>		
Overdrawn positions at futures clearing houses and collateral manager	0	(1,439)
Distribution payable	(8,110)	(6,092)
Other creditors	(6,509)	(8,850)
<b>Total liabilities</b>	<b>(33,734)</b>	<b>(39,922)</b>
<b>Net assets attributable to shareholders</b>	<b>1,834,914</b>	<b>1,657,715</b>

# 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 4.

### 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.

# Other regulatory disclosures

## Swiss Investor Information

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

For this fund the TERs are the same as the operating charges disclosed in the fund's financial highlights section under 'Performance and charges'.

## Glossary

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## Glossary

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## Glossary

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## Glossary

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## Glossary

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



## Glossary

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

