

M&G Investment Funds (3)

**Interim report and unaudited financial statements
for the six months ended 31 December 2022**

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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 2022.

The unaudited financial statements of M&G Investment Funds (3) and the investment report and unaudited financial statements and notes of each sub-fund are presented in their individual sections of this report as set out in the contents page.

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

Company information

M&G Investment Funds (3) is an umbrella Open-Ended Investment Company (OEIC) and contains seven sub-funds, hereinafter referred to as 'funds' in the rest of this report. Each fund is a 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 on business as an OEIC. The Company is structured as an umbrella company, and different funds may be established by the ACD from time to time with the agreement of the Depositary and approval from the FCA. The funds are operated separately and the assets of each fund are managed in accordance with the investment objective and policy applicable to that fund.

As at 31 December 2022 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 European Corporate Bond Fund

Stefan Isaacs

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
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 on our website at mandg.co.uk/valueassessment

Important information

COVID-19 continues to bring uncertainties. The ACD continues to monitor the ongoing operational risks that are posed to the Company and its service providers.

The events in Ukraine continue to shock and bring widespread condemnation. Western nations responded to Russia's attack which started on 24 February 2022, with sweeping sanctions: the US, the UK and the European Union have imposed sanctions on Russian

banks, state-owned enterprises (SOEs) and individuals with close links to President Putin.

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

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

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

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,
Box 9039, Chelmsford CM99 2XG, UK

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

Telephone: 0800 390 390 (UK only)

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

Customer services and administration for non-UK clients:

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

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

Telephone: +352 2605 9944

Email: csmang@rbc.com

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

Swiss paying agent and representative:

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

Authorised Corporate Director's Report

Authorised Corporate Director's Responsibilities

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

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

Directors' statement

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

M&G Securities Limited
16 February 2023

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, 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 30 June 2022, with the exception stated below. 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.

At the end of the reporting period all investments have been measured at their fair value using the prices and the portfolio holdings determined at 12 noon on 30 December 2022, being the last valuation point of the accounting period. As this is materially different from the valuation carried out at close of business on the balance sheet date, a fair value accounting adjustment has been applied. No fair value adjustment was required for the previous reporting period as there was no material difference between the value of the

investments at 12 noon on 30 June 2022 and the valuation carried out at close of business on the balance sheet date.

Investments which have been subject to a fair value accounting adjustment at the balance sheet date have been translated into the fund's functional currency using the rate of exchange ruling as at close of business on the balance sheet date.

Authorised Corporate Director's Report

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

Investment objective

The fund aims to provide a higher total return (the combination of capital growth and income), net of the ongoing charge figure, than the average return of the IA Sterling Corporate Bond sector 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: IA Sterling Corporate Bond sector.

The benchmark is a target which the fund seeks to outperform. The sector has been chosen as the fund's benchmark as the fund is a constituent of the sector. 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 2022

Performance against objective

Over the reporting period the fund delivered negative returns across all share classes, but outperformed its benchmark, the IA Sterling Corporate Bond Sector, which returned -4.1%.

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 IA Sterling Corporate Bond sector over any five-year period. The Sterling Class 'A' Accumulation and Sterling Class 'A' Income shares did not achieve this, but the others were above or level with the benchmark over five years. However, all share classes recorded negative returns over this period. The average return of the benchmark over the five-year period was -1.1% pa.

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

Performance review

Fixed income markets experienced significant volatility during the period under review as concerns over inflation, interest rates and growth persisted.

The first half of the review period delivered widespread poor performance as central banks hiked interest rates to counter rising inflation. The European Central Bank (ECB), for example, raised rates by a record 75 basis points (bps) in September. The war in Ukraine raged on, exacerbating already high food and energy prices.

Rising interest rates pushed down government bond prices, prompting yields to rise (bond yields move inversely to prices). Long-dated bonds are more sensitive to interest-rate changes than shorter-dated ones, which sparked a sell-off of 30-year US Treasuries and long-dated UK gilts. In the UK, bond markets crashed in September when the government's mini-budget unsettled investors with unfunded tax cuts. As prices tumbled, the Bank of England (BoE) intervened by buying up bonds to calm the market.

Corporate bonds also struggled throughout the period, although banks and quality financial services, which can benefit from higher interest rates, fared better than most.

In this challenging environment, the best fixed income performance was to be found in inflation-linked bonds (where cashflows are adjusted in line with a measure of inflation, offering some protection from price rises) and certain high-yield bonds (which are less sensitive to interest rate changes than conventional ones).

The fourth quarter of the year had a brighter start: markets rallied in October and November amid hopes inflation may be peaking and interest rates about to fall. But the US Federal Reserve and ECB ended the period more hawkish on inflation and interest rates, and bonds fell again in December. The BoE was more dovish, expecting the UK's looming recession to reduce inflation.

Authorised Corporate Director's Report

The fund's core currency is sterling (GBP), whose underperformance negatively affected returns: the currency plummeted to a record low in September's mini-budget crisis. The US dollar (USD) was the best-performing currency, though weakening in December while the euro gained ground.

The yield curve (the relationship between bond maturity dates and yields) had the strongest negative effect on fund performance in the third quarter: long-dated bonds suffered most from rising interest rates. But improved sentiment in the fourth quarter reversed this trend, and the yield curve was a positive driver. Similarly, exposure to weak UK credit markets hurt performance in quarter three, but GBP financials and non-financial investment grade bonds bolstered the fourth quarter as markets recovered. USD holdings brought low or negative returns throughout, given the relative weakness of sterling.

One of the key drivers of a bond fund's performance is its ability to adjust the portfolio's sensitivity to changes in interest rates, known as 'duration' and measured in years. The fund had a slightly shorter duration position than the iBoxx Sterling Corporate Index during the review period: this means it was relatively less sensitive to interest rate changes than investments with longer durations. With the price of major government bonds falling during the year, this was a very small benefit to fund performance.

Investment activities

Investment-grade corporate bonds (those issued by quality providers with a low risk of default) made up 81% of the portfolio at 31 December, up from 76.5% at the beginning of the review period. We maintained a cautious view of credit, selling out of some higher-risk assets as credit spreads widened towards the end of the period. We believe financials will be among the best performers in a high-rate environment: over the course of 2022, they outperformed industrials by around 10%.

Government bonds accounted for just under 5% of the portfolio as at 31 December, down from just over 7% at the start of the review period.

Given market volatility, we increased duration to 6.5 years in the third quarter, slightly overweight the market for the first time since 2008, before reducing it to around 6.0 years in December.

Outlook

We are clearly not out of the woods yet when it comes to inflation and interest rates. In the US, the widely predicted recession may yet be avoidable, given the strength of the labour market, but the UK is likely to face a slower recovery, with Brexit and recent political upheaval both playing a part.

That said, we believe companies are in better shape than before the last recession, with stronger balance sheets leading to fewer defaults. We will continue to focus on mispriced bonds in companies we know and understand, including quality financials and the US blue chips that can best weather a downturn.

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 31.12.22 £'000	as at 31.12.22 %	as at 30.06.22 %
Fixed income	1,286,108	94.37	98.47
Debt securities	1,289,569	94.62	98.76
'AAA' credit rated bonds	95,037	6.97	15.36
£2,222,000 Bank of Montreal FRN 4.4023% 15/09/2026	2,246	0.16	
£2,840,000 Broadgate Financing 4.821% 05/07/2033	2,727	0.20	
£4,429,000 Canadian Imperial Bank of Commerce FRN 4.4414% 23/06/2026	4,477	0.33	
£5,000,000 Commonwealth Bank of Australia FRN 4.0894% 01/11/2028	5,059	0.37	
£3,600,000 Compagnie de Financement Foncier 5.5% 26/01/2027	3,680	0.27	
£4,000,000 European Investment Bank FRN 3.7263% 12/03/2026	4,023	0.29	
£10,000,000 European Investment Bank FRN 4.3911% 08/09/2025	10,212	0.75	
£1,636,759 Hops Hill No. 1 FRN 4.3819% 27/05/2054	1,623	0.12	
£1,356,209 London Wall Mortgage Capital FRN 4.0392% 15/05/2052	1,319	0.10	
£3,100,000 National Australia Bank FRN 3.637% 04/02/2025	3,100	0.23	
£4,441,000 Nationwide Building Society FRN 3.7159% 24/02/2031	4,335	0.32	
£8,000,000 Nationwide Building Society FRN 4.1915% 10/01/2024	8,033	0.59	
£14,000,000 Royal Bank of Canada FRN 3.5416% 30/01/2025	13,984	1.03	
£2,636,149 Stratton BTL Mortgage Funding 2022-1 FRN 3.6561% 20/01/2054	2,586	0.19	
£3,609,030 Stratton Mortgage Funding 2021-3 FRN 4.0863% 12/12/2043	3,547	0.26	
£3,117,122 Taurus 2021-4 FRN 4.2001% 17/08/2031	2,968	0.22	
£2,688,250 Together Asset Backed Securitisation 2021-1st1 FRN 3.5175% 12/07/2063	2,631	0.19	
£3,145,538 Tower Bridge Funding 2021-2 FRN 4.05% 20/11/2063	3,093	0.23	
£2,076,576 Tower Bridge Funding 2022-1 FRN 4.1502% 20/12/2063	2,029	0.15	
£3,250,000 TSB Bank FRN 3.8114% 22/06/2028	3,194	0.23	
£2,679,448 Tudor Rose Mortgages FRN 4.0302% 20/06/2048	2,656	0.19	
£3,251,622 Twin Bridges 2021-1 FRN 4.2363% 12/03/2055	3,183	0.23	
£4,468,112 Twin Bridges 2021-2 FRN 4.0463% 12/09/2055	4,332	0.32	
'AA' credit rated bonds	129,331	9.49	13.39
£815,000 Broadgate Financing 4.999% 05/10/2031	778	0.06	
£7,000,000 Land Securities Capital Markets 1.974% 08/02/2024	6,766	0.50	
£8,326,000 Land Securities Capital Markets 2.375% 29/03/2027	7,443	0.55	
£5,877,000 Land Securities Capital Markets 2.399% 08/02/2029	5,078	0.37	

Portfolio statement

Investments (continued)

Holding	as at 31.12.22 £'000	as at 31.12.22 %	as at 30.06.22 %
Fixed income (continued)			
Debt securities (continued)			
'AA' credit rated bonds (continued)			
£553,000 Land Securities Capital Markets Var. Rate 5.391% 31/03/2027	549	0.04	
£12,660,000 MassMutual Global Funding II 1.375% 15/12/2026	11,099	0.81	
£4,807,000 Mercantile Investment Trust 6.125% 25/02/2030	5,073	0.37	
US\$2,000,000 Meta 4.45% 15/08/2052	1,341	0.10	
US\$2,000,000 Meta 4.65% 15/08/2062	1,344	0.10	
£6,426,000 Metropolitan Life Global Funding I 0.625% 08/12/2027	5,239	0.38	
£4,180,000 Metropolitan Life Global Funding I 1.625% 12/10/2028	3,524	0.26	
£1,000,000 Metropolitan Life Global Funding I 1.625% 21/09/2029	818	0.06	
£14,000,000 New York Life Global Funding 0.75% 14/12/2028	11,117	0.82	
£3,840,000 New York Life Global Funding 1.25% 17/12/2026	3,347	0.25	
£7,000,000 SNCF Réseau 5% 11/03/2052	6,912	0.51	
£7,000,000 SNCF Réseau 5.25% 07/12/2028	7,249	0.53	
£994,023 Telereal Securitisation 1.3657% 10/12/2031	855	0.06	
£100,000,000 UK Treasury 0.625% 22/10/2050	44,458	3.26	
£10,000,000 UK Treasury 1.25% 22/10/2041	6,341	0.46	
'A' credit rated bonds	146,077	10.72	11.13
£3,000,000 Anglian Water Services Financing 2.75% 26/10/2029	2,597	0.19	
£2,250,000 Assura Financing 3% 19/07/2028	1,955	0.14	
£11,000,000 AXA Var. Rate 5.625% 16/01/2054	10,331	0.76	
£7,000,000 Bank of America Var. Rate 1.667% 02/06/2029	5,757	0.42	
£6,660,000 Bank of America Var. Rate 3.584% 27/04/2031	5,869	0.43	
£4,000,000 BG Energy Capital 5% 04/11/2036	3,868	0.28	
US\$7,000,000 BP Capital Markets America 3.001% 17/03/2052	3,912	0.29	
US\$2,474,000 Cloverie Var. Rate 5.625% 24/06/2046	2,014	0.15	
£5,000,000 Comcast 5.5% 23/11/2029	5,175	0.38	
£2,000,000 Crédit Agricole Var. Rate 5.75% 29/11/2027	1,991	0.15	
£2,893,000 East Japan Railway 1.162% 15/09/2028	2,332	0.17	
£3,000,000 Grand Union 4.625% 04/12/2043	2,506	0.18	
£696,759 Greater Gabbard OFTO 4.137% 29/11/2032	655	0.05	
£1,192,000 Housing Finance 5% 30/09/2027	1,166	0.09	

Portfolio statement

Investments (continued)

Holding	as at 31.12.22 £'000	as at 31.12.22 %	as at 30.06.22 %
Fixed income (continued)			
Debt securities (continued)			
'A' credit rated bonds (continued)			
£1,838,716 Housing Finance 8.625% 13/11/2023	1,893	0.14	
£1,550,381 Integrated Accommodation Services 6.48% 31/03/2029	1,614	0.12	
£7,000,000 JPMorgan Chase Var. Rate 1.895% 28/04/2033	5,261	0.39	
US\$8,000,000 JPMorgan Chase Var. Rate 2.069% 01/06/2029	5,567	0.41	
US\$1,779,000 JPMorgan Chase Var. Rate 4.586% 26/04/2033	1,373	0.10	
US\$6,000,000 JPMorgan Chase Var. Rate 4.912% 25/07/2033	4,754	0.35	
£2,790,000 Leeds Building Society 1.375% 06/10/2027	2,322	0.17	
£1,000,000 London & Quadrant Housing Trust 2.625% 28/02/2028	880	0.06	
£3,000,000 London Merchant Securities 6.5% 16/03/2026	3,076	0.23	
€2,000,000 Morgan Stanley Var. Rate 0.497% 07/02/2031	1,349	0.10	
£6,000,000 Morgan Stanley Var. Rate 5.789% 18/11/2033	6,007	0.44	
€1,700,000 Münchener Rückversicherungs-Gesellschaft Var. Rate 1% 26/05/2042	1,059	0.08	
£2,750,000 Northern Powergrid Yorkshire 4.375% 05/07/2032	2,580	0.19	
£3,984,000 Orbit Capital 3.5% 24/03/2045	2,925	0.21	
€5,970,000 Philip Morris International 1.875% 06/11/2037	3,352	0.25	
€2,000,000 Philip Morris International 2% 09/05/2036	1,186	0.09	
€1,926,000 Philip Morris International 3.125% 03/06/2033	1,437	0.11	
£2,000,000 Places for People 3.625% 22/11/2028	1,806	0.13	
£238,642 Road Management Services 3.642% 31/03/2028	520	0.04	
£2,667,000 Segro REIT 5.125% 06/12/2041	2,504	0.18	
£1,731,000 Southern Housing 3.5% 19/10/2047	1,243	0.09	
£5,872,000 Toronto-Dominion Bank 2.875% 05/04/2027	5,331	0.39	
€3,000,000 TotalEnergies Var. Rate 2.125% Perpetual	1,909	0.14	
€3,000,000 TotalEnergies Var. Rate 3.25% Perpetual	1,973	0.14	
£4,000,000 TotalEnergies Capital International 1.405% 03/09/2031	3,072	0.23	
£5,128,000 Toyota Motor Finance 4.625% 08/06/2026	5,075	0.37	
£8,208,000 UBS Var. Rate 1.875% 03/11/2029	6,709	0.49	
US\$2,385,000 UBS FRN 4.5683% 09/08/2024	1,957	0.14	
£1,000,000 UNITE (USAF) II 3.374% 30/06/2023	990	0.07	
£1,211,000 Wales & West Utilities Finance 4.625% 13/12/2023	1,209	0.09	

Portfolio statement

Investments (continued)

Holding	as at 31.12.22 £'000	as at 31.12.22 %	as at 30.06.22 %
Fixed income (continued)			
Debt securities (continued)			
'A' credit rated bonds (continued)			
£6,000,000 Wales & West Utilities Finance 5% 07/03/2028	5,886	0.43	
£3,500,000 Wales & West Utilities Finance 5.75% 29/03/2030	3,562	0.26	
US\$1,000,000 Willow No. 2 Var. Rate 4.25% 01/10/2045	753	0.05	
£1,250,000 Yorkshire Building Society 3.5% 21/04/2026	1,185	0.09	
£4,000,000 Zurich Finance Ireland Designated Activity Var. Rate 5.125% 23/11/2052	3,630	0.27	
	858,728	63.01	54.83
'BBB' credit rated bonds			
£4,000,000 3i 5.75% 03/12/2032	3,976	0.29	
US\$3,000,000 AerCap Ireland Capital 3.3% 30/01/2032	1,955	0.14	
€2,000,000 Altria 3.125% 15/06/2031	1,472	0.11	
US\$1,212,000 Altria 3.4% 06/05/2030	863	0.06	
US\$5,019,000 Altria 3.4% 04/02/2041	2,776	0.20	
US\$5,000,000 Altria 3.875% 16/09/2046	2,820	0.21	
US\$5,500,000 Altria 5.95% 14/02/2049	4,128	0.30	
£7,000,000 América Móvil 4.375% 07/08/2041	5,921	0.43	
£3,000,000 América Móvil 4.948% 22/07/2033	2,840	0.21	
£6,000,000 Anglo American Capital 3.375% 11/03/2029	5,208	0.38	
£2,569,000 Annington Funding 2.308% 06/10/2032	1,850	0.14	
£2,910,000 Annington Funding 2.924% 06/10/2051	1,664	0.12	
£2,889,000 Annington Funding 3.184% 12/07/2029	2,398	0.18	
£4,152,000 Annington Funding 3.685% 12/07/2034	3,261	0.24	
£1,812,000 Annington Funding 3.935% 12/07/2047	1,303	0.10	
£3,000,000 APA Infrastructure 2.5% 15/03/2036	1,948	0.14	
£5,000,000 APA Infrastructure 3.125% 18/07/2031	3,963	0.29	
£3,000,000 Aroundtown 3% 16/10/2029	1,888	0.14	
US\$1,000,000 Aroundtown 5.375% 21/03/2029	610	0.04	
€822,000 Assicurazioni Generali Var. Rate 5.5% 27/10/2047	738	0.05	
£2,500,000 Assicurazioni Generali Var. Rate 6.269% Perpetual	2,468	0.18	
£20,000,000 AT&T 4.375% 14/09/2029	18,850	1.38	
£5,000,000 Australia & New Zealand Banking Var. Rate 1.809% 16/09/2031	4,124	0.30	

Portfolio statement

Investments (continued)

Holding	as at 31.12.22 £'000	as at 31.12.22 %	as at 30.06.22 %
Fixed income (continued)			
Debt securities (continued)			
'BBB' credit rated bonds (continued)			
£5,000,000 Aviva Var. Rate 4% 03/06/2055	3,837	0.28	
£6,950,000 Aviva Var. Rate 4.375% 12/09/2049	6,146	0.45	
£8,000,000 Aviva Var. Rate 6.125% 14/11/2036	7,986	0.59	
£10,000,000 AXA Var. Rate 6.6862% Perpetual	9,978	0.73	
£1,400,000 Banco Santander 1.5% 14/04/2026	1,221	0.09	
£13,500,000 Banco Santander Var. Rate 2.25% 04/10/2032	10,871	0.80	
US\$800,000 Banco Santander 2.958% 25/03/2031	532	0.04	
£2,300,000 Banco Santander Var. Rate 3.125% 06/10/2026	2,129	0.16	
US\$1,400,000 Banco Santander Var. Rate 3.225% 22/11/2032	882	0.06	
US\$2,500,000 Bank of America Var. Rate 3.846% 08/03/2037	1,727	0.13	
£1,091,000 Barclays 3.25% 17/01/2033	852	0.06	
US\$7,500,000 Barclays Var. Rate 7.437% 02/11/2033	6,573	0.48	
£11,873,000 BAT International Finance 2.25% 09/09/2052	4,925	0.36	
£12,525,000 BAT International Finance 4% 23/11/2055	7,357	0.54	
£4,308,000 BAT International Finance 5.75% 05/07/2040	3,552	0.26	
£4,000,000 BNP Paribas 1.25% 13/07/2031	2,836	0.21	
£6,000,000 BNP Paribas 1.875% 14/12/2027	5,028	0.37	
£6,000,000 BNP Paribas Var. Rate 2% 24/05/2031	5,113	0.38	
£6,800,000 BNP Paribas 2.875% 24/02/2029	5,791	0.43	
£3,926,000 BNP Paribas 3.375% 23/01/2026	3,690	0.27	
US\$3,909,000 BNP Paribas 4.625% 13/03/2027	3,090	0.23	
US\$7,000,000 Boeing 5.805% 01/05/2050	5,458	0.40	
US\$6,000,000 Boeing 5.93% 01/05/2060	4,635	0.34	
£5,000,000 BP Capital Markets Var. Rate 3.625% Perpetual	3,816	0.28	
£5,000,000 BP Capital Markets Var. Rate 4.25% Perpetual	4,426	0.32	
£8,000,000 BPCE Var. Rate 2.5% 30/11/2032	6,464	0.47	
£6,000,000 BPCE 5.25% 16/04/2029	5,629	0.41	
£18,449,000 British Telecommunications 3.125% 21/11/2031	15,378	1.13	
£5,000,000 British Telecommunications 6.375% 23/06/2037	5,074	0.37	
US\$4,000,000 Broadcom 4.3% 15/11/2032	2,945	0.22	

Portfolio statement

Investments (continued)

Holding	as at 31.12.22 £'000	as at 31.12.22 %	as at 30.06.22 %
Fixed income (continued)			
Debt securities (continued)			
'BBB' credit rated bonds (continued)			
£4,000,000 BUPA Finance 1.75% 14/06/2027	3,414	0.25	
£2,000,000 BUPA Finance 4.125% 14/06/2035	1,568	0.12	
£2,000,000 BUPA Finance 5% 08/12/2026	1,906	0.14	
£9,455,000 Cadent Finance 2.125% 22/09/2028	7,921	0.58	
£10,000,000 CaixaBank Var. Rate 3.5% 06/04/2028	8,878	0.65	
US\$706,000 Celanese 6.379% 15/07/2032	564	0.04	
£7,000,000 Channel Link Enterprises Finance Var. Rate 3.043% 30/06/2050	5,831	0.43	
£1,666,000 Channel Link Enterprises Finance 3.848% 30/06/2050	1,161	0.09	
US\$8,099,000 Citigroup Var. Rate 3.785% 17/03/2033	5,793	0.43	
£3,892,000 Citigroup 4.5% 03/03/2031	3,520	0.26	
£5,000,000 CK Hutchison Telecom Finance 2% 17/10/2027	4,229	0.31	
£6,000,000 CK Hutchison Telecom Finance 2.625% 17/10/2034	4,060	0.30	
£8,000,000 Cooperatieve Rabobank 4.625% 23/05/2029	7,315	0.54	
£3,301,000 Coventry Building Society 2% 20/12/2030	2,507	0.18	
£2,785,000 CPUK Finance 3.69% 28/08/2028	2,403	0.18	
£4,000,000 CPUK Finance 7.239% 28/02/2024	4,027	0.30	
£7,700,000 Crédit Agricole Var. Rate 1.874% 09/12/2031	6,381	0.47	
£1,000,000 Crédit Agricole Var. Rate 7.5% Perpetual	971	0.07	
£1,703,000 CRH Finance 4.125% 02/12/2029	1,557	0.11	
£4,000,000 Danske Bank Var. Rate 2.25% 14/01/2028	3,422	0.25	
£949,856 Delamare Finance 5.5457% 19/02/2029	943	0.07	
£5,920,000 Delamare Finance 6.067% 19/02/2029	5,755	0.42	
€3,000,000 Deutsche Bahn Finance Var. Rate 1.6% Perpetual	2,103	0.15	
£582,000 Deutsche Telekom 3.125% 06/02/2034	489	0.04	
US\$7,783,000 Deutsche Telekom International Finance 8.75% 15/06/2030	7,638	0.56	
£1,640,000 DWR Cymru Financing 2.375% 31/03/2034	1,185	0.09	
£5,000,000 E.ON International Finance 4.75% 31/01/2034	4,603	0.34	
£3,000,000 E.ON International Finance 5.875% 30/10/2037	3,009	0.22	
US\$1,500,000 EDF 4.75% 13/10/2035	1,043	0.08	
£850,000 EDF 5.125% 22/09/2050	745	0.05	

Portfolio statement

Investments (continued)

Holding	as at 31.12.22 £'000	as at 31.12.22 %	as at 30.06.22 %
Fixed income (continued)			
Debt securities (continued)			
'BBB' credit rated bonds (continued)			
£5,000,000 EDF 5.5% 17/10/2041	4,661	0.34	
US\$2,000,000 EDF 5.6% 27/01/2040	1,508	0.11	
£2,000,000 EDF 5.875% 18/07/2031	2,000	0.15	
US\$3,000,000 EDF 6% 22/01/2114	2,216	0.16	
£4,300,000 EDF 6% 23/01/2114	3,989	0.29	
£3,000,000 EDF 6.125% 02/06/2034	3,013	0.22	
£4,000,000 Electricity North West 8.875% 25/03/2026	4,419	0.32	
£4,000,000 Enel 5.75% 22/06/2037	3,927	0.29	
US\$3,000,000 Enel Finance International 5.5% 15/06/2052	2,104	0.15	
£1,500,000 Enel Finance International 5.625% 14/08/2024	1,514	0.11	
€10,583,000 Engie 5.95% 16/03/2111	9,721	0.71	
€178,000 Eni Var. Rate 3.375% Perpetual	131	0.01	
US\$1,500,000 Eni 4.75% 12/09/2028	1,211	0.09	
£1,000,000 Eversholt Funding 3.529% 07/08/2042	719	0.05	
£4,000,000 Gatwick Funding 2.5% 15/04/2030	3,205	0.24	
£13,500,000 Gatwick Funding 3.125% 28/09/2039	9,287	0.68	
£2,556,000 Gatwick Funding 3.25% 26/02/2048	1,668	0.12	
£2,000,000 Gatwick Funding 4.625% 27/03/2034	1,764	0.13	
£2,000,000 Gatwick Funding 5.75% 23/01/2037	1,897	0.14	
£2,000,000 Goldman Sachs 3.125% 25/07/2029	1,727	0.13	
£5,000,000 Goldman Sachs Var. Rate 3.625% 29/10/2029	4,463	0.33	
US\$4,796,000 Goldman Sachs FRN 6.1699% 15/03/2028	3,932	0.29	
£2,781,000 Grainger 3% 03/07/2030	2,089	0.15	
£1,151,001 Greene King Finance 4.0643% 15/03/2035	974	0.07	
£1,326,692 Greene King Finance 5.318% 15/09/2031	1,225	0.09	
£3,049,000 GSK Consumer Healthcare Capital 2.875% 29/10/2028	2,731	0.20	
£6,000,000 H.J. Heinz Finance 6.25% 18/02/2030	6,063	0.45	
£4,344,000 Hammerson 6% 23/02/2026	3,996	0.29	
£4,951,000 Hammerson 7.25% 21/04/2028	4,551	0.33	
€3,563,000 Hammerson Ireland Finance 1.75% 03/06/2027	2,474	0.18	

Portfolio statement

Investments (continued)

Holding	as at 31.12.22 £'000	as at 31.12.22 %	as at 30.06.22 %
Fixed income (continued)			
Debt securities (continued)			
'BBB' credit rated bonds (continued)			
£6,011,000 Heathrow Funding 2.75% 13/10/2029	4,971	0.36	
£960,000 Heathrow Funding 2.75% 09/08/2049	568	0.04	
£7,000,000 Heathrow Funding 4.625% 31/10/2046	5,750	0.42	
£1,500,000 Heathrow Funding 5.225% 15/02/2023	1,500	0.11	
£3,000,000 Heathrow Funding 5.875% 13/05/2041	2,926	0.21	
£3,000,000 Heathrow Funding 6.75% 03/12/2026	3,068	0.23	
£6,000,000 Heathrow Funding 7.075% 04/08/2028	6,256	0.46	
£2,021,657 Highbury Finance 7.017% 20/03/2023	2,030	0.15	
£3,638,000 Holcim Sterling Finance (Netherlands) 3% 12/05/2032	2,864	0.21	
US\$6,000,000 HP 4.2% 15/04/2032	4,298	0.32	
£8,000,000 HSBC Var. Rate 8.201% 16/11/2034	8,295	0.61	
£2,500,000 Iberdrola Finanzas 7.375% 29/01/2024	2,558	0.19	
€3,000,000 Iberdrola International Var. Rate 2.25% Perpetual	2,139	0.16	
£23,000,000 Imperial Brands Finance 4.875% 07/06/2032	19,548	1.43	
£5,000,000 Imperial Brands Finance 5.5% 28/09/2026	4,901	0.36	
£2,566,000 Informa 3.125% 05/07/2026	2,319	0.17	
€3,000,000 ING Var. Rate 0.875% 09/06/2032	2,247	0.17	
£4,190,000 InterContinental Hotels 2.125% 24/08/2026	3,644	0.27	
£5,000,000 InterContinental Hotels 3.375% 08/10/2028	4,324	0.32	
£3,000,000 Intesa Sanpaolo 2.5% 15/01/2030	2,317	0.17	
£3,886,000 Intesa Sanpaolo 2.625% 11/03/2036	2,497	0.18	
£626,395 INTU Metrocentre 1% 04/12/2024 ^a	626	0.05	
US\$8,000,000 Italy (Republic of) 3.875% 06/05/2051	4,487	0.33	
£2,500,000 KPN 5.75% 17/09/2029	2,504	0.18	
£4,359,000 Kraft Heinz Foods 4.125% 01/07/2027	4,165	0.31	
£5,518,000 Leeds Building Society Var. Rate 1.5% 16/03/2027	4,787	0.35	
£1,500,000 Leeds Building Society Var. Rate 3.75% 25/04/2029	1,294	0.10	
£12,500,000 Legal & General Var. Rate 5.125% 14/11/2048	11,639	0.85	
£13,000,000 Legal & General Var. Rate 5.5% 27/06/2064	11,620	0.85	
£3,500,000 Legal & General Var. Rate 5.625% Perpetual	3,018	0.22	

Portfolio statement

Investments (continued)

Holding	as at 31.12.22 £'000	as at 31.12.22 %	as at 30.06.22 %
Fixed income (continued)			
Debt securities (continued)			
'BBB' credit rated bonds (continued)			
£350,000 Lloyds Bank 11.75% Perpetual	516	0.04	
£10,000,000 Lloyds Banking Var. Rate 1.985% 15/12/2031	8,382	0.62	
£5,000,000 Lloyds Banking Var. Rate 2.707% 03/12/2035	3,714	0.27	
US\$845,000 Lloyds Banking Var. Rate 7.953% 15/11/2033	746	0.05	
£1,562,000 Logikor Financing 2.75% 15/01/2030	1,189	0.09	
£750,000 Longstone Finance 4.896% 19/04/2031	694	0.05	
£1,000,000 Manchester Airport Group Funding 2.875% 31/03/2039	695	0.05	
£6,000,000 Manchester Airport Group Funding 2.875% 30/09/2044	3,840	0.28	
£9,000,000 Manchester Airport Group Funding 4.75% 31/03/2034	8,215	0.60	
£13,000,000 Mexico (United Mexican States) 5.625% 19/03/2114	9,792	0.72	
£2,648,190 Mitchells & Butlers Finance FRN 4.2409% 15/12/2033	2,285	0.17	
£1,110,120 Mitchells & Butlers Finance 5.574% 15/12/2030	1,085	0.08	
£1,000,000 Mondelēz International 3.875% 06/03/2045	755	0.06	
US\$10,000,000 Morgan Stanley Var. Rate 2.484% 16/09/2036	6,081	0.45	
US\$3,032,000 National Australia Bank Var. Rate 3.347% 12/01/2037	1,935	0.14	
£816,000 National Grid Electricity Distribution West Midlands 5.75% 16/04/2032	825	0.06	
£12,000,000 National Grid Gas 1.125% 14/01/2033	7,816	0.57	
£2,000,000 National Grid Gas 1.375% 07/02/2031	1,461	0.11	
£1,000,000 National Grid Gas 1.625% 14/01/2043	511	0.04	
£1,780,000 Nationwide Building Society Var. Rate 6.178% 07/12/2027	1,785	0.13	
£5,500,000 NatWest Var. Rate 2.875% 19/09/2026	5,052	0.37	
£1,548,000 NatWest Var. Rate 3.125% 28/03/2027	1,412	0.10	
£2,589,000 NatWest Var. Rate 3.619% 29/03/2029	2,263	0.17	
US\$4,000,000 NatWest Var. Rate 4.892% 18/05/2029	3,135	0.23	
£8,500,000 Next 3.625% 18/05/2028	7,480	0.55	
£5,478,000 Next 4.375% 02/10/2026	5,179	0.38	
£1,294,000 NIE Finance 5.875% 01/12/2032	1,335	0.10	
£4,000,000 NIE Finance 6.375% 02/06/2026	4,147	0.30	
£9,144,000 Nordea Bank Var. Rate 1.625% 09/12/2032	7,254	0.53	
£5,000,000 Northumbrian Water 6.875% 06/02/2023	5,010	0.37	

Portfolio statement

Investments (continued)

Holding	as at 31.12.22 £'000	as at 31.12.22 %	as at 30.06.22 %
Fixed income (continued)			
Debt securities (continued)			
'BBB' credit rated bonds (continued)			
£4,000,000 Orange 8.125% 20/11/2028	4,621	0.34	
£2,503,000 Ørsted 5.125% 13/09/2034	2,467	0.18	
£10,436,000 Pearson Funding 3.75% 04/06/2030	9,229	0.68	
£1,500,000 Saint-Gobain 4.625% 09/10/2029	1,422	0.10	
£4,000,000 Santander Var. Rate 2.421% 17/01/2029	3,301	0.24	
£3,000,000 Scottish Hydro Electric Transmission 2.25% 27/09/2035	2,116	0.16	
£1,009,000 Severn Trent Utilities Finance 2.625% 22/02/2033	805	0.06	
£4,000,000 Severn Trent Utilities Finance 2.75% 05/12/2031	3,317	0.24	
£735,000 Severn Trent Utilities Finance 4.625% 30/11/2034	689	0.05	
£4,195,000 Severn Trent Utilities Finance 6.25% 07/06/2029	4,414	0.32	
£5,000,000 Société Générale 1.25% 07/12/2027	4,031	0.30	
US\$2,500,000 Société Générale Var. Rate 3.337% 21/01/2033	1,638	0.12	
£1,888,000 Society of Lloyd's Var. Rate 4.875% 07/02/2047	1,758	0.13	
£4,176,000 South Eastern Power Networks 5.5% 05/06/2026	4,232	0.31	
£3,100,000 South Eastern Power Networks 6.375% 12/11/2031	3,331	0.24	
£3,750,000 South West Water Finance 5.875% 16/07/2040	3,691	0.27	
€2,500,000 Southern Var. Rate 1.875% 15/09/2081	1,738	0.13	
£382,000 Southern Gas Networks 3.1% 15/09/2036	287	0.02	
£4,000,000 Southern Gas Networks 4.875% 05/10/2023	4,004	0.29	
£1,345,000 Southern Water Services Finance 1.625% 30/03/2027	1,148	0.08	
£5,000,000 Southern Water Services Finance 2.375% 28/05/2028	4,217	0.31	
£5,000,000 Southern Water Services Finance 3% 28/05/2037	3,545	0.26	
£3,445,000 SP Transmission 2% 13/11/2031	2,722	0.20	
£3,395,000 SSE Var. Rate 3.74% Perpetual	3,102	0.23	
€3,000,000 SSE Var. Rate 4% Perpetual	2,432	0.18	
£4,000,000 SSE 8.375% 20/11/2028	4,563	0.34	
£1,000,000 Student Finance 2.6663% 30/09/2024	949	0.07	
£1,217,000 Swedbank Var. Rate 1.375% 08/12/2027	1,038	0.08	
£6,346,000 Swedbank Var. Rate 7.272% 15/11/2032	6,415	0.47	
US\$1,500,000 Telefónica Emisiones 5.213% 08/03/2047	1,014	0.07	

Portfolio statement

Investments (continued)

Holding	as at 31.12.22 £'000	as at 31.12.22 %	as at 30.06.22 %
Fixed income (continued)			
Debt securities (continued)			
'BBB' credit rated bonds (continued)			
US\$4,000,000 Telefónica Emisiones 7.045% 20/06/2036	3,430	0.25	
£203,980 Telereal Securitisation 6.1645% 10/12/2031	202	0.02	
£9,471,314 Tesco Property Finance 3 5.744% 13/04/2040	8,867	0.65	
£4,000,000 Thames Water Utilities Finance 2.625% 24/01/2032	3,162	0.23	
£4,000,000 Thames Water Utilities Finance 3.5% 25/02/2028	3,634	0.27	
£1,500,000 Thames Water Utilities Finance 4% 19/06/2025	1,455	0.11	
£6,000,000 Thames Water Utilities Finance 4.375% 03/07/2034	5,276	0.39	
£2,349,000 Thames Water Utilities Finance 5.125% 28/09/2037	2,164	0.16	
£2,000,000 Thames Water Utilities Finance 6.5% 09/02/2032	2,097	0.15	
£8,500,000 Thames Water Utilities Finance 6.75% 16/11/2028	8,947	0.66	
£3,400,000 Trafford Centre Finance FRN 3.8882% 28/07/2038	2,972	0.22	
£4,000,000 Verizon Communications 1.875% 19/09/2030	3,178	0.23	
£5,000,000 Verizon Communications 3.375% 27/10/2036	4,060	0.30	
£1,100,000 Volkswagen International Finance 3.375% 16/11/2026	1,006	0.07	
£11,000,000 Volkswagen International Finance 4.125% 17/11/2031	9,616	0.71	
£1,424,000 Walgreens Boots Alliance 3.6% 20/11/2025	1,351	0.10	
US\$6,000,000 Warnermedia 5.391% 15/03/2062	3,697	0.27	
£6,000,000 Wells Fargo 2.125% 24/09/2031	4,590	0.34	
£3,754,000 Wells Fargo Var. Rate 3.473% 26/04/2028	3,417	0.25	
£10,000,000 Wells Fargo 4.875% 29/11/2035	9,105	0.67	
£731,000 Welltower 4.5% 01/12/2034	600	0.04	
£3,398,000 Welltower 4.8% 20/11/2028	3,159	0.23	
£4,000,000 Westfield America Management 2.625% 30/03/2029	3,074	0.23	
£1,000,000 WPP Finance 2013 2.875% 14/09/2046	597	0.04	
£6,994,000 WPP Finance 2017 3.75% 19/05/2032	5,950	0.44	
£1,620,000 Yorkshire Building Society Var. Rate 1.5% 15/09/2029	1,255	0.09	
£1,288,000 Yorkshire Building Society Var. Rate 3% 18/04/2025	1,238	0.09	
£2,426,000 Yorkshire Power Finance 7.25% 04/08/2028	2,625	0.19	
£5,600,000 Yorkshire Water Finance 1.75% 26/11/2026	4,922	0.36	
£4,000,000 Yorkshire Water Finance 6.5876% 21/02/2023	4,012	0.29	

Portfolio statement

Investments (continued)

Holding	as at 31.12.22 £'000	as at 31.12.22 %	as at 30.06.22 %
Fixed income (continued)			
Debt securities (continued)			
'BB' credit rated bonds	52,572	3.86	3.29
€1,000,000 AT&T Var. Rate 2.875% Perpetual	798	0.06	
€2,000,000 Bank of Ireland Var. Rate 1.375% 11/08/2031	1,496	0.11	
£6,165,000 Barclays Var. Rate 8.407% 14/11/2032	6,370	0.47	
€700,000 Cellnex Finance 2% 15/02/2033	458	0.03	
US\$960,000 Cellnex Finance 3.875% 07/07/2041	555	0.04	
€2,000,000 Cellnex Telecom 1.75% 23/10/2030	1,380	0.10	
US\$3,000,000 Charter Communications Operating 3.85% 01/04/2061	1,467	0.11	
US\$4,000,000 Charter Communications Operating 5.25% 01/04/2053	2,598	0.19	
£700,000 Commerzbank Var. Rate 8.625% 28/02/2033	703	0.05	
£259,001 Coventry & Rugby Hospital 3.246% 30/06/2040	573	0.04	
£267,000 Coventry Building Society Var. Rate 6.875% Perpetual	253	0.02	
£550,000 Daily Mail & General Trust 6.375% 21/06/2027	493	0.04	
£5,000,000 Ford Motor Credit 4.535% 06/03/2025	4,767	0.35	
£728,000 Intesa Sanpaolo 5.148% 10/06/2030	595	0.04	
£1,000,000 Intesa Sanpaolo 8.505% 20/09/2032	994	0.07	
£2,367,000 Lloyds Banking Var. Rate 7.875% Perpetual	2,266	0.17	
£621,818 Marston's Issuer Var. Rate 4.3039% 15/10/2027	567	0.04	
£1,000,000 Marston's Issuer Var. Rate 5.1774% 15/07/2032	902	0.07	
£125,855 Mitchells & Butlers Finance 5.965% 15/12/2023	125	0.01	
£1,008,280 Mitchells & Butlers Finance 6.013% 15/12/2028	953	0.07	
£921,000 Nationwide Building Society Var. Rate 5.875% Perpetual	872	0.06	
£7,000,000 NatWest Var. Rate 2.105% 28/11/2031	5,804	0.43	
£1,099,000 NatWest Var. Rate 3.622% 14/08/2030	1,012	0.08	
US\$1,244,000 NatWest Var. Rate 3.754% 01/11/2029	959	0.07	
€2,000,000 NGG Finance Var. Rate 2.125% 05/09/2082	1,476	0.11	
£6,300,000 Peel South East 10% 30/04/2026	6,357	0.47	
€2,500,000 Repsol International Finance Var. Rate 3.75% Perpetual	2,061	0.15	
€2,000,000 Rolls-Royce 1.625% 09/05/2028	1,412	0.10	
€1,000,000 Telefónica Europe Var. Rate 2.88% Perpetual	720	0.05	

Portfolio statement

Investments (continued)

Holding	as at 31.12.22 £'000	as at 31.12.22 %	as at 30.06.22 %
Fixed income (continued)			
Debt securities (continued)			
'BB' credit rated bonds (continued)			
£2,543,000 Thames Water Utilities Finance 2.875% 03/05/2027	2,175	0.16	
£1,500,000 Time Warner Cable 5.75% 02/06/2031	1,411	0.10	
'B' credit rated bonds	0	0.00	0.14
'CCC' credit rated bonds	7,737	0.57	0.61
£5,845,349 Metrocentre Finance 8.75% 06/12/2023	2,725	0.20	
£3,552,105 SGS Finance 9% 31/03/2024	1,487	0.11	
£4,185,001 SGS Finance 9% 17/03/2028	1,692	0.12	
£4,531,008 SGS Finance 9% 17/09/2030	1,833	0.14	
'D' credit rated bonds	87	0.00	0.01
£192,146 INTU Debenture 5.562% 31/12/2027	87	0.00	
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	(3,461)	(0.25)	(0.29)
Credit default swaps	(57)	0.00	0.02
US\$5,049,000 Altria Dec 2026	(57)	0.00	
Interest rate swaps	(367)	(0.03)	(0.05)
€5,000,000 Pay 2.33% Receive VAR Dec 2052	134	0.01	
US\$11,000,000 Pay 3.0225% Receive VAR Nov 2052	286	0.02	
US\$11,000,000 Pay 3.3987% Receive VAR Oct 2052	(357)	(0.03)	
US\$8,000,000 Pay 3.5747% Receive VAR Oct 2052	(481)	(0.03)	
£30,000,000 Pay VAR Receive 4.138% Nov 2027	51	0.00	
Interest rate futures	(3,037)	(0.22)	(0.26)
(250) 10 Year US Treasury Note Mar 2023	214	0.02	
(450) 10 Year US Treasury Ultra Mar 2023	250	0.02	
(200) Euro-Bund Mar 2023	1,534	0.11	
700 UK Long Gilt Bond Mar 2023	(5,035)	(0.37)	
Currency	(4,272)	(0.32)	(0.10)
Forward currency contracts	(4,272)	(0.32)	(0.10)
€4,149,967 Bought for £3,612,539 (expires 18.01.23)	70	0.00	
€(66,466,983) Sold for £57,310,947 (expires 18.01.23)	(1,669)	(0.12)	

Portfolio statement

Investments (continued)

Holding	as at 31.12.22 £'000	as at 31.12.22 %	as at 30.06.22 %
Currency (continued)			
Forward currency contracts (continued)			
US\$6,598,954 Bought for £5,423,513 (expires 18.01.23)	56	0.00	
US\$(164,846,508) Sold for £134,147,981 (expires 18.01.23)	(2,729)	(0.20)	
Total portfolio	1,281,836	94.05	98.37
Net other assets/(liabilities)	81,037	5.95	1.63
Net assets attributable to shareholders	1,362,873	100.00	100.00

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

^a Defaulted bond.

Portfolio statement

Top ten portfolio transactions for the six months to 31 December 2022

Largest purchases	£'000
UK Treasury 0.625% 22/10/2050	75,559
UK Treasury 1.25% 31/07/2051	40,094
UK Treasury 1.75% 07/09/2037	32,776
AT&T 4.375% 14/09/2029	19,081
UK Treasury 1.25% 22/10/2041	12,815
UK Treasury 3.75% 22/07/2052	10,729
British Telecommunications 3.125% 21/11/2031	10,067
HSBC Var. Rate 8.201% 16/11/2034	8,246
Manchester Airport Group Funding 4.75% 31/03/2034	7,840
National Grid Gas 1.125% 14/01/2033	7,299
Other purchases	197,576
Total purchases	422,082

Largest sales	£'000
UK Treasury 4.5% 07/09/2034	36,990
UK Treasury 1.75% 07/09/2037	36,099
UK Treasury 1.25% 31/07/2051	31,438
UK Treasury 0.625% 22/10/2050	31,404
UK Treasury 4.25% 07/06/2032	29,610
Kreditanstalt fuer Wiederaufbau 1.375% 15/12/2025	26,093
UK Treasury 4.25% 07/12/2040	22,080
Lloyds Bank 5.125% 07/03/2025	14,168
Wells Fargo 2% 28/07/2025	12,274
UK Treasury 3.75% 22/07/2052	12,245
Other sales	274,444
Total sales	526,845

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

Financial highlights

Fund performance

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

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

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

Long-term performance by share class

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

Share class	Six months % ^a	Three years % pa	Five years % pa	Ten years % pa
Sterling				
Class 'A' Income	-3.9	-4.5	-1.3	+1.5
Class 'A' Accumulation	-3.9	-4.5	-1.3	+1.5
Class 'I' Income	-3.7	-4.1	-0.9	+2.0
Class 'I' Accumulation	-3.7	-4.1	-0.9	+2.0
Class 'PP' Income	-3.6	-4.0	n/a	n/a
Class 'PP' Accumulation	-3.6	-4.0	n/a	n/a
Class 'R' Income	-3.8	-4.3	-1.1	+1.8
Class 'R' Accumulation	-3.8	-4.3	-1.1	+1.7
Benchmark	-4.1	-4.0	-1.1	+1.8

^a Not annualised.

Specific share class performance

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

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

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

Financial highlights

Sterling Class 'A' Income share performance

The share class was launched on 15 April 1994.

Change in NAV per share	Six months to 31.12.22 UK p	Year to 30.06.22 UK p	Year to 30.06.21 UK p
Opening NAV	34.92	41.18	40.90
Return before operating charges	(1.07)	(4.91)	1.77
Operating charges	(0.14)	(0.32)	(0.41)
Return after operating charges	(1.21)	(5.23)	1.36
Distributions	(0.67)	(1.03)	(1.08)
Closing NAV	33.04	34.92	41.18
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	0.82	0.98
Return after charges	-3.47	-12.70	+3.33
Other information			
Closing NAV (£'000)	320,771	353,993	134,499
Number of shares	970,736,915	1,013,603,915	326,647,151
Highest share price (UK p)	36.57	41.80	42.57
Lowest share price (UK p)	29.95	34.98	40.75

Sterling Class 'A' Accumulation share performance

The share class was launched on 15 April 1994.

Change in NAV per share	Six months to 31.12.22 UK p	Year to 30.06.22 UK p	Year to 30.06.21 UK p
Opening NAV	68.75	78.91	76.39
Return before operating charges	(2.08)	(9.53)	3.29
Operating charges	(0.28)	(0.63)	(0.77)
Return after operating charges	(2.36)	(10.16)	2.52
Distributions	(1.04)	(1.37)	(1.26)
Retained distributions	1.04	1.37	1.26
Closing NAV	66.39	68.75	78.91
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	0.82	0.98
Return after charges	-3.43	-12.88	+3.30
Other information			
Closing NAV (£'000)	164,543	197,071	240,643
Number of shares	247,841,203	286,662,143	304,947,635
Highest share price (UK p)	72.00	80.11	80.17
Lowest share price (UK p)	59.56	68.30	76.24

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 31.12.22 UK p	Year to 30.06.22 UK p	Year to 30.06.21 UK p
Opening NAV	35.95	42.23	41.75
Return before operating charges	(1.10)	(5.05)	1.80
Operating charges	(0.08)	(0.17)	(0.22)
Return after operating charges	(1.18)	(5.22)	1.58
Distributions	(0.69)	(1.06)	(1.10)
Closing NAV	34.08	35.95	42.23
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	0.41	0.52
Return after charges	-3.28	-12.36	+3.78
Other information			
Closing NAV (£'000)	333,661	382,334	1,270,004
Number of shares	978,914,984	1,063,459,984	3,007,594,723
Highest share price (UK p)	37.67	42.89	43.55
Lowest share price (UK p)	30.87	36.01	41.67

Sterling Class 'I' Accumulation share performance

The share class was launched on 2 July 2007.

Change in NAV per share	Six months to 31.12.22 UK p	Year to 30.06.22 UK p	Year to 30.06.21 UK p
Opening NAV	73.32	83.82	80.77
Return before operating charges	(2.22)	(10.16)	3.48
Operating charges	(0.15)	(0.34)	(0.43)
Return after operating charges	(2.37)	(10.50)	3.05
Distributions	(1.25)	(1.78)	(1.72)
Retained distributions	1.25	1.78	1.72
Closing NAV	70.95	73.32	83.82
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	0.42	0.52
Return after charges	-3.23	-12.53	+3.78
Other information			
Closing NAV (£'000)	356,331	356,437	466,497
Number of shares	502,257,657	486,164,547	556,530,586
Highest share price (UK p)	76.81	85.13	84.98
Lowest share price (UK p)	63.59	72.83	80.61

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 31.12.22 UK p	Year to 30.06.22 UK p	Year to 30.06.21 UK p
Opening NAV	85.94	100.83	99.56
Return before operating charges	(2.65)	(12.05)	4.29
Operating charges	(0.14)	(0.31)	(0.39)
Return after operating charges	(2.79)	(12.36)	3.90
Distributions	(1.64)	(2.53)	(2.63)
Closing NAV	81.51	85.94	100.83
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	0.32	0.39
Return after charges	-3.25	-12.26	+3.92
Other information			
Closing NAV (£'000)	156,894	186,567	227,261
Number of shares	192,472,139	217,097,447	225,397,749
Highest share price (UK p)	90.05	102.42	103.93
Lowest share price (UK p)	73.81	86.07	99.37

Sterling Class 'PP' Accumulation share performance

The share class was launched on 8 April 2019.

Change in NAV per share	Six months to 31.12.22 UK p	Year to 30.06.22 UK p	Year to 30.06.21 UK p
Opening NAV	98.48	112.48	108.24
Return before operating charges	(2.98)	(13.65)	4.66
Operating charges	(0.16)	(0.35)	(0.42)
Return after operating charges	(3.14)	(14.00)	4.24
Distributions	(1.73)	(2.50)	(2.45)
Retained distributions	1.73	2.50	2.45
Closing NAV	95.34	98.48	112.48
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	0.32	0.38
Return after charges	-3.19	-12.45	+3.92
Other information			
Closing NAV (£'000)	6,876	7,357	8,592
Number of shares	7,212,241	7,470,241	7,639,029
Highest share price (UK p)	103.18	114.25	113.97
Lowest share price (UK p)	85.44	97.83	108.03

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 31.12.22 UK p	Year to 30.06.22 UK p	Year to 30.06.21 UK p
Opening NAV	94.65	111.44	110.46
Return before operating charges	(2.91)	(13.28)	4.75
Operating charges	(0.31)	(0.72)	(0.86)
Return after operating charges	(3.22)	(14.00)	3.89
Distributions	(1.81)	(2.79)	(2.91)
Closing NAV	89.62	94.65	111.44
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	0.67	0.76
Return after charges	-3.40	-12.56	+3.52
Other information			
Closing NAV (£'000)	8,568	8,895	11,054
Number of shares	9,560,396	9,397,396	9,919,513
Highest share price (UK p)	99.15	113.15	115.09
Lowest share price (UK p)	81.22	94.80	110.25

Sterling Class 'R' Accumulation share performance

The share class was launched on 3 August 2012.

Change in NAV per share	Six months to 31.12.22 UK p	Year to 30.06.22 UK p	Year to 30.06.21 UK p
Opening NAV	128.30	147.05	142.04
Return before operating charges	(3.88)	(17.80)	6.13
Operating charges	(0.43)	(0.95)	(1.12)
Return after operating charges	(4.31)	(18.75)	5.01
Distributions	(2.04)	(2.76)	(2.66)
Retained distributions	2.04	2.76	2.66
Closing NAV	123.99	128.30	147.05
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	0.67	0.76
Return after charges	-3.36	-12.75	+3.53
Other information			
Closing NAV (£'000)	15,229	16,626	20,587
Number of shares	12,282,047	12,959,047	13,999,883
Highest share price (UK p)	134.38	149.30	149.26
Lowest share price (UK p)	111.19	127.46	141.77

Financial statements and notes

Financial statements

Statement of total return

for the six months to 31 December	2022		2021	
	£'000	£'000	£'000	£'000
Income				
Net capital gains/(losses)		(75,696)		(31,892)
Revenue	28,076		28,035	
Expenses	(4,060)		(6,150)	
Interest payable and similar charges	(2)		(1)	
Net revenue/(expense) before taxation	24,014		21,884	
Taxation	68		136	
Net revenue/(expense) after taxation		24,082		22,020
Total return before distributions		(51,614)		(9,872)
Distributions		(26,561)		(25,874)
Change in net assets attributable to shareholders from investment activities		(78,175)		(35,746)

Statement of change in net assets attributable to shareholders

for the six months to 31 December	2022		2021	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		1,509,280		2,727,897
Amounts received on issue of shares	55,937		82,414	
Amounts paid on cancellation of shares	(134,012)		(117,193)	
Value of in specie transfers paid	0		(790,427)	
		(78,075)		(825,206)
Dilution adjustments		437		550
Change in net assets attributable to shareholders from investment activities (see above)		(78,175)		(35,746)
Retained distributions on Accumulation shares		9,396		6,655
Unclaimed distributions		10		6
Closing net assets attributable to shareholders		1,362,873		1,874,156

The opening net assets attributable to shareholders for 2022 differs to the closing position in 2021 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 2022 £'000	30 June 2022 £'000
Assets		
Fixed assets		
Investments	1,292,164	1,470,584
Current assets		
Debtors	21,580	23,273
Cash and bank balances	38,830	25,191
Cash equivalents	31,728	24,690
Total assets	1,384,302	1,543,738
Liabilities		
Investment liabilities	(10,328)	(10,254)
Creditors		
Bank overdrafts	0	(3,478)
Overdrawn positions at futures clearing houses and collateral manager	(546)	(2,190)
Distribution payable	(8,640)	(7,646)
Other creditors	(1,915)	(10,890)
Total liabilities	(21,429)	(34,458)
Net assets attributable to shareholders	1,362,873	1,509,280

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 31 October 2022 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).

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.

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 2022

Performance against objective

Over the period, the fund has achieved two of its three aims. The fund achieved the objective of growing its income distribution over the six-month review period. The fund distributed income of 0.77p per Sterling Class 'A' Income share, an increase of 2.0% over the 0.75p payment made in the same period a year earlier.

On 3 January 2023, the fund's Sterling Class 'A' Income shares yielded 5.70%. That was above the benchmark FTSE All-Share Index yield of 3.59%, meeting the fund's objective to exceed the index yield. Over five years, the fund delivered positive returns across all its share classes but has 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 2.9% pa.

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

Performance review

The fund made positive gains in the second half of 2022, while trailing the UK stockmarket as measured by the FTSE All-Share Index. Returns lagged behind in the third quarter because the defensive portfolio missed out on a July rally. However, performance surpassed the index in the fourth quarter and across the full calendar year.

Marketwide, UK equities made gains through mid-August followed by a sell-off over the next couple of months before a rebound from October. Late September saw a period of particular market turbulence after new Prime Minister Liz Truss's government unveiled a mini-budget which unnerved investors, causing a slump in sterling and a surge in borrowing costs. Markets steadied after intervention by the Bank of England (BoE) and by Truss's replacement Rishi Sunak.

Throughout the period, markets were shaped by soaring inflation, rising interest rates and a cost-of-living squeeze. Prices surged amid the continuing fall-out from Russia's invasion of Ukraine, and subsequent efforts to boycott Russian oil and gas in Europe. Global supply chains were also still returning to normal following COVID-19. The BoE raised rates four times in the second half of the year in a bid to stifle price increases, and other global central banks made similar moves.

UK stocks were shielded from the worst of these headwinds because the market is dominated by value stocks, such as banks and miners. These companies reward shareholders with dividends today rather than the promise of profits in the years ahead. By contrast, growth stocks, notably technology companies, suffered elsewhere in the world as inflation dented the value of their future earnings. UK lenders also benefited from rising interest rates, while miners and oil producers gained from higher commodity prices. Weak sterling was a further benefit to companies with overseas sales.

These trends meant that within the UK, large global companies outperformed smaller and more domestically-focused businesses during the review period. The FTSE 100 Index, which tracks the biggest UK stocks, beat the FTSE All-Share Index, while the mid-size FTSE 250 Index and the FTSE Smaller Companies Index (ex Investment Trusts) both underperformed. Investment decisions meant that the fund's FTSE 250 picks outperformed their index. Small-cap selections underperformed, while large-cap returns were broadly in line with the FTSE 100.

In terms of industry selection, the fund underperformed the benchmark. Consumer discretionary was the biggest drag as the fund's holdings made a loss even though the sector overall beat the index. Basic materials hurt as the fund had a below-index position in a sector that outperformed. The fund also had an above-index position in real estate, which made a loss. There were beneficial asset allocations in technology, energy and consumer staples.

Authorised Corporate Director's Report

At the stock level, some of the fund's biggest contributors were the oil and gas companies BP and Shell, and miner Rio Tinto. Technology company Micro Focus and sausage-skin maker Devro both made outsized contributions after takeover offers. Cigarette maker Imperial Brands was also among the top returns following a share buyback announcement. It was joined by packaging group DS Smith, which posted a profit surge. Among smaller companies, newspaper publisher Reach was boosted in the fourth quarter by an ultimately aborted takeover bid. Fund managers Abrdn and Ashmore benefited from increased assets under management.

The biggest drag on the fund at the company level was Vodafone. The mobile-phone operator lowered its full-year outlook, parted with its CEO and suffered concerns about a potential dividend cut. Drugmaker GSK weighed as it contended with lawsuits tied to the heartburn drug Zantac. Asset manager Pollen Street, homebuilders Watkin Jones and Vistry, and social-housing owner Home REIT were also among the worst performers.

Investment activities

The fund gained a new holding in July as GSK (formerly GlaxoSmithKline) demerged its consumer health division Haleon. The new company went straight into the FTSE 100.

Commodities-ship operator Pacific Basin was added to the portfolio in August due to an attractive yield. Bulk-shipping is a key part of the global economy, and the sector has been suffering capacity shortages.

In September, the fund reopened a position in furniture retailer Dunelm. The company is well managed and offers attractive yields. Its stock had suffered because of concerns about the UK economy. Later in the year, the fund returned to Marshalls, also due to an attractive yield. The paving maker had exited the portfolio some time earlier at much higher levels. Transport operator Go-Ahead departed following the completion of a takeover.

Across the review period, the fund's biggest net purchase was telephone company BT, which rose to

0.76% of holdings from zero. Other notable net buys include investment managers Hargreaves Lansdown and Abrdn, plus UK banks NatWest and HSBC. The most actively sold stocks were BP, Micro Focus, property owner Warehouse REIT, investment manager Schroders, and insurers Aviva and Legal & General.

Outlook

UK stocks are much better positioned now than ahead of the 2008 global financial crisis, which we believe should support the market amid likely 2023 economic weakness. Balance sheets have been greatly strengthened, including a notable improvement in bank capitalisation due to tougher regulations. That should help lenders ride out any increases in bad debts. Miners are similarly much less indebted than before the global financial crisis.

Many companies in the FTSE All-Share Index are also cushioned against UK headwinds as their revenue is mostly derived from overseas markets. The disproportionate weighting of oil companies, miners, pharmaceutical companies and tobacco stocks means that the market benefits from a stronger dollar. These four sectors and banks will likely pay just over 50% of all UK dividends in 2023.

Furthermore, weak sterling should support more acquisitions of UK companies by overseas buyers. This is likely to happen in mid-cap stocks and potentially in the FTSE 100 as well. The fund would likely be an unwilling seller because valuations are depressed and we are reluctant to exit valuable businesses even if there are short-term economic headwinds.

Authorised Corporate Director's Report

In terms of dividends, total market-wide payouts might make only modest progress in 2023 because of reductions in mining dividends and one-off payouts. UK dividends will likely only regain their pre-pandemic highs in 2024.

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 31.12.22 £'000	as at 31.12.22 %	as at 30.06.22 %
Equities	887,025	100.12	101.67
Software & computer services	18,236	2.06	1.76
1,850,000 Micro Focus International	9,796	1.11	
4,386,907 Moneysupermarket.com	8,440	0.95	
Telecommunication service providers	25,026	2.82	2.92
5,992,486 BT	6,792	0.76	
5,000,000 NetLink NBN Trust	2,580	0.29	
18,523,996 Vodafone	15,654	1.77	
Pharmaceuticals & biotechnology	106,016	11.97	13.13
70,000 AbbVie	9,458	1.07	
440,000 AstraZeneca	49,483	5.59	
2,320,000 GSK	33,417	3.77	
2,900,000 Haleon	9,513	1.07	
160,000 Takeda Pharmaceutical	4,145	0.47	
Banks	78,046	8.81	7.65
331,480 Close Brothers	3,466	0.39	
5,910,000 HSBC	30,561	3.45	
60,910,247 Lloyds Banking	27,851	3.14	
6,071,428 NatWest	16,168	1.83	
Investment banking & brokerage services	60,926	6.88	6.20
5,065,000 abrdn	9,580	1.08	
4,302,464 Ashmore	10,369	1.17	
16,028,227 Duke Royalty ^a	5,490	0.62	
996,703 Hargreaves Lansdown	8,598	0.97	
1,059,145 IG	8,309	0.94	
382,939 Intermediate Capital	4,426	0.50	
377,518 Izodia ^b	0	0.00	
3,913,587 Jupiter Fund Management	5,248	0.59	
217,118 Schroders	953	0.11	
435,000 St. James's Place	4,800	0.54	
2,228,085 XPS Pensions	3,153	0.36	
Closed-ended investments	22,692	2.56	3.15
1,082,991 Atrato Onsite Energy	1,030	0.12	

Portfolio statement

Investments (continued)

Holding	as at 31.12.22 £'000	as at 31.12.22 %	as at 30.06.22 %
Equities (continued)			
Closed-ended investments (continued)			
1,306,127 Pollen Street	7,027	0.79	
6,054,862 SDCL Energy Efficiency Income Trust	5,843	0.66	
9,535,771 Taylor Maritime Investments	8,792	0.99	
Life insurance	64,040	7.23	7.81
4,571,280 Aviva	20,338	2.30	
3,230,566 Chesnara	9,167	1.03	
5,794,416 Legal & General	14,503	1.64	
3,279,711 Phoenix	20,032	2.26	
Non-life insurance	24,196	2.73	2.80
1,500,000 Conduit	6,390	0.72	
6,810,482 Direct Line Insurance	15,085	1.70	
2,590,790 Sabre Insurance	2,721	0.31	
Real estate investment & services	7,690	0.87	0.85
23,303,190 Grit Real Estate Income	7,690	0.87	
Real estate investment trusts	11,738	1.32	2.77
4,638,260 Home	1,774	0.20	
5,964,178 NewRiver	4,607	0.52	
9,063,259 Regional	5,357	0.60	
Household goods & home construction	8,819	1.00	1.62
930,281 Vistry	5,833	0.66	
2,965,500 Watkin Jones ^a	2,986	0.34	
Media	29,045	3.28	3.23
11,360,825 ITV	8,556	0.97	
10,375,000 Reach	9,861	1.11	
954,088 STV	2,633	0.30	
978,298 WPP	7,995	0.90	
Retailers	8,580	0.97	0.92
1,761,606 ScS	2,933	0.33	
379,953 WH Smith	5,647	0.64	
Travel & leisure	17,294	1.95	3.05
1,307,438 Entain	17,294	1.95	

Portfolio statement

Investments (continued)

Holding	as at 31.12.22 £'000	as at 31.12.22 %	as at 30.06.22 %
Equities (continued)			
Food producers			
3,015,000 Devro	9,294	1.05	0.61
Tobacco			
1,651,571 British American Tobacco	54,353	6.13	
1,997,194 Imperial Brands	41,352	4.67	
Personal care, drug & grocery stores			
5,192,990 Tesco	11,677	1.32	
315,000 Unilever	13,200	1.49	
Construction & materials			
3,603,114 Kier	2,140	0.24	
202,929 Marshalls	560	0.06	
General industrials			
4,426,274 DS Smith	14,208	1.60	1.44
Industrial support services			
301,565 PayPoint	1,536	0.17	0.26
Industrial transportation			
1,940,061 International Distributions Services	4,146	0.47	
7,500,000 Pacific Basin Shipping	2,110	0.24	
Industrial materials			
283,138 UPM-Kymmene	8,849	1.00	0.84
Industrial metals & mining			
175,000 Anglo American	5,662	0.64	
1,684,500 Central Asia Metals ^a	4,152	0.47	
740,144 Rio Tinto	42,914	4.84	
Chemicals			
200,000 Johnson Matthey	4,240	0.48	
155,000 Methanex	4,795	0.54	
750,000 Synthomer	1,086	0.12	
300,000 Victrex	4,773	0.54	
Oil & gas			
14,000,000 BP	66,706	7.53	
12,166,151 Diversified Energy	14,107	1.59	

Portfolio statement

Investments (continued)

Holding	as at 31.12.22 £'000	as at 31.12.22 %	as at 30.06.22 %
Equities (continued)			
Oil & gas (continued)			
2,990 Prosafe	33	0.00	
1,300,300 Shell	30,414	3.43	
87,170 TotalEnergies	4,569	0.52	
Electricity	29,385	3.32	3.42
1,232,301 Drax	8,660	0.98	
1,211,293 SSE	20,725	2.34	
Gas, water & multi-utilities	28,420	3.21	3.43
370,000 Engie	4,433	0.50	
2,236,215 National Grid	22,429	2.53	
156,230 United Utilities	1,558	0.18	
Total portfolio	887,025	100.12	101.67
Net other assets/(liabilities)	(1,092)	(0.12)	(1.67)
Net assets attributable to shareholders	885,933	100.00	100.00

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

^a AIM quoted.

^b Suspended.

Portfolio statement

Top ten portfolio transactions for the six months to
31 December 2022

Largest purchases	£'000
BT	7,253
Hargreaves Lansdown	5,863
NatWest	5,829
Pacific Basin Shipping	2,849
HSBC	2,594
abrdn	2,322
Sabre Insurance	1,428
Shell	1,413
Pollen Street	1,055
Dunelm	1,030
Other purchases	7,599
Total purchases	39,235

Largest sales	£'000
Go-Ahead	8,032
BP	6,793
Micro Focus International	4,962
Warehouse	4,279
Schroders	3,708
Aviva	3,676
Legal & General	3,149
AstraZeneca	2,741
Drax	1,797
Rio Tinto	1,774
Other sales	16,066
Total sales	56,977

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	+4.0	+1.8	+1.4	+4.7
Class 'A' Accumulation	+4.0	+1.7	+1.4	+4.7
Class 'C' Income	+4.6	+2.9	+2.6	+6.2
Class 'I' Income	+4.2	+2.2	+1.9	+5.4
Class 'I' Accumulation	+4.2	+2.2	+1.9	+5.4
Class 'R' Income	+4.1	+1.9	+1.7	+5.2
Class 'R' Accumulation	+4.1	+1.9	+1.7	+5.2
Benchmark	+5.1	+2.3	+2.9	+6.5

^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 31.12.22 UK p	Year to 30.06.22 UK p	Year to 30.06.21 UK p
Opening NAV	51.99	54.22	45.44
Return before operating charges	2.48	1.41	11.85
Operating charges	(0.32)	(0.60)	(0.56)
Return after operating charges	2.16	0.81	11.29
Distributions	(0.77)	(3.04)	(2.51)
Closing NAV	53.38	51.99	54.22
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.01	0.04	0.04
Dilution adjustments	0.00	(0.03)	(0.01)
Total direct transaction costs	0.01	0.01	0.03
Performance and charges	%	%	%
Direct portfolio transaction costs	0.03	0.06	0.06
Operating charges	1.15	1.08	1.20
Return after charges	+4.15	+1.49	+24.85
Other information			
Closing NAV (£'000)	218,906	217,925	228,185
Number of shares	410,124,790	419,148,428	420,846,175
Highest share price (UK p)	54.65	58.01	56.73
Lowest share price (UK p)	48.31	50.63	42.00

Sterling Class 'A' Accumulation share performance

The share class was launched on 6 May 1964.

Change in NAV per share	Six months to 31.12.22 UK p	Year to 30.06.22 UK p	Year to 30.06.21 UK p
Opening NAV	737.07	726.88	580.23
Return before operating charges	35.58	18.30	153.93
Operating charges	(4.50)	(8.11)	(7.28)
Return after operating charges	31.08	10.19	146.65
Distributions	(9.10)	(33.19)	(25.22)
Retained distributions	9.10	33.19	25.22
Closing NAV	768.15	737.07	726.88
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.18	0.49	0.51
Dilution adjustments	(0.07)	(0.47)	(0.16)
Total direct transaction costs	0.11	0.02	0.35
Performance and charges	%	%	%
Direct portfolio transaction costs	0.03	0.06	0.06
Operating charges	1.15	1.08	1.20
Return after charges	+4.22	+1.40	+25.27
Other information			
Closing NAV (£'000)	65,549	65,380	63,512
Number of shares	8,533,302	8,870,217	8,737,714
Highest share price (UK p)	780.94	788.25	743.96
Lowest share price (UK p)	690.37	688.00	540.88

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 31.12.22 UK p	Year to 30.06.22 UK p	Year to 30.06.21 UK p
Opening NAV	66.55	68.65	56.87
Return before operating charges	3.17	1.77	14.94
Operating charges	(0.04)	0.00	0.00
Return after operating charges	3.13	1.77	14.94
Distributions	(0.98)	(3.87)	(3.16)
Closing NAV	68.70	66.55	68.65
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.02	0.05	0.05
Dilution adjustments	(0.01)	(0.04)	(0.02)
Total direct transaction costs	0.01	0.01	0.03
Performance and charges	%	%	%
Direct portfolio transaction costs	0.03	0.06	0.06
Operating charges	0.06	0.00	0.06
Return after charges	+4.70	+2.58	+26.27
Other information			
Closing NAV (£'000)	459,536	454,756	516,000
Number of shares	668,903,762	683,303,634	751,664,821
Highest share price (UK p)	70.29	73.94	71.79
Lowest share price (UK p)	62.04	64.59	52.78

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 31.12.22 UK p	Year to 30.06.22 UK p	Year to 30.06.21 UK p
Opening NAV	1,062.67	1,103.72	920.61
Return before operating charges	50.44	28.67	240.92
Operating charges	(4.32)	(7.67)	(6.80)
Return after operating charges	46.12	21.00	234.12
Distributions	(15.60)	(62.05)	(51.01)
Closing NAV	1,093.19	1,062.67	1,103.72
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.26	0.74	0.80
Dilution adjustments	(0.10)	(0.70)	(0.25)
Total direct transaction costs	0.16	0.04	0.55
Performance and charges	%	%	%
Direct portfolio transaction costs	0.03	0.06	0.06
Operating charges	0.75	0.68	0.74
Return after charges	+4.34	+1.90	+25.43
Other information			
Closing NAV (£'000)	81,489	85,223	93,337
Number of shares	7,454,240	8,019,735	8,456,571
Highest share price (UK p)	1,119.02	1,183.83	1,154.64
Lowest share price (UK p)	988.66	1,033.56	852.43

Sterling Class 'I' Accumulation share performance

The share class was launched on 3 August 2012.

Change in NAV per share	Six months to 31.12.22 UK p	Year to 30.06.22 UK p	Year to 30.06.21 UK p
Opening NAV	1,707.15	1,676.82	1,332.37
Return before operating charges	82.53	42.14	354.46
Operating charges	(6.98)	(11.81)	(10.01)
Return after operating charges	75.55	30.33	344.45
Distributions	(22.80)	(83.68)	(64.82)
Retained distributions	22.80	83.68	64.82
Closing NAV	1,782.70	1,707.15	1,676.82
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.41	1.14	1.17
Dilution adjustments	(0.16)	(1.08)	(0.37)
Total direct transaction costs	0.25	0.06	0.80
Performance and charges	%	%	%
Direct portfolio transaction costs	0.03	0.06	0.06
Operating charges	0.75	0.68	0.74
Return after charges	+4.43	+1.81	+25.85
Other information			
Closing NAV (£'000)	24,380	21,574	20,194
Number of shares	1,367,598	1,263,776	1,204,324
Highest share price (UK p)	1,811.91	1,822.90	1,715.93
Lowest share price (UK p)	1,600.82	1,591.50	1,244.06

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 31.12.22 UK p	Year to 30.06.22 UK p	Year to 30.06.21 UK p
Opening NAV	103.64	107.92	90.24
Return before operating charges	4.92	2.81	23.59
Operating charges	(0.55)	(1.03)	(0.92)
Return after operating charges	4.37	1.78	22.67
Distributions	(1.53)	(6.06)	(4.99)
Closing NAV	106.48	103.64	107.92
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.02	0.07	0.08
Dilution adjustments	(0.01)	(0.07)	(0.02)
Total direct transaction costs	0.01	0.00	0.06
Performance and charges	%	%	%
Direct portfolio transaction costs	0.03	0.06	0.06
Operating charges	1.00	0.93	0.99
Return after charges	+4.22	+1.65	+25.12
Other information			
Closing NAV (£'000)	16,594	15,832	16,682
Number of shares	15,584,766	15,275,822	15,457,189
Highest share price (UK p)	109.02	115.57	112.90
Lowest share price (UK p)	96.35	100.88	83.49

Sterling Class 'R' Accumulation share performance

The share class was launched on 3 August 2012.

Change in NAV per share	Six months to 31.12.22 UK p	Year to 30.06.22 UK p	Year to 30.06.21 UK p
Opening NAV	166.50	163.95	130.60
Return before operating charges	8.04	4.13	34.69
Operating charges	(0.89)	(1.58)	(1.34)
Return after operating charges	7.15	2.55	33.35
Distributions	(2.12)	(7.75)	(5.98)
Retained distributions	2.12	7.75	5.98
Closing NAV	173.65	166.50	163.95
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.04	0.11	0.12
Dilution adjustments	(0.02)	(0.11)	(0.04)
Total direct transaction costs	0.02	0.00	0.08
Performance and charges	%	%	%
Direct portfolio transaction costs	0.03	0.06	0.06
Operating charges	1.00	0.93	0.99
Return after charges	+4.29	+1.56	+25.54
Other information			
Closing NAV (£'000)	19,479	18,882	18,764
Number of shares	11,217,360	11,340,360	11,444,756
Highest share price (UK p)	176.53	177.96	167.79
Lowest share price (UK p)	156.02	155.34	121.84

Financial statements and notes

Financial statements

Statement of total return

for the six months to 31 December	2022		2021	
	£'000	£'000	£'000	£'000
Income				
Net capital gains/(losses)		14,083		10,571
Revenue	26,816		24,342	
Expenses	(2,064)		(2,231)	
Interest payable and similar charges	(4)		(13)	
Net revenue/(expense) before taxation	24,748		22,098	
Taxation	(111)		(70)	
Net revenue/(expense) after taxation		24,637		22,028
Total return before distributions		38,720		32,599
Distributions		(12,917)		(13,181)
Change in net assets attributable to shareholders from investment activities		25,803		19,418

Statement of change in net assets attributable to shareholders

for the six months to 31 December	2022		2021	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		879,572		972,330
Amounts received on issue of shares	17,441		8,187	
Amounts paid on cancellation of shares	(38,483)		(28,098)	
		(21,042)		(19,911)
Dilution adjustments		172		61
Change in net assets attributable to shareholders from investment activities (see above)		25,803		19,418
Retained distributions on Accumulation shares		1,328		1,178
Unclaimed distributions		100		119
Closing net assets attributable to shareholders		885,933		973,195

The opening net assets attributable to shareholders for 2022 differs to the closing position in 2021 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 2022 £'000	30 June 2022 £'000
Assets		
Fixed assets		
Investments	887,025	890,458
Current assets		
Debtors	5,046	3,979
Cash and bank balances	427	2,900
Cash equivalents	0	3,782
Total assets	892,498	901,119
Liabilities		
Creditors		
Bank overdrafts	(473)	(47)
Distribution payable	(5,546)	(20,649)
Other creditors	(546)	(851)
Total liabilities	(6,565)	(21,547)
Net assets attributable to shareholders	885,933	879,572

Financial statements and notes

Notes to the financial statements

Accounting policies

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

Distribution policy

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

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

Authorised Corporate Director's Report

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

Investment objective

The fund aims to provide a higher total return (the combination of capital growth and income), net of the ongoing charge figure, than that of 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 2022

Performance against objective

Between 1 July 2022 and 31 December 2022, 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 3.8% 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's unhedged share classes 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. The return of the benchmark

composite index was 1.5% pa over this period. The fund's hedged share classes posted a negative return over five years.

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

Performance review

Following a dismal first half of the year, the outlook for emerging market debt continued to worsen at the start of the second half, as investors feared that sharp rises in interest rates would eventually lead to a slowdown in global economic activity. Furthermore, higher food and energy prices in emerging countries pushed up inflation expectations, causing a spill over into the prices of other goods and services. Most developing countries responded with interest rate hikes, but these struggled to keep pace with double-digit inflation. A strong dollar exacerbated the situation, resulting in a flight of capital to US government bonds (Treasuries), especially into those with a shorter time until they became eligible to be repaid (maturity).

However, by the fourth quarter, risky assets had rallied following better-than-expected inflation data in the US and unexpected announcements of slower interest rate hikes by the major central banks. Emerging markets debt was one of the best performing asset classes as markets rebounded strongly in the quarter. Local currency sovereign debt outperformed the other segments of the asset class.

Against this backdrop, the fund delivered a strong positive return over the period and outperformed its benchmark significantly. This was achieved through overweight duration and spread duration positioning in a period of falling bond yields and credit spreads compression, especially in the fourth quarter.

Our hard currency assets outperformed as sovereign bonds positively contributed to performance. In local currency, government bonds contributed positively following weakness of the dollar against most emerging currencies, while corporate bonds marginally contributed during the whole period.

Authorised Corporate Director's Report

Our country allocation decisions contributed positively, primarily in the local currency markets. Brazil and Mexico added value (although Mexico detracted in the third quarter of the year), while having no exposure to Egypt aided relative returns.

Investment activities

There were no major changes in the fund positioning, with hard currency assets making up around two-thirds of assets during the review period. Nevertheless, we moved into an overweight (above-benchmark) position in local currency assets as hard currency assets lagged in a rising yield and stronger dollar environment.

Sovereign bonds continued to be sold-off significantly in the period, with several weaker issuers already trading at levels lower than their potential recovery value (the value which investors would be expected to recover in case the issuer of the bond became unable to repay the interest or principal in full). We reduced or closed our exposure to issuers where we had serious concerns over fundamentals (fundamentals have to do with issuer conditions such as cash flows, earnings or income, other debt, etc). For example, in July, we reduced our position in Armenia due to concerns over the country's fundamentals. Other sovereign issue positions trimmed during the period included Bahrain, Bolivia, and Romania.

In hard currency bonds, we increased our exposure to larger economies in Latin America and Eastern Europe. We added dollar sovereign bonds from Panama, Colombia and Poland in November. Although there was a dearth of new bond issues, we managed to participate in new sovereign issues from Bulgaria and Romania in September.

Within local currency assets, we reduced our overall positions by October, including exiting a position in Chinese government bonds given our concerns over economic growth. Following a sharp sell-off in South Korean domestic bonds, we added several high-quality Asian financials at what we considered to be attractive valuations.

In August, we took the opportunity of strong performances to trim our exposure to Enfragen Energia

(Colombia), VTR (Chile) and KOS (Ghana). Towards the end of the period, we reduced Brazilian car rental operator Simpar and investment management company XP over valuation concerns.

Outlook

Although inflation looks like it has peaked in several emerging market countries, and benchmark local interest rates are at high levels, prices might still rise should looser monetary conditions once again prevail.

We expect there is strong potential for a synchronised boom in Asian economies following the relaxation of China's zero COVID-19 policy. Therefore, we anticipate significant divergence in the performance of emerging market debt among different regions in 2023, which in our opinion should provide opportunities for relative value trades.

Finally, we think valuations remain attractive while yields are at levels which, in the past, were consistent with subsequent higher returns.

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 31.12.22 \$'000	as at 31.12.22 %	as at 30.06.22 %
	Fixed income	920,635	94.57	97.58
	Debt securities	920,635	94.57	97.58
	'AAA' credit rated bonds	33,540	3.45	3.39
GEL9,000,000	International Finance 7.5% 18/10/2023	3,247	0.33	
UZS11,000,000,000	International Finance 11% 18/10/2024	934	0.10	
SG\$17,800,000	Singapore (Republic of) 1.75% 01/02/2023	13,253	1.36	
SG\$21,700,000	Singapore (Republic of) 2.75% 01/07/2023	16,106	1.66	
	'AA' credit rated bonds	12,636	1.30	1.55
US\$7,300,000	Qatar Energy 3.125% 12/07/2041	5,632	0.58	
US\$5,075,000	Qatar (State of) 5.103% 23/04/2048	5,109	0.53	
US\$2,300,000	TSMC Arizona 2.5% 25/10/2031	1,895	0.19	
	'A' credit rated bonds	27,354	2.81	4.88
US\$1,309,000	Abu Dhabi Commercial Bank 4.5% 14/09/2027	1,289	0.13	
US\$2,300,000	AIA Var. Rate 2.7% Perpetual	1,983	0.20	
US\$3,500,000	Bermuda (Govt. of) 5% 15/07/2032	3,497	0.36	
US\$3,200,000	BOC Aviation 3.875% 27/04/2026	3,052	0.31	
CLP3,000,000,000	Chile (Republic of) 2.5% 01/03/2025	3,184	0.33	
CLP4,900,000,000	Chile (Republic of) 5% 01/10/2028	5,537	0.57	
US\$3,223,000	EIG Pearl 3.545% 31/08/2036	2,716	0.28	
US\$2,239,000	Poland (Republic of) 5.75% 16/11/2032	2,390	0.25	
US\$3,200,000	SA Global Sukuk 2.694% 17/06/2031	2,745	0.28	
US\$1,500,000	Tencent 3.24% 03/06/2050	961	0.10	
	'BBB' credit rated bonds	233,686	24.00	21.32
US\$3,000,000	ABJA Investment 5.45% 24/01/2028	2,923	0.30	
US\$2,833,000	Banco de Crédito del Perú Var. Rate 3.25% 30/09/2031	2,500	0.26	
US\$3,000,000	Bank Leumi Le-Israel Var. Rate 3.275% 29/01/2031	2,670	0.27	
€7,667,000	Bulgaria (Republic of) 4.125% 23/09/2029	8,052	0.83	
€4,059,000	Bulgaria (Republic of) 4.625% 23/09/2034	4,329	0.45	
US\$1,174,000	Consorcio Transmantaro 5.2% 11/04/2038	1,072	0.11	
€3,033,000	Croatia (Republic of) 2.875% 22/04/2032	2,990	0.31	
KZT2,653,000,000	Development Bank of Kazakhstan 8.95% 04/05/2023	5,490	0.56	
US\$1,305,000	DP World Crescent 4.848% 26/09/2028	1,292	0.13	
US\$1,438,000	Flex 6% 15/01/2028	1,439	0.15	

Portfolio statement

Investments (continued)

Holding	as at 31.12.22 \$'000	as at 31.12.22 %	as at 30.06.22 %
Fixed income (continued)			
Debt securities (continued)			
'BBB' credit rated bonds (continued)			
US\$2,750,000 Fondo MIVIVIENDA 4.625% 12/04/2027	2,603	0.27	
US\$1,278,000 Freeport Indonesia 4.763% 14/04/2027	1,232	0.13	
€2,842,000 Hungary (Republic of) 5% 22/02/2027	3,015	0.31	
US\$3,500,000 Hutama Karya 3.75% 11/05/2030	3,171	0.33	
US\$3,100,000 Indofood CBP Sukses Makmur 3.398% 09/06/2031	2,577	0.27	
IDR94,000,000,000 Indonesia (Republic of) 7.5% 15/06/2035	6,237	0.64	
IDR183,881,000,000 Indonesia (Republic of) 8.25% 15/05/2036	12,881	1.32	
IDR115,000,000,000 Indonesia (Republic of) 8.375% 15/03/2034	8,117	0.83	
IDR119,667,000,000 Indonesia (Republic of) 8.375% 15/04/2039	8,506	0.87	
US\$1,500,000 Indonesia Asahan Aluminium Persero 5.45% 15/05/2030	1,438	0.15	
US\$2,470,000 Israel Electric 3.75% 22/02/2032	2,168	0.22	
KZT1,500,000,000 Kazakhstan (Republic of) 5% 15/05/2023	3,095	0.32	
US\$2,700,000 Lenovo 3.421% 02/11/2030	2,149	0.22	
US\$1,600,000 Lenovo 5.875% 24/04/2025	1,574	0.16	
MYR37,000,000 Malaysia (Govt. of) 3.885% 15/08/2029	8,328	0.86	
US\$2,461,000 Mashreqbank Var. Rate 7.875% 24/02/2033	2,558	0.26	
US\$707,000 MEGlobal Canada 5.875% 18/05/2030	714	0.07	
US\$3,500,000 Meituan 3.05% 28/10/2030	2,723	0.28	
£4,350,000 Mexico (United Mexican States) 5.625% 19/03/2114	3,945	0.41	
MXN160,000,000 Mexico (United Mexican States) 8% 05/09/2024	7,919	0.81	
MXN398,790,000 Mexico (United Mexican States) 8.5% 18/11/2038	19,329	1.99	
US\$2,479,000 Mizrahi-Tefahot Bank Var. Rate 3.077% 07/04/2031	2,184	0.22	
€2,727,000 MVM 0.875% 18/11/2027	2,088	0.21	
US\$2,000,000 NBK Tier 1 Var. Rate 3.625% Perpetual	1,752	0.18	
US\$9,000,000 Panama (Republic of) 6.4% 14/02/2035	9,188	0.94	
US\$5,412,000 Peru (Republic of) 3% 15/01/2034	4,304	0.44	
PEN25,000,000 Peru (Republic of) 5.4% 12/08/2034	5,281	0.54	
PEN27,000,000 Peru (Republic of) 5.94% 12/02/2029	6,521	0.67	
PEN22,500,000 Peru (Republic of) 6.15% 12/08/2032	5,218	0.54	
€3,500,000 Perusahaan Listrik Negara 1.875% 05/11/2031	2,695	0.28	

Portfolio statement

Investments (continued)

Holding		as at 31.12.22 \$'000	as at 31.12.22 %	as at 30.06.22 %
Fixed income (continued)				
Debt securities (continued)				
'BBB' credit rated bonds (continued)				
US\$3,000,000	Perusahaan Listrik Negara 4.875% 17/07/2049	2,385	0.25	
PHP283,000,000	Philippines (Republic of) 6.25% 14/01/2036	4,657	0.48	
US\$3,000,000	Prosus 3.061% 13/07/2031	2,334	0.24	
€5,281,000	Romania (Republic of) 1.75% 13/07/2030	3,933	0.40	
€5,502,000	Romania (Republic of) 2.875% 13/04/2042	3,303	0.34	
€7,929,000	Romania (Republic of) 6.625% 27/09/2029	8,520	0.88	
US\$2,888,000	Shinhan Bank 4.375% 13/04/2032	2,575	0.26	
US\$3,200,000	SK Hynix 2.375% 19/01/2031	2,363	0.24	
THB137,687,000	Thailand (Kingdom of) IL 1.25% 12/03/2028	4,375	0.45	
UYU450,902,481	Uruguay (Republic of) 3.875% 02/07/2040	13,958	1.43	
US\$2,166,667	Uruguay (Republic of) 5.75% 28/10/2034	2,362	0.24	
UYU304,657,534	Uruguay (Republic of) 8.25% 21/05/2031	6,654	0.68	
	'BB' credit rated bonds	307,401	31.58	34.39
US\$1,250,000	Adani Green Energy 4.375% 08/09/2024	1,139	0.12	
US\$1,720,000	Asea 7.75% 14/12/2026	1,698	0.17	
US\$2,274,000	América Móvil 5.375% 04/04/2032	2,065	0.21	
US\$4,897,000	Azerbaijan (Republic of) 3.5% 01/09/2032	4,098	0.42	
US\$1,742,000	Banco do Brasil 4.875% 11/01/2029	1,632	0.17	
US\$3,200,000	Banco Mercantil del Norte Var. Rate 7.625% Perpetual	3,000	0.31	
US\$3,100,000	Bangkok Bank Var. Rate 3.733% 25/09/2034	2,603	0.27	
US\$2,000,000	Bank Muscat 4.75% 17/03/2026	1,912	0.20	
US\$2,500,000	Bank Negara Indonesia Persero Var. Rate 4.3% Perpetual	1,985	0.20	
US\$2,000,000	BBVA Bancomer Var. Rate 5.125% 18/01/2033	1,805	0.19	
US\$3,051,000	Bidvest 3.625% 23/09/2026	2,755	0.28	
US\$6,720,865	Bioceanico Sovereign Certificate 0% 05/06/2034	4,608	0.47	
COP19,571,000,000	Bogota Distrito Capital 9.75% 26/07/2028	3,249	0.33	
BRL206,800,000	Brazil (Federal Republic of) 10% 01/01/2029	34,977	3.59	
US\$1,500,000	Cemex 5.45% 19/11/2029	1,443	0.15	
US\$1,750,000	Cemex 7.375% 05/06/2027	1,803	0.19	
US\$4,200,000	Colombia (Republic of) 4.125% 15/05/2051	2,538	0.26	

Portfolio statement

Investments (continued)

Holding		as at 31.12.22 \$'000	as at 31.12.22 %	as at 30.06.22 %
Fixed income (continued)				
Debt securities (continued)				
'BB' credit rated bonds (continued)				
US\$3,500,000	Colombia (Republic of) 5.625% 26/02/2044	2,594	0.27	
US\$3,400,000	Colombia (Republic of) 6.125% 18/01/2041	2,724	0.28	
COP35,000,000,000	Colombia (Republic of) 7.25% 18/10/2034	4,769	0.49	
COP28,000,000,000	Colombia (Republic of) 7.25% 26/10/2050	3,293	0.34	
US\$1,582,000	Colombia (Republic of) 8% 20/04/2033	1,591	0.16	
US\$2,418,750	Continuum Energy Levanter 4.5% 09/02/2027	2,193	0.23	
€3,500,000	Côte d'Ivoire (Republic of) 4.875% 30/01/2032	2,959	0.30	
€4,300,000	Côte d'Ivoire (Republic of) 5.25% 22/03/2030	3,896	0.40	
€5,539,000	Côte d'Ivoire (Republic of) 6.625% 22/03/2048	4,184	0.43	
€1,250,000	Cyprus (Republic of) 0.95% 20/01/2032	999	0.10	
US\$3,756,000	Dominica (Republic of) 4.875% 23/09/2032	3,137	0.32	
US\$2,667,000	Dominica (Republic of) 5.875% 30/01/2060	1,973	0.20	
US\$2,500,000	Dominica (Republic of) 6% 22/02/2033	2,269	0.23	
US\$5,000,000	Dominica (Republic of) 6.4% 05/06/2049	4,069	0.42	
US\$2,390,000	Dominica (Republic of) 7.45% 30/04/2044	2,239	0.23	
DOP350,450,000	Dominica (Republic of) 8.9% 15/02/2023	6,212	0.64	
DOP280,000,000	Dominica (Republic of) 9.75% 05/06/2026	4,816	0.49	
US\$1,195,000	DP World Salaam Var. Rate 6% Perpetual	1,184	0.12	
US\$2,700,000	Ecopetrol 7.375% 18/09/2043	2,314	0.24	
US\$2,300,000	Electricidad Firme de Mexico 4.9% 20/11/2026	2,027	0.21	
COP13,919,000,000	Empresas Publicas de Medellin ESP 8.375% 08/11/2027	2,139	0.22	
US\$2,000,000	Energean Israel Finance 4.875% 30/03/2026	1,856	0.19	
US\$976,974	Energean Israel Finance 5.375% 30/03/2028	883	0.09	
US\$2,993,000	EnfraGen Energia 5.375% 30/12/2030	2,108	0.22	
US\$2,496,000	Georgia (Govt. of) 2.75% 22/04/2026	2,271	0.23	
US\$3,279,000	Globo Comunicacao e Participacoes 5.5% 14/01/2032	2,815	0.29	
US\$4,000,000	Greenko Solar Mauritius 5.95% 29/07/2026	3,655	0.38	
US\$5,700,000	Guatemala (Republic of) 4.65% 07/10/2041	4,611	0.47	
US\$3,714,000	Guatemala (Republic of) 4.875% 13/02/2028	3,591	0.37	
US\$5,320,000	Guatemala (Republic of) 4.9% 01/06/2030	5,065	0.52	

Portfolio statement

Investments (continued)

Holding	as at 31.12.22 \$'000	as at 31.12.22 %	as at 30.06.22 %
Fixed income (continued)			
Debt securities (continued)			
'BB' credit rated bonds (continued)			
US\$5,500,000 Heritage Petroleum 9% 12/08/2029	5,742	0.59	
US\$2,000,000 Ipoteka-Bank 5.5% 19/11/2025	1,769	0.18	
US\$3,500,000 KUO 5.75% 07/07/2027	3,291	0.34	
€4,784,000 Macedonia (Govt. of) 1.625% 10/03/2028	4,014	0.41	
€3,300,000 Macedonia (Govt. of) 3.675% 03/06/2026	3,262	0.34	
US\$3,000,000 MAF Global Securities Var. Rate 6.375% Perpetual	2,893	0.30	
US\$1,031,000 MAF Global Securities Var. Rate 7.875% Perpetual	1,043	0.11	
US\$4,788,000 Millicom International Cellular 5.125% 15/01/2028	4,470	0.46	
US\$6,952,000 Morocco (Kingdom of) 4% 15/12/2050	4,784	0.49	
US\$5,428,000 Morocco (Kingdom of) 5.5% 11/12/2042	4,680	0.48	
US\$2,137,000 National Bank of Uzbekistan 4.85% 21/10/2025	1,927	0.20	
US\$3,200,000 Network i2i Var. Rate 5.65% Perpetual	3,060	0.31	
US\$1,600,000 Nexa Resources 6.5% 18/01/2028	1,558	0.16	
US\$4,000,000 OCP 3.75% 23/06/2031	3,364	0.35	
US\$3,800,000 Oman (Salutante of) 6.5% 08/03/2047	3,479	0.36	
US\$7,266,000 Oman (Salutante of) 6.75% 17/01/2048	6,833	0.70	
US\$7,411,000 Paraguay (Republic of) 6.1% 11/08/2044	7,152	0.73	
MXN160,000,000 Petroleos Mexicanos 7.19% 12/09/2024	7,585	0.78	
US\$4,225,000 Rede D'or Finance 4.95% 17/01/2028	3,906	0.40	
US\$3,133,000 Sagicor Financial 5.3% 13/05/2028	2,905	0.30	
US\$2,700,000 Sasol Financing USA 5.875% 27/03/2024	2,647	0.27	
€5,943,000 Serbia (Republic of) 1.65% 03/03/2033	3,870	0.40	
€6,568,000 Serbia (Republic of) 2.05% 23/09/2036	3,981	0.41	
RSD413,630,000 Serbia (Republic of) 4.5% 20/08/2032	3,105	0.32	
US\$503,755 Seychelles (Republic of) 8% 01/01/2026	497	0.05	
US\$808,000 Simpar Europe 5.2% 26/01/2031	606	0.06	
US\$5,800,000 South Africa (Republic of) 5.375% 24/07/2044	4,392	0.45	
ZAR447,118,303 South Africa (Republic of) 8.75% 28/02/2048	20,640	2.12	
ZAR205,000,000 South Africa (Republic of) 8.875% 28/02/2035	10,213	1.05	
US\$5,000,000 Southern Gas Corridor CJSC 6.875% 24/03/2026	5,149	0.53	

Portfolio statement

Investments (continued)

Holding		as at 31.12.22 \$'000	as at 31.12.22 %	as at 30.06.22 %
Fixed income (continued)				
Debt securities (continued)				
'BB' credit rated bonds (continued)				
US\$2,900,000	Telefonica Celular del Paraguay 5.875% 15/04/2027	2,815	0.29	
€2,650,000	Teva Pharmaceutical Finance Netherlands II 3.75% 09/05/2027	2,456	0.25	
US\$4,200,000	Teva Pharmaceutical Finance Netherlands III 6.75% 01/03/2028	4,087	0.42	
US\$1,133,333	Vietnam (Socialist Republic of) 5.5% 12/03/2028	1,120	0.12	
US\$2,500,000	Woori Bank Var. Rate 4.25% Perpetual	2,360	0.24	
	'B' credit rated bonds	190,744	19.59	21.14
€3,375,000	Albania (Republic of) 3.5% 09/10/2025	3,366	0.35	
€6,034,000	Albania (Republic of) 3.5% 23/11/2031	5,257	0.54	
US\$2,000,000	Angola (Republic of) 8.75% 14/04/2032	1,737	0.18	
US\$5,863,000	Angola (Republic of) 9.375% 08/05/2048	4,666	0.48	
US\$5,863,000	Armenia (Republic of) 3.6% 02/02/2031	4,696	0.48	
US\$2,577,000	Aydem Yenilenebilir Enerji 7.75% 02/02/2027	2,124	0.22	
US\$5,500,000	Bahamas (Commonwealth of) 6% 21/11/2028	4,198	0.43	
US\$4,178,000	Bahamas (Commonwealth of) 8.95% 15/10/2032	3,367	0.35	
US\$4,400,000	Bahrain (Kingdom of) 5.25% 25/01/2033	3,773	0.39	
US\$1,400,000	Bahrain (Kingdom of) 5.625% 30/09/2031	1,284	0.13	
US\$2,250,000	Banco Industrial Guatemala Var. Rate 4.875% 29/01/2031	2,116	0.22	
€4,650,000	Benin (Republic of) 4.875% 19/01/2032	3,873	0.40	
€3,748,000	Benin (Republic of) 6.875% 19/01/2052	2,910	0.30	
€2,596,000	BOI Finance 7.5% 16/02/2027	2,236	0.23	
US\$1,886,000	Bolivia (Plurinational State of) 4.5% 20/03/2028	1,525	0.16	
€6,800,000	Cameroon (Republic of) 5.95% 07/07/2032	5,410	0.56	
US\$2,300,000	Costa Rica (Republic of) 5.625% 30/04/2043	1,889	0.19	
US\$2,000,000	Costa Rica (Republic of) 7% 04/04/2044	1,897	0.19	
US\$1,520,000	Dar Al-Arkan Sukuk 7.75% 07/02/2026	1,492	0.15	
US\$4,189,000	Egypt (Arab Republic of) 5.8% 30/09/2027	3,474	0.36	
US\$9,008,000	Egypt (Arab Republic of) 8.7002% 01/03/2049	6,038	0.62	
US\$3,435,000	Egypt (Arab Republic of) 8.875% 29/05/2050	2,333	0.24	
US\$2,355,000	ERO Copper 6.5% 15/02/2030	1,908	0.20	

Portfolio statement

Investments (continued)

Holding	as at 31.12.22 \$'000	as at 31.12.22 %	as at 30.06.22 %
Fixed income (continued)			
Debt securities (continued)			
'B' credit rated bonds (continued)			
US\$2,826,000 Georgia Capital 6.125% 09/03/2024	2,685	0.28	
US\$8,800,000 Honduras (Republic of) 6.25% 19/01/2027	7,810	0.80	
US\$3,542,000 Jordan (Kingdom of) 6.125% 29/01/2026	3,516	0.36	
US\$7,685,000 Jordan (Kingdom of) 7.375% 10/10/2047	6,644	0.68	
US\$2,088,000 Kenbourne Invest 4.7% 22/01/2028	1,645	0.17	
US\$4,600,000 Kenya (Republic of) 8% 22/05/2032	3,945	0.41	
US\$3,500,000 Kenya (Republic of) 8.25% 28/02/2048	2,726	0.28	
US\$2,100,000 Liquid Telecommunications Financing 5.5% 04/09/2026	1,529	0.16	
US\$3,180,000 Mongolia (Govt. of) 3.5% 07/07/2027	2,566	0.26	
US\$2,650,000 Mongolia (Govt. of) 4.45% 07/07/2031	2,069	0.21	
US\$4,208,000 Mongolia (Govt. of) 5.125% 07/04/2026	3,654	0.38	
US\$3,000,000 Mongolia (Govt. of) 8.75% 09/03/2024	2,909	0.30	
US\$3,800,000 Namibia (Republic of) 5.25% 29/10/2025	3,570	0.37	
US\$7,686,000 Nigeria (Federal Republic of) 7.375% 28/09/2033	5,500	0.56	
US\$5,500,000 Nigeria (Federal Republic of) 7.875% 16/02/2032	4,159	0.43	
US\$5,043,000 Nigeria (Federal Republic of) 8.747% 21/01/2031	4,139	0.42	
US\$2,990,000 Oriflame Investment 5.125% 04/05/2026	1,857	0.19	
US\$500,000 Papua New Guinea (Govt. of) 8.375% 04/10/2028	436	0.04	
US\$4,601,000 Petroleos Mexicanos 6.75% 21/09/2047	2,955	0.30	
US\$6,400,000 Petroleos Mexicanos 7.69% 23/01/2050	4,457	0.46	
US\$6,800,000 Rwanda (Republic of) 5.5% 09/08/2031	5,183	0.53	
€1,750,000 Senegal (Republic of) 4.75% 13/03/2028	1,617	0.17	
€2,250,000 Senegal (Republic of) 5.375% 08/06/2037	1,622	0.17	
US\$4,600,000 Senegal (Republic of) 6.25% 23/05/2033	3,811	0.39	
US\$4,500,000 Senegal (Republic of) 6.75% 13/03/2048	3,191	0.33	
US\$1,557,000 Silknet 8.375% 31/01/2027	1,477	0.15	
€3,725,000 Srpska (Republic of) 4.75% 27/04/2026	3,738	0.38	
US\$6,117,000 Tajikistan (Republic of) 7.125% 14/09/2027	4,363	0.45	
US\$5,000,000 Total Play Telecomunicaciones 6.375% 20/09/2028	3,940	0.40	
US\$3,885,000 Türkiye (Republic of) 6.5% 20/09/2033	3,245	0.33	

Portfolio statement

Investments (continued)

Holding		as at 31.12.22 \$'000	as at 31.12.22 %	as at 30.06.22 %
Fixed income (continued)				
Debt securities (continued)				
'B' credit rated bonds (continued)				
US\$4,000,000	Türkiye (Republic of) 6.625% 17/02/2045	3,060	0.31	
US\$5,589,000	Uzbekistan (Republic of) 3.9% 19/10/2031	4,614	0.47	
US\$3,411,000	Uzbekistan (Republic of) 5.375% 20/02/2029	3,173	0.33	
UZS43,500,000,000	Uzbekistan (Republic of) 14% 19/07/2024	3,703	0.38	
UZS24,920,000,000	Uzbekistan (Republic of) 14.5% 25/11/2023	2,165	0.22	
US\$2,401,000	VTR Comunicaciones 5.125% 15/01/2028	1,502	0.15	
	'CCC' credit rated bonds	68,817	7.07	6.51
US\$2,766,000	ALROSA Finance 3.1% 25/06/2027	342	0.03	
US\$1,600,000	Banco do Brasil Var. Rate 6.25% Perpetual	1,443	0.15	
US\$5,626,001	Ecuador (Republic of) 0% 31/07/2030	2,215	0.23	
US\$4,979,271	Ecuador (Republic of) 2.5% 31/07/2035	2,304	0.24	
US\$4,725,000	Eskom 6.75% 06/08/2023	4,566	0.47	
US\$5,000,000	Eskom 7.125% 11/02/2025	4,566	0.47	
US\$6,300,000	Gabon (Republic of) 6.625% 06/02/2031	5,175	0.53	
US\$6,681,000	Gabon (Republic of) 6.95% 16/06/2025	6,349	0.65	
US\$3,500,000	Gazprom 4.95% 23/03/2027	2,439	0.25	
US\$2,624,000	Gazprom 7.288% 16/08/2037	2,050	0.21	
US\$2,212,000	GTLK Europe 5.125% 31/05/2024 ^a	0	0.00	
US\$631,000	GTLK Europe Capital 4.65% 10/03/2027 ^a	0	0.00	
US\$3,208,000	GTLK Europe Capital 5.95% 17/04/2025 ^a	0	0.00	
US\$2,500,000	Hacienda Investments Via DME Airport 5.35% 08/02/2028	1,050	0.11	
US\$6,058,937	Iraq (Republic of) 5.8% 15/01/2028	5,603	0.57	
US\$2,500,000	Kosmos Energy 7.125% 04/04/2026	2,145	0.22	
US\$2,079,000	Maldives Sukuk Issuance 9.875% 08/04/2026	1,628	0.17	
US\$6,500,000	Mozambique (Republic of) 5% 15/09/2031	5,004	0.51	
US\$3,400,000	Pakistan (Islamic Republic of) 6.875% 05/12/2027	1,341	0.14	
US\$1,852,000	Pakistan (Islamic Republic of) 8.875% 08/04/2051	652	0.07	
US\$11,676,200	Petroleos de Venezuela 5.375% 12/04/2027 ^a	584	0.06	
RUB2,783,367,000	Russia (Federation of) 8.15% 03/02/2027	14,122	1.45	

Portfolio statement

Investments (continued)

Holding		as at 31.12.22 \$'000	as at 31.12.22 %	as at 30.06.22 %
Fixed income (continued)				
Debt securities (continued)				
'CCC' credit rated bonds (continued)				
UAH85,098,000	Ukraine (Republic of) 16% 24/05/2023	2,258	0.23	
US\$3,500,000	YPF 8.5% 28/07/2025	2,981	0.31	
	'CC' credit rated bonds	5,488	0.56	0.00
US\$4,000,000	El Salvador (Republic of) 7.1246% 20/01/2050	1,569	0.16	
US\$2,750,000	El Salvador (Republic of) 9.5% 15/07/2052	1,206	0.12	
US\$2,093,000	NPC Ukrenergo 6.875% 09/11/2028	387	0.04	
€2,000,000	Ukraine (Republic of) 6.75% 20/06/2028	413	0.04	
US\$10,017,000	Ukraine (Republic of) 7.375% 25/09/2034	1,913	0.20	
	'C' credit rated bonds	12,060	1.24	1.62
€3,492,000	Argentina (Republic of) 0.125% 09/07/2030	925	0.10	
US\$7,800,000	Argentina (Republic of) 0.5% 09/07/2030	2,140	0.22	
US\$20,370,041	Argentina (Republic of) 1.5% 09/07/2035	5,263	0.54	
US\$3,000,000	Argentina (Republic of) 1.5% 09/07/2046	781	0.08	
ARS193,441,000	Argentina (Republic of) 15.5% 17/10/2026	278	0.03	
ARS67,000,000	Argentina (Republic of) 16% 17/10/2023	238	0.03	
US\$2,828,297	Buenos Aires (Province of) 5.25% 01/09/2037	988	0.10	
US\$2,000,000	Kernel 6.75% 27/10/2027	821	0.08	
US\$3,268,000	NAK Naftogaz Ukraine via Kondor Finance 7.625% 08/11/2026	626	0.06	
	'D' credit rated bonds	10,651	1.09	0.83
US\$7,284,000	Ghana (Republic of) 8.125% 26/03/2032	2,679	0.27	
US\$3,000,000	Ghana (Republic of) 8.627% 16/06/2049	1,050	0.11	
US\$3,000,000	Petroleos de Venezuela 6% 16/05/2024 ^a	150	0.02	
US\$2,944,927	Petroleos de Venezuela 9.75% 17/05/2035 ^a	142	0.01	
US\$1,550,000	Sri Lanka (Republic of) 6.2% 11/05/2027	473	0.05	
US\$1,750,000	Sri Lanka (Republic of) 6.75% 18/04/2028	543	0.06	
US\$3,000,000	Sri Lanka (Republic of) 7.85% 14/03/2029	919	0.09	
US\$12,676,000	Venezuela (Republic of) 7% 31/03/2038 ^a	1,163	0.12	
US\$6,171,300	Venezuela (Republic of) 9.25% 07/05/2028 ^a	560	0.06	
US\$2,200,000	Yuzhou 7.7% 20/02/2025	207	0.02	
US\$1,600,000	Yuzhou 7.85% 12/08/2026	149	0.01	

Portfolio statement

Investments (continued)

Holding	as at 31.12.22 \$'000	as at 31.12.22 %	as at 30.06.22 %
Fixed income (continued)			
Debt securities (continued)			
'D' credit rated bonds (continued)			
US\$4,235,000 Zambia (Republic of) 8.5% 14/04/2024 ^a	1,941	0.20	
US\$1,500,000 Zambia (Republic of) 8.97% 30/07/2027 ^a	675	0.07	
Bonds with no credit rating	18,258	1.88	1.95
US\$6,932,000 Abu Dhabi (Emirate of) 3.9% 09/09/2050	4,999	0.51	
US\$2,547,000 Commercial Bank of Qatar Var. Rate 4.5% Perpetual	2,290	0.24	
US\$3,200,000 Jollibee Worldwide Pte 4.75% 24/06/2030	2,900	0.30	
US\$3,700,000 Sovcombank Via SovCom Capital 8% 07/04/2030 ^a	0	0.00	
US\$9,639,000 Vietnam Debt & Asset Trading 1% 10/10/2025	8,069	0.83	
Currency	(1,586)	(0.16)	0.16
Forward currency contracts	(1,586)	(0.16)	0.16
CZK511,300,000 Bought for \$21,851,344 (expires 15.02.23)	705	0.07	
€(99,564,398) Sold for \$103,199,993 (expires 15.02.23)	(3,400)	(0.35)	
£(4,870,000) Sold for \$5,758,456 (expires 15.02.23)	(111)	(0.01)	
INR455,000,000 Bought for \$5,515,820 (expires 15.02.23)	(20)	0.00	
PLN77,000,000 Bought for \$16,719,503 (expires 15.02.23)	768	0.08	
PLN(21,000,000) Sold for \$4,350,150 (expires 18.01.23)	(430)	(0.05)	
RON53,500,000 Bought for \$11,153,966 (expires 15.02.23)	365	0.04	
RON21,500,000 Bought for \$4,381,496 (expires 18.01.23)	255	0.03	
THB335,000,000 Bought for \$9,429,990 (expires 15.02.23)	282	0.03	
Share class hedging	(5,180)	(0.53)	(0.22)
Forward currency contracts for share class hedging	(5,180)	(0.53)	(0.22)
£209,747,706 Bought for \$257,744,185 (expires 01.11.23)	(5,183)	(0.53)	
£(250,418) Sold for \$304,643 (expires 01.11.23)	3	0.00	
Total portfolio	913,869	93.88	97.52
Net other assets/(liabilities)	59,625	6.12	2.48
Net assets attributable to shareholders	973,494	100.00	100.00

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

^a Defaulted bond.

Portfolio statement

Top ten portfolio transactions for the six months to 31 December 2022

Largest purchases	\$'000
Romania (Republic of) 6.625% 27/09/2029	13,883
Panama (Republic of) 6.4% 14/02/2035	9,060
Bulgaria (Republic of) 4.125% 23/09/2029	7,578
Bulgaria (Republic of) 4.625% 23/09/2034	6,921
Southern Gas Corridor CJSC 6.875% 24/03/2026	6,875
Guatemala (Republic of) 4.65% 07/10/2041	5,017
Peru (Republic of) 5.4% 12/08/2034	4,777
Bermuda (Govt. of) 5% 15/07/2032	3,625
Hungary (Republic of) 5% 22/02/2027	2,886
Fondo MIVIVIENDA 4.625% 12/04/2027	2,585
Other purchases	47,571
Total purchases	110,778

Largest sales	\$'000
China (Republic of) 3.27% 19/11/2030	21,006
Mexico (United Mexican States) 8.5% 18/11/2038	6,620
Bank Gospodarstwa Krajowego 3% 30/05/2029	6,050
Romania (Republic of) 6.625% 27/09/2029	5,520
Petrobras Global Finance 5.5% 10/06/2051	5,466
Bahrain (Kingdom of) 5.625% 30/09/2031	4,858
Guatemala (Republic of) 6.125% 01/06/2050	4,580
Ukraine (Republic of) 11.15% 26/08/2022	4,490
Development Bank of Kazakhstan 5.75% 12/05/2025	4,359
Türkiye (Republic of) 7.625% 26/04/2029	3,388
Other sales	82,012
Total sales	148,349

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	+8.3	-0.9	+1.6	+4.9
Class 'A' Accumulation	+8.3	-0.9	+1.6	+4.9
Class 'I' Income	+8.5	-0.4	+2.2	+5.4
Class 'I' Accumulation	+8.5	-0.4	+2.2	+5.4
Class 'I-H' Income	+6.4	-4.7	-1.7	n/a
Class 'I-H' Accumulation	+6.3	-4.7	-1.7	n/a
Class 'PP' Income	+8.6	-0.3	n/a	n/a
Class 'PP' Accumulation	+8.6	-0.3	n/a	n/a
Class 'PP-H' Income	+6.5	n/a	n/a	n/a
Class 'PP-H' Accumulation	+6.4	n/a	n/a	n/a
Class 'R' Income	+8.4	-0.7	+1.8	+5.1
Class 'R' Accumulation	+8.4	-0.7	+1.9	+5.2
Benchmark	+3.8	-1.2	+1.5	+3.9

^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 1 October 2002.

Change in NAV per share	Six months to 31.12.22 UK p	Year to 30.06.22 UK p	Year to 30.06.21 UK p
Opening NAV	73.46	86.16	92.76
Return before operating charges	5.96	(6.66)	(0.74)
Operating charges	(0.43)	(0.91)	(1.07)
Return after operating charges	5.53	(7.57)	(1.81)
Distributions	(2.49)	(5.13)	(4.79)
Closing NAV	76.50	73.46	86.16
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.01	0.00
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.01	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	1.10	1.10	1.19
Return after charges	+7.53	-8.79	-1.95
Other information			
Closing NAV (\$'000)	7,635	8,235	4,725
Number of shares	8,289,367	9,258,716	3,956,363
Highest share price (UK p)	82.33	88.58	95.71
Lowest share price (UK p)	72.38	75.37	85.74

Sterling Class 'A' Accumulation share performance

The share class was launched on 1 October 2002.

Change in NAV per share	Six months to 31.12.22 UK p	Year to 30.06.22 UK p	Year to 30.06.21 UK p
Opening NAV	224.40	246.76	251.91
Return before operating charges	18.17	(19.71)	(2.20)
Operating charges	(1.30)	(2.65)	(2.95)
Return after operating charges	16.87	(22.36)	(5.15)
Distributions	(6.33)	(12.15)	(10.28)
Retained distributions	6.33	12.15	10.28
Closing NAV	241.27	224.40	246.76
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.03	0.00
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.03	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	1.10	1.10	1.19
Return after charges	+7.52	-9.06	-2.04
Other information			
Closing NAV (\$'000)	8,621	8,671	4,418
Number of shares	2,968,058	3,191,035	1,291,521
Highest share price (UK p)	251.46	253.68	259.85
Lowest share price (UK p)	221.09	222.05	238.74

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 31.12.22 UK p	Year to 30.06.22 UK p	Year to 30.06.21 UK p
Opening NAV	101.79	118.91	127.41
Return before operating charges	8.27	(9.22)	(0.99)
Operating charges	(0.38)	(0.80)	(0.91)
Return after operating charges	7.89	(10.02)	(1.90)
Distributions	(3.45)	(7.10)	(6.60)
Closing NAV	106.23	101.79	118.91
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.01	0.00
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.01	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	0.70	0.69	0.73
Return after charges	+7.75	-8.43	-1.49
Other information			
Closing NAV (\$'000)	156,724	159,751	199,721
Number of shares	122,548,453	129,609,526	121,159,713
Highest share price (UK p)	114.20	122.43	131.75
Lowest share price (UK p)	100.32	104.30	118.19

Sterling Class 'I' Accumulation share performance

The share class was launched on 19 April 2012.

Change in NAV per share	Six months to 31.12.22 UK p	Year to 30.06.22 UK p	Year to 30.06.21 UK p
Opening NAV	168.97	185.06	188.06
Return before operating charges	13.68	(14.82)	(1.65)
Operating charges	(0.62)	(1.27)	(1.35)
Return after operating charges	13.06	(16.09)	(3.00)
Distributions	(5.12)	(9.89)	(8.53)
Retained distributions	5.12	9.89	8.53
Closing NAV	182.03	168.97	185.06
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.02	0.00
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.02	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	0.70	0.69	0.73
Return after charges	+7.73	-8.69	-1.60
Other information			
Closing NAV (\$'000)	300,954	341,690	585,638
Number of shares	137,332,464	167,003,534	228,270,901
Highest share price (UK p)	189.53	190.54	194.42
Lowest share price (UK p)	166.51	166.99	178.85

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 31.12.22 UK p	Year to 30.06.22 UK p	Year to 30.06.21 UK p
Opening NAV	69.19	93.08	88.77
Return before operating charges	4.14	(18.14)	10.17
Operating charges	(0.26)	(0.64)	(0.72)
Return after operating charges	3.88	(18.78)	9.45
Distributions	(2.30)	(5.11)	(5.14)
Closing NAV	70.77	69.19	93.08
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.01	0.00
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.01	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	0.73	0.73	0.76
Return after charges	+5.61	-20.18	+10.65
Other information			
Closing NAV (\$'000)	83,631	24,891	72,417
Number of shares	98,156,867	29,710,788	56,120,237
Highest share price (UK p)	74.24	94.93	99.44
Lowest share price (UK p)	65.49	71.76	89.57

Sterling Class 'I-H' Accumulation share performance

The share class was launched on 24 July 2015.

Change in NAV per share	Six months to 31.12.22 UK p	Year to 30.06.22 UK p	Year to 30.06.21 UK p
Opening NAV	103.82	130.92	118.37
Return before operating charges	6.19	(26.20)	13.52
Operating charges	(0.38)	(0.90)	(0.97)
Return after operating charges	5.81	(27.10)	12.55
Distributions	(3.08)	(6.37)	(5.96)
Retained distributions	3.08	6.37	5.96
Closing NAV	109.63	103.82	130.92
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.01	0.00
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.01	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	0.73	0.73	0.76
Return after charges	+5.60	-20.70	+10.60
Other information			
Closing NAV (\$'000)	138,314	149,757	236,719
Number of shares	104,802,434	119,130,278	130,431,707
Highest share price (UK p)	111.37	133.53	133.11
Lowest share price (UK p)	98.23	103.82	119.39

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 31.12.22 UK p	Year to 30.06.22 UK p	Year to 30.06.21 UK p
Opening NAV	73.08	85.26	91.24
Return before operating charges	5.93	(6.59)	(0.70)
Operating charges	(0.23)	(0.50)	(0.55)
Return after operating charges	5.70	(7.09)	(1.25)
Distributions	(2.48)	(5.09)	(4.73)
Closing NAV	76.30	73.08	85.26
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.01	0.00
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.01	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	0.60	0.60	0.60
Return after charges	+7.80	-8.32	-1.37
Other information			
Closing NAV (\$'000)	5,651	6,024	54,128
Number of shares	6,151,604	6,808,109	45,797,505
Highest share price (UK p)	82.00	87.81	94.40
Lowest share price (UK p)	72.03	74.84	84.72

Sterling Class 'PP' Accumulation share performance

The share class was launched on 8 April 2019.

Change in NAV per share	Six months to 31.12.22 UK p	Year to 30.06.22 UK p	Year to 30.06.21 UK p
Opening NAV	97.57	106.76	108.34
Return before operating charges	7.91	(8.57)	(0.93)
Operating charges	(0.31)	(0.62)	(0.65)
Return after operating charges	7.60	(9.19)	(1.58)
Distributions	(3.01)	(5.82)	(5.02)
Retained distributions	3.01	5.82	5.02
Closing NAV	105.17	97.57	106.76
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.01	0.00
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.01	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	0.60	0.59	0.60
Return after charges	+7.79	-8.61	-1.46
Other information			
Closing NAV (\$'000)	242,295	237,461	166,791
Number of shares	191,372,892	200,985,919	112,694,483
Highest share price (UK p)	109.47	109.96	112.08
Lowest share price (UK p)	96.16	96.41	103.15

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 31.12.22 UK p	Year to 30.06.22 UK p	Year to 30.06.21 UK p
Opening NAV	73.76	99.13	100.00
Return before operating charges	4.44	(19.33)	2.15
Operating charges	(0.24)	(0.56)	(0.19)
Return after operating charges	4.20	(19.89)	1.96
Distributions	(2.46)	(5.48)	(2.83)
Closing NAV	75.50	73.76	99.13
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.01	0.00
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.01	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	0.63	0.62	0.63
Return after charges	+5.69	-20.06	+1.96
Other information			
Closing NAV (\$'000)	14,037	3,960	3,883
Number of shares	15,441,812	4,433,694	2,825,362
Highest share price (UK p)	79.18	101.14	102.91
Lowest share price (UK p)	69.84	76.51	98.71

Sterling Class 'PP-H' Accumulation share performance

The share class was launched on 15 March 2021.

Change in NAV per share	Six months to 31.12.22 UK p	Year to 30.06.22 UK p	Year to 30.06.21 UK p
Opening NAV	80.92	101.97	100.00
Return before operating charges	4.83	(20.45)	2.16
Operating charges	(0.26)	(0.60)	(0.19)
Return after operating charges	4.57	(21.05)	1.97
Distributions	(2.44)	(5.10)	(1.45)
Retained distributions	2.44	5.10	1.45
Closing NAV	85.49	80.92	101.97
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.01	0.00
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.01	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	0.63	0.63	0.63
Return after charges	+5.65	-20.64	+1.97
Other information			
Closing NAV (\$'000)	11,611	5,520	7,386
Number of shares	11,282,159	5,633,158	5,225,356
Highest share price (UK p)	86.83	104.03	102.91
Lowest share price (UK p)	76.60	80.92	98.71

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 31.12.22 UK p	Year to 30.06.22 UK p	Year to 30.06.21 UK p
Opening NAV	93.60	109.62	117.76
Return before operating charges	7.60	(8.48)	(0.93)
Operating charges	(0.47)	(1.01)	(1.12)
Return after operating charges	7.13	(9.49)	(2.05)
Distributions	(3.17)	(6.53)	(6.09)
Closing NAV	97.56	93.60	109.62
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.01	0.00
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.01	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	0.95	0.94	0.98
Return after charges	+7.62	-8.66	-1.74
Other information			
Closing NAV (\$'000)	1,459	1,320	2,075
Number of shares	1,242,039	1,164,896	1,365,549
Highest share price (UK p)	104.95	112.77	121.63
Lowest share price (UK p)	92.24	95.99	109.04

Sterling Class 'R' Accumulation share performance

The share class was launched on 3 August 2012.

Change in NAV per share	Six months to 31.12.22 UK p	Year to 30.06.22 UK p	Year to 30.06.21 UK p
Opening NAV	153.42	168.46	171.61
Return before operating charges	12.42	(13.47)	(1.50)
Operating charges	(0.77)	(1.57)	(1.65)
Return after operating charges	11.65	(15.04)	(3.15)
Distributions	(4.45)	(8.56)	(7.36)
Retained distributions	4.45	8.56	7.36
Closing NAV	165.07	153.42	168.46
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.02	0.00
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.02	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	0.95	0.95	0.98
Return after charges	+7.59	-8.93	-1.84
Other information			
Closing NAV (\$'000)	2,562	2,611	3,601
Number of shares	1,288,961	1,405,335	1,541,767
Highest share price (UK p)	171.98	173.28	177.22
Lowest share price (UK p)	151.17	151.75	162.92

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Statement of total return

for the six months to 31 December	2022		2021	
	\$'000	\$'000	\$'000	\$'000
Income				
Net capital gains/(losses)		32,277		(71,522)
Revenue	31,564		37,016	
Expenses	(3,269)		(4,609)	
Interest payable and similar charges	(12)		(2)	
Net revenue/(expense) before taxation	28,283		32,405	
Taxation	(141)		(118)	
Net revenue/(expense) after taxation		28,142		32,287
Total return before distributions		60,419		(39,235)
Distributions		(28,973)		(32,552)
Change in net assets attributable to shareholders from investment activities		31,446		(71,787)

Statement of change in net assets attributable to shareholders

for the six months to 31 December	2022		2021	
	\$'000	\$'000	\$'000	\$'000
Opening net assets attributable to shareholders		949,891		1,357,389
Amounts received on issue of shares	113,967		282,604	
Amounts paid on cancellation of shares	(142,569)		(187,211)	
		(28,602)		95,393
Dilution adjustments		869		1,368
Change in net assets attributable to shareholders from investment activities (see above)		31,446		(71,787)
Retained distributions on Accumulation shares		19,890		26,692
Closing net assets attributable to shareholders		973,494		1,409,055

The opening net assets attributable to shareholders for 2022 differs to the closing position in 2021 by the change in net assets attributable to shareholders for the second half of the comparative financial year.

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Balance sheet

as at	31 December 2022 \$'000	30 June 2022 \$'000
Assets		
Fixed assets		
Investments	923,013	926,443
Current assets		
Debtors	29,396	25,501
Cash and bank balances	17,889	29,098
Cash equivalents	25,553	4,039
Total assets	995,851	985,081
Liabilities		
Investment liabilities	(9,144)	(4,080)
Creditors		
Bank overdrafts	0	(22,985)
Distribution payable	(8,747)	(7,531)
Other creditors	(4,466)	(594)
Total liabilities	(22,357)	(35,190)
Net assets attributable to shareholders	973,494	949,891

Financial statements and notes

Notes to the financial statements

Accounting policies

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

Distribution policy

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

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

Investment objective

The fund aims to provide a higher total return (the combination of capital growth and income), net of the ongoing charge figure, than that of the ICE BofAML Euro Corporate 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. These securities can be issued by companies from anywhere in the world, including emerging markets. These securities can be denominated in any European currency.

Other investments may include:

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

At least 70% of the fund is in euro or hedged back to euro.

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

Investment approach

The fund is predominantly diversified across a range of euro denominated 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: ICE BofAML Euro Corporate Index.

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

The fund is actively managed.

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

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

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 2022

Performance against objective

Between 1 July 2022 (the start of the review period) and 31 December 2022, the M&G European Corporate Bond Fund delivered a positive total return (the combination of income and growth of capital) across all share classes, aside from the Class 'I-H' Income shares.

Fund performance for the other share classes was roughly in line with the fund's benchmark, the ICE BofAML Euro Corporate Index, which returned 1.0% in sterling terms over the period.

Over five years, the fund generated a negative total return across all share classes, and it lagged the benchmark's average return of -1.7% pa in sterling. Therefore, the fund did not meet its objective of providing a higher total return, net of the ongoing

charge figure, than the average return of the ICE BofAML Euro Corporate Index, over any five-year period.

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

Performance review

Financial markets were constrained in the second half of 2022 amid inflationary pressures stemming from Russia's invasion of Ukraine, higher global interest rates and rising economic concerns. Sterling also suffered a rout after the government's mini-budget in September unnerved investors.

Global government bond yields generally widened compared to corporate bond yields in the six months through to December, due to high inflation and rising interest rates amid an economic slowdown. Inflation reflects the pace of increase in the cost of goods and services. It is traditionally bad for bonds because it erodes the value of the fixed payments that bondholders receive from debt issuers.

Euro-denominated corporate bonds suffered three losing months out of six, based on the fund's benchmark. That capped the worst year for euro investment grade bonds since the creation of the single currency in 1999. Still, US and European investment grade and high yield credit posted positive returns in the fourth quarter, even with a dip toward year-end. The performance partly reflected expectations for interest rates – investor optimism about a slowdown in rate increases was dented by continued high inflation. Credit spreads widened in the third quarter and tightened in the fourth. Spreads are a measure of the compensation that investors demand to hold corporate debt instead of safer government bonds.

Energy costs fuelled inflation as European countries sought to pare back their reliance on Russian oil and gas following Russia's invasion of Ukraine. Governments shielded consumers and businesses from the worst of the price surge through subsidies or price caps, easing the inflation spiral. Central banks raised interest rates in a bid to cool business and consumer spending, and

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thereby temper price rises. The European Central Bank (ECB) ended eight years of negative interest rates in July, starting a run of four rate increases through to year-end. September's record 75 basis points increase had a strong negative impact on bonds, particularly as policymakers warned about more hikes to come. A similar rate rise in November had a more muted impact. Indeed, risk assets rallied as investors focused on the prospect of a slowdown in increases.

Sterling plunged in late September after the UK government unveiled a raft of unfunded spending plans. The currency sell-off and a surge in bond yields (which move in the opposite direction to prices) prompted market intervention by the Bank of England (BoE). The pound pared back its losses against the euro through to the end of December, following the unravelling of the fiscal plan and the resignation of Prime Minister Liz Truss.

The year ended with the BoE and ECB both announcing December increases in benchmark borrowing costs. The central banks both said their local economies had likely contracted in the fourth quarter of 2022, and also highlighted negative outlooks for the start of 2023. Inflation was about 10% in both markets in November, marking only a slight slowdown from October.

Security selection was beneficial to fund performance in both the first and second half of the review period. Oil and gas company TotalEnergies and real estate owner Adler were notable winners in the third quarter, followed by telecom tower owner Cellnex Telecom and Alstria Office REIT in the fourth quarter. However, in the third quarter, allocations to asset-backed securities (for instance, debt tied to car loans), real estate and sovereign government debt hampered fund performance. Sovereigns, utilities and derivatives also held back fund performance in the fourth quarter.

The fund started the review period short duration versus the benchmark (meaning the fund was less sensitive to interest rate changes than the benchmark index), moved to longer duration in the following months and then back to short. It ended December 0.2 years underweight, relative to the fund's

benchmark, at 4.4 years. Credit spread duration – the extent to which the portfolio is exposed to corporate bond risk – was relatively steady throughout the period. It was 4.5 years at year-end, or 0.2 years underweight, more conservative than the index in terms of credit risk.

Investment activities

Across the period, the fund notably increased its exposure to utilities, cash and banking, while reducing energy, healthcare and telecommunications. In August, the fund added utilities, like EON and EWE, as considerable widening of spreads had made the sector good value. More utility bonds were added later in the review period in both the new-issuance and secondary markets. The fund took advantage of a busy November for the primary market by adding insurance (Great Western Lifeco, MetLife) and banks (Credit Suisse) and maintaining an overweight position, relative to the benchmark, in real estate investment trusts (REITs). Bank bonds (Barclays, BPCE) were also added via the secondary market. The fund sold telecommunication hybrid bonds (Orange, Vodafone) and BBB-rated debt (Informa, GM, Volkswagen) the same month. (BBB bonds are at the low end of investment grade.) At the end of December, investment-grade bonds accounted for more than 80% of fund assets. The biggest countries of risk were the US, France, Germany and the UK.

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Outlook

Heading into 2023, the global economy is slowing. Europe is probably already in a recession – potentially a shallow one – and it faces energy challenges. Around the world, central banks will likely reach terminal interest rates at different times, leading to de-synchronisation between developed markets. Still, fixed-income valuations look appealing, in our view, as wider credit spreads have created fair to attractive valuations.

Stefan Isaacs

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 31.12.22 €'000	as at 31.12.22 %	as at 30.06.22 %
Fixed income	35,465	96.74	98.25
Debt securities	35,569	97.03	98.42
'AAA' credit rated bonds	3,236	8.83	7.61
€300,000 Avoca XXV FRN 2.338% 15/10/2034	287	0.78	
€300,000 Cairn XIV FRN 2.578% 29/10/2034	288	0.79	
€400,000 CIFC European Funding V FRN 2.368% 23/11/2034	382	1.04	
€120,000 Germany (Federal Republic of) 0% 15/05/2035	88	0.24	
€441,835 Germany (Federal Republic of) 0% 15/05/2036	314	0.86	
€315,707 Germany (Federal Republic of) 0.25% 15/02/2027	289	0.79	
€36,257 Germany (Federal Republic of) 5.5% 04/01/2031	44	0.12	
€561,495 Glenbeigh 2 Issuer FRN 2.875% 24/03/2046	539	1.47	
€266,938 Jubilee Place 2021-1 FRN 2.208% 17/07/2058	263	0.72	
£147,000 Lloyds Bank 4.875% 30/03/2027	166	0.45	
US\$286,000 Microsoft 3.5% 12/02/2035	244	0.67	
€215,000 Royal Bank of Canada 0.01% 27/01/2031	163	0.44	
€225,000 Temasek Financial I 0.5% 20/11/2031	169	0.46	
'AA' credit rated bonds	1,928	5.26	6.33
€500,000 Deutsche Bahn Finance 0.375% 23/06/2029	413	1.13	
€200,000 Euroclear Bank 0.125% 07/07/2025	185	0.50	
€180,000 France (Republic of) 1.25% 25/05/2036	141	0.38	
€316,000 Metropolitan Life Global Funding I 0.375% 09/04/2024	304	0.83	
€194,000 Metropolitan Life Global Funding I 3.75% 05/12/2030	191	0.52	
€214,000 New York Life Global Funding 0.25% 23/01/2027	187	0.51	
€185,000 Roche Finance Europe 0.875% 25/02/2025	179	0.49	
€301,000 Walmart 4.875% 21/09/2029	328	0.90	
'A' credit rated bonds	8,930	24.36	29.20
€300,000 Allianz Var. Rate 3.375% Perpetual	290	0.79	
€450,000 Bank of America Var. Rate 0.583% 24/08/2028	379	1.03	
€300,000 Banque Fédérative du Crédit Mutuel 0.625% 03/11/2028	245	0.67	
€200,000 Banque Fédérative du Crédit Mutuel 3.125% 14/09/2027	195	0.53	
€268,000 Berkshire Hathaway 1.125% 16/03/2027	241	0.66	
€200,000 Berkshire Hathaway Finance 1.5% 18/03/2030	170	0.46	
€100,000 Booking 0.5% 08/03/2028	84	0.23	

Portfolio statement

Investments (continued)

Holding	as at 31.12.22 €'000	as at 31.12.22 %	as at 30.06.22 %
Fixed income (continued)			
Debt securities (continued)			
'A' credit rated bonds (continued)			
€100,000 BP Capital Markets 0.933% 04/12/2040	59	0.16	
€300,000 BP Capital Markets 2.822% 07/04/2032	273	0.75	
US\$400,000 BPCE 3.375% 02/12/2026	349	0.95	
€284,000 Chubb 0.875% 15/12/2029	228	0.62	
€139,000 Comcast 0% 14/09/2026	122	0.33	
€300,000 Crédit Agricole 0.375% 20/04/2028	246	0.67	
€100,000 Crédit Agricole Var. Rate 0.5% 21/09/2029	81	0.22	
€100,000 Crédit Agricole 1.375% 03/05/2027	91	0.25	
€300,000 Crédit Agricole 1.875% 20/12/2026	277	0.76	
€50,000 Deutsche Bank Var. Rate 1.375% 10/06/2026	47	0.13	
€410,000 DH Europe Finance II 0.75% 18/09/2031	321	0.88	
€196,000 Diageo Finance 1.875% 27/03/2027	185	0.50	
€100,000 Great West Lifeco 4.7% 16/11/2029	103	0.28	
€100,000 Hannover Rueck Var. Rate 5.875% 26/08/2043	102	0.28	
€504,000 JPMorgan Chase Var. Rate 1.001% 25/07/2031	399	1.09	
€280,000 JPMorgan Chase Var. Rate 1.09% 11/03/2027	255	0.70	
€200,000 LVMH Moët Hennessy Louis Vuitton 0.125% 11/02/2028	173	0.47	
€176,000 Medtronic Global 0% 15/10/2025	160	0.44	
€190,000 Medtronic Global 1.5% 02/07/2039	130	0.35	
€155,000 Mercedes-Benz International Finance 1% 11/11/2025	146	0.40	
€430,000 Morgan Stanley Var. Rate 0.495% 26/10/2029	345	0.94	
€200,000 Nationwide Building Society 2% 28/04/2027	185	0.50	
€100,000 Nationwide Building Society 3.25% 05/09/2029	94	0.26	
€330,000 Nestlé Finance International 0% 03/12/2025	303	0.83	
€100,000 Prologis Euro Finance 1% 08/02/2029	83	0.23	
€125,000 Prologis International Funding II 1.625% 17/06/2032	95	0.26	
€300,000 RTE Réseau de Transport d'Électricité 0% 09/09/2027	253	0.69	
€200,000 Santander Consumer Bank 0.125% 11/09/2024	188	0.51	
€100,000 Santander Consumer Bank 0.25% 15/10/2024	94	0.26	
€130,000 Shell International Finance 0.5% 08/11/2031	100	0.27	

Portfolio statement

Investments (continued)

Holding	as at 31.12.22 €'000	as at 31.12.22 %	as at 30.06.22 %
Fixed income (continued)			
Debt securities (continued)			
'A' credit rated bonds (continued)			
€100,000 Siemens Financieringsmaatschappij 0.5% 20/02/2032	77	0.21	
€120,000 Siemens Financieringsmaatschappij 2.875% 10/03/2028	118	0.32	
€182,000 Svenska Handelsbanken 0.01% 02/12/2027	151	0.41	
€100,000 Swiss Re Finance Luxembourg Var. Rate 2.534% 30/04/2050	82	0.22	
€200,000 TenneT 3.875% 28/10/2028	201	0.55	
€200,000 Thales 0.75% 07/06/2023	199	0.54	
€200,000 TotalEnergies Var. Rate 2% Perpetual	171	0.47	
€249,000 Toyota Finance Australia 0.25% 09/04/2024	240	0.66	
€200,000 UBS 0.75% 21/04/2023	199	0.54	
€200,000 UBS Var. Rate 1.25% 17/04/2025	192	0.52	
€105,000 Vesteda Finance 0.75% 18/10/2031	77	0.21	
€145,000 Yorkshire Building Society 0.625% 21/09/2025	132	0.36	
'BBB' credit rated bonds	19,361	52.81	48.35
€200,000 ABN AMRO Bank 0.6% 15/01/2027	176	0.48	
€110,000 Acef 0.75% 14/06/2028	81	0.22	
€166,000 Acef 1.25% 26/04/2030	114	0.31	
€100,000 Alstom 0.5% 27/07/2030	76	0.21	
€500,000 alstria office REIT 1.5% 15/11/2027	360	0.98	
€147,000 Anheuser-Busch InBev 2% 17/03/2028	136	0.37	
€250,000 Arion Banki HF 0.625% 27/05/2024	229	0.62	
€100,000 Aroundtown 0.375% 15/04/2027	66	0.18	
€100,000 Aroundtown 1.625% 31/01/2028	66	0.18	
€100,000 ASR Nederland Var. Rate 3.375% 02/05/2049	86	0.23	
€259,000 AT&T 1.6% 19/05/2028	230	0.63	
€170,000 Autostrade per l'Italia 2.25% 25/01/2032	130	0.35	
€168,000 Babcock International 1.375% 13/09/2027	140	0.38	
€400,000 Banco Bilbao Vizcaya Argentaria Var. Rate 0.875% 14/01/2029	335	0.91	
€200,000 Banco Santander 0.5% 04/02/2027	173	0.47	
€200,000 Bankinter Var. Rate 1.25% 23/12/2032	160	0.44	
€100,000 Banque Fédérative du Crédit Mutuel 1.125% 19/11/2031	75	0.20	

Portfolio statement

Investments (continued)

Holding	as at 31.12.22 €'000	as at 31.12.22 %	as at 30.06.22 %
Fixed income (continued)			
Debt securities (continued)			
'BBB' credit rated bonds (continued)			
€200,000 Banque Fédérative du Crédit Mutuel Var. Rate 3.875% 16/06/2032	188	0.51	
€260,000 Barclays Var. Rate 0.577% 09/08/2029	206	0.56	
€110,000 Barclays Var. Rate 0.75% 09/06/2025	104	0.28	
€167,000 BAT International Finance 3.125% 06/03/2029	149	0.41	
€100,000 Bayerische Landesbank Var. Rate 1% 23/09/2031	80	0.22	
€171,000 Bevco Lux 1% 16/01/2030	129	0.35	
€700,000 BNP Paribas Var. Rate 0.5% 01/09/2028	583	1.59	
€183,000 Boston Scientific 0.625% 01/12/2027	158	0.43	
€200,000 BPCE Var. Rate 1.625% 02/03/2029	175	0.48	
€200,000 Bureau Veritas 1.125% 18/01/2027	178	0.49	
€100,000 CA Immobilien Anlagen 1% 27/10/2025	86	0.23	
€200,000 CaixaBank 1.375% 19/06/2026	181	0.49	
€284,000 CBRE Global Investors 0.9% 12/10/2029	208	0.57	
€182,000 Citigroup Var. Rate 3.713% 22/09/2028	178	0.49	
€400,000 Co-entreprise de Transport d'Electricité 1.5% 29/07/2028	352	0.96	
€200,000 Covivio REIT 1.625% 23/06/2030	171	0.47	
€100,000 CPI Property 1.75% 14/01/2030	61	0.17	
US\$250,000 Crédit Agricole 3.25% 14/01/2030	192	0.52	
US\$300,000 Crédit Agricole Var. Rate 7.875% Perpetual	279	0.76	
€200,000 Crédit Agricole Assurances 1.5% 06/10/2031	147	0.40	
€260,000 Credit Suisse Var. Rate 0.65% 14/01/2028	195	0.53	
€150,000 Credit Suisse Var. Rate 2.875% 02/04/2032	109	0.30	
€217,000 Credit Suisse Var. Rate 7.75% 01/03/2029	216	0.59	
€148,000 CTP 0.75% 18/02/2027	112	0.31	
€214,000 Digital Intrepid 1.375% 18/07/2032	153	0.42	
€109,000 Duke Energy 3.1% 15/06/2028	102	0.28	
€300,000 E.ON International Finance 1.5% 31/07/2029	260	0.71	
€350,000 EDF 4% 12/11/2025	353	0.96	
€100,000 EDF 4.375% 12/10/2029	99	0.27	

Portfolio statement

Investments (continued)

Holding		as at 31.12.22 €'000	as at 31.12.22 %	as at 30.06.22 %
Fixed income (continued)				
Debt securities (continued)				
'BBB' credit rated bonds (continued)				
€200,000	EnBW Energie Baden-Wuerttemberg Var. Rate 1.375% 31/08/2081	149	0.41	
€60,000	EnBW International Finance 4.049% 22/11/2029	60	0.16	
US\$280,000	Enel Finance International 4.875% 14/06/2029	244	0.67	
€85,000	Engie 5.95% 16/03/2111	88	0.24	
€177,000	Eni 0.375% 14/06/2028	146	0.40	
€300,000	Eurogrid 1.113% 15/05/2032	237	0.65	
€170,000	EWE 0.25% 08/06/2028	139	0.38	
€180,000	Fastighets Balder 1.25% 28/01/2028	125	0.34	
€193,000	Fidelity National Information Services 1.5% 21/05/2027	173	0.47	
€143,000	Fresenius 2.875% 24/05/2030	123	0.34	
€100,000	Global Switch Finance 1.375% 07/10/2030	85	0.23	
€345,000	Goldman Sachs 1.625% 27/07/2026	322	0.88	
€448,000	Heathrow Funding 1.5% 11/02/2030	366	1.00	
€187,000	Heimstaden Bostad Treasury 1.625% 13/10/2031	120	0.33	
£144,000	Hiscox 6% 22/09/2027	162	0.44	
€127,000	Imperial Brands Finance 1.375% 27/01/2025	121	0.33	
€200,000	Infineon Technologies 1.625% 24/06/2029	174	0.47	
€300,000	ING Var. Rate 0.25% 18/02/2029	242	0.66	
€100,000	ING Var. Rate 1% 16/11/2032	83	0.23	
€300,000	JAB 1% 20/12/2027	259	0.71	
€226,000	Johnson Controls International 1.375% 25/02/2025	216	0.59	
€100,000	Klepierre REIT 1.625% 13/12/2032	74	0.20	
€100,000	Lloyds Banking Var. Rate 3.5% 01/04/2026	98	0.27	
€170,000	Logicor Financing 1.625% 15/07/2027	138	0.38	
€100,000	Logicor Financing 1.625% 17/01/2030	73	0.20	
€100,000	McDonald's 2% 01/06/2023	100	0.27	
€218,000	Merlin Properties REIT 1.875% 02/11/2026	196	0.53	
£224,213	Mitchells & Butlers Finance FRN 4.2409% 15/12/2033	218	0.59	
US\$301,599	Mitchells & Butlers Finance FRN 5.219% 15/12/2030	256	0.70	
€341,000	Mondeléz International Netherlands 0.875% 01/10/2031	267	0.73	

Portfolio statement

Investments (continued)

Holding	as at 31.12.22 €'000	as at 31.12.22 %	as at 30.06.22 %
Fixed income (continued)			
Debt securities (continued)			
'BBB' credit rated bonds (continued)			
€124,000 National Grid 0.163% 20/01/2028	102	0.28	
€177,000 National Grid 0.25% 01/09/2028	144	0.39	
€160,000 NatWest Var. Rate 0.67% 14/09/2029	127	0.35	
€179,000 NN Var. Rate 4.5% Perpetual	175	0.48	
€125,000 Ørsted 1.5% 26/11/2029	109	0.30	
€242,000 Prosus 1.288% 13/07/2029	184	0.50	
€200,000 Quadient 2.25% 03/02/2025	185	0.50	
€100,000 Raiffeisen Bank International Var. Rate 7.375% 20/12/2032	99	0.27	
€123,000 RCI Banque 2% 11/07/2024	120	0.33	
€100,000 Rentokil Initial Finance 4.375% 27/06/2030	102	0.28	
€130,000 RWE 2.75% 24/05/2030	119	0.32	
€155,000 Santander Var. Rate 0.603% 13/09/2029	121	0.33	
€145,000 SELP Finance 3.75% 10/08/2027	135	0.37	
€210,000 SES 3.5% 14/01/2029	192	0.52	
€160,000 Smurfit Kappa Treasury ULC 1.5% 15/09/2027	144	0.39	
€100,000 Société Générale 1.25% 12/06/2030	79	0.22	
€400,000 Société Générale 1.75% 22/03/2029	342	0.93	
€200,000 Sofina 1% 23/09/2028	156	0.43	
€400,000 Standard Chartered Var. Rate 1.2% 23/09/2031	333	0.91	
€300,000 Stryker 2.125% 30/11/2027	280	0.76	
€144,000 Takeda Pharmaceutical 1.375% 09/07/2032	114	0.31	
€200,000 Traton Finance Luxembourg 0.75% 24/03/2029	160	0.44	
€100,000 Tritax EuroBox 0.95% 02/06/2026	82	0.22	
€200,000 Unibail-Rodamco-Westfield 0.875% 29/03/2032	141	0.38	
€129,000 Verizon Communications 0.75% 22/03/2032	96	0.26	
€185,000 Verizon Communications 3.25% 17/02/2026	183	0.50	
€209,000 Vier Gas Transport 3.125% 10/07/2023	209	0.57	
€100,000 Vier Gas Transport 4.625% 26/09/2032	101	0.28	
€211,000 Vodafone 2.2% 25/08/2026	201	0.55	
€164,000 Volkswagen Financial Services 0% 12/02/2025	151	0.41	

Portfolio statement

Investments (continued)

Holding	as at 31.12.22 €'000	as at 31.12.22 %	as at 30.06.22 %
Fixed income (continued)			
Debt securities (continued)			
'BBB' credit rated bonds (continued)			
€100,000 Volkswagen International Finance Var. Rate 3.748% Perpetual	85	0.23	
€240,000 Volkswagen Leasing 0.5% 12/01/2029	187	0.51	
€144,000 Volkswagen Leasing 1.5% 19/06/2026	131	0.36	
€300,000 Vonovia 0.625% 14/12/2029	221	0.60	
€100,000 Vonovia 5% 23/11/2030	98	0.27	
€100,000 Vonovia Finance 2.125% 22/03/2030	81	0.22	
US\$132,000 Warnermedia 4.054% 15/03/2029	107	0.29	
€290,000 Wells Fargo 0.625% 25/03/2030	223	0.61	
€100,000 Wells Fargo 2% 27/04/2026	93	0.25	
€145,000 Wolters Kluwer 0.75% 03/07/2030	116	0.32	
€291,000 WPC Eurobond 1.35% 15/04/2028	242	0.66	
'BB' credit rated bonds	1,898	5.18	6.29
€200,000 Banco de Sabadell Var. Rate 0.875% 16/06/2028	161	0.44	
€200,000 Banco de Sabadell Var. Rate 2% 17/01/2030	179	0.49	
€200,000 Banco de Sabadell Var. Rate 5.375% 12/12/2028	200	0.55	
€200,000 Cellnex Telecom 1.75% 23/10/2030	156	0.43	
€100,000 Citycon Var. Rate 3.625% Perpetual	51	0.14	
€100,000 Deutsche Bank Var. Rate 4% 24/06/2032	89	0.24	
€150,000 GTC Aurora Luxembourg 2.25% 23/06/2026	110	0.30	
€100,000 Heimstaden 4.375% 06/03/2027	67	0.18	
€200,000 Intesa Sanpaolo 2.925% 14/10/2030	159	0.43	
€300,000 Mahle 2.375% 14/05/2028	218	0.59	
€320,000 Repsol International Finance Var. Rate 3.75% Perpetual	297	0.81	
€250,000 UniCredit Var. Rate 2.731% 15/01/2032	211	0.58	
'B' credit rated bonds	187	0.51	0.47
€100,000 Banco Comercial Portugues Var. Rate 4% 17/05/2032	71	0.19	
€200,000 Rakuten Var. Rate 4.25% Perpetual	116	0.32	
'CCC' credit rated bonds	0	0.00	0.17
'D' credit rated bonds	29	0.08	0.00
€602,115 Silverback Finance 3.1261% 25/02/2037	29	0.08	

Portfolio statement

Investments (continued)

Holding	as at 31.12.22 €'000	as at 31.12.22 %	as at 30.06.22 %
Fixed income (continued)			
Debt securities (continued)			
Bonds with no credit rating			
€350,000 Lehman Brothers 0% 26/09/2040 ^a	0	0.00	
Debt derivatives			
Credit default swaps			
€1,360,000 Markit iTraxx Europe Series 38 V1 5 Year Dec 2027	(5)	(0.02)	
Interest rate swaps			
€400,000 Pay VAR Receive 0.0907% Dec 2026	(49)	(0.13)	
€250,000 Pay VAR Receive 0.7538% Mar 2032	(46)	(0.13)	
€220,000 Pay VAR Receive 3.0208% Nov 2032	(2)	(0.01)	
€220,000 Pay VAR Receive 3.2418% Oct 2032	3	0.01	
Interest rate futures			
(4) 10 Year US Treasury Ultra Mar 2023	2	0.01	
(7) 5 Year US Treasury Note Mar 2023	2	0.01	
(17) Euro-Bobl Mar 2023	29	0.08	
33 Euro-Schatz Mar 2023	(46)	(0.13)	
(1) UK Long Gilt Bond Mar 2023	8	0.02	
Currency			
Forward currency contracts			
£40,654 Bought for €46,496 (expires 18.01.23)	(1)	0.00	
£(562,544) Sold for €652,352 (expires 18.01.23)	19	0.05	
US\$359,775 Bought for €340,589 (expires 18.01.23)	(4)	(0.01)	
US\$(2,257,230) Sold for €2,130,304 (expires 18.01.23)	18	0.05	
Share class hedging			
Forward currency contracts for share class hedging			
£18,854 Bought for €21,905 (expires 01.11.23)	(1)	0.00	
£(227) Sold for €260 (expires 01.11.23)	0	0.00	
Total portfolio	35,496	96.83	98.18
Net other assets/(liabilities)	1,162	3.17	1.82
Net assets attributable to shareholders	36,658	100.00	100.00

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

^a Defaulted bond.

Portfolio statement

Top ten portfolio transactions for the six months to 31 December 2022

Largest purchases	€'000
SES 3.5% 14/01/2029	303
Allianz Var. Rate 3.375% Perpetual	291
E.ON International Finance 1.5% 31/07/2029	281
BNP Paribas 0.25% 13/04/2027	272
WPC Eurobond 1.35% 15/04/2028	261
Enel Finance International 4.875% 14/06/2029	250
EWE 0.25% 08/06/2028	217
Credit Suisse Var. Rate 7.75% 01/03/2029	216
E.ON SE 2.875% 26/08/2028	204
Credit Suisse Var. Rate 0.65% 14/01/2028	202
Other purchases	4,172
Total purchases	6,669

Largest sales	€'000
TotalEnergies 3.369% Perpetual	822
TotalEnergies Capital International 1.375% 19/03/2025	676
Silverback Finance 3.1261% 25/02/2037	602
HSBC Var. Rate 0.324% 05/10/2023	576
WPC Eurobond 2.25% 19/07/2024	563
Orange Var. Rate 5% Perpetual	501
Berkshire Hathaway 1.125% 16/03/2027	450
Takeda Pharmaceutical 2.25% 21/11/2026	409
Coca-Cola HBC Finance 1% 14/05/2027	382
Allianz Var. Rate 3.375% Perpetual	380
Other sales	26,428
Total sales	31,789

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	+0.9	-3.5	-2.5	+1.1
Class 'A' Accumulation	+0.9	-3.5	-2.5	+1.1
Class 'I' Income	+1.1	-3.0	-2.0	+1.6
Class 'I' Accumulation	+1.1	-3.0	-2.0	+1.6
Class 'I-H' Income	-1.4	-3.6	n/a	n/a
Class 'R' Income	+1.0	-3.3	-2.3	+1.3
Class 'R' Accumulation	+1.0	-3.3	-2.3	+1.3
Benchmark	+1.0	-2.9	-1.7	+1.8

^a Not annualised.

Specific share class performance

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

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

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

Financial highlights

Sterling Class 'A' Income share performance

The share class was launched on 13 January 2003.

Change in NAV per share	Six months to 31.12.22 UK p	Year to 30.06.22 UK p	Year to 30.06.21 UK p
Opening NAV	64.61	75.19	78.81
Return before operating charges	1.09	(9.09)	(1.77)
Operating charges	(0.25)	(0.54)	(0.78)
Return after operating charges	0.84	(9.63)	(2.55)
Distributions	(0.65)	(0.95)	(1.07)
Closing NAV	64.80	64.61	75.19
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	0.75	0.75	1.00
Return after charges	+1.30	-12.81	-3.24
Other information			
Closing NAV (€'000)	982	1,081	602
Number of shares	1,343,778	1,436,778	686,076
Highest share price (UK p)	66.56	76.73	82.37
Lowest share price (UK p)	62.04	64.34	75.20

Sterling Class 'A' Accumulation share performance

The share class was launched on 13 January 2003.

Change in NAV per share	Six months to 31.12.22 UK p	Year to 30.06.22 UK p	Year to 30.06.21 UK p
Opening NAV	99.43	114.14	118.00
Return before operating charges	1.67	(13.89)	(2.69)
Operating charges	(0.38)	(0.82)	(1.17)
Return after operating charges	1.29	(14.71)	(3.86)
Distributions	(0.62)	(0.62)	(0.43)
Retained distributions	0.62	0.62	0.43
Closing NAV	100.72	99.43	114.14
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	0.75	0.75	0.99
Return after charges	+1.30	-12.89	-3.27
Other information			
Closing NAV (€'000)	15,691	42,648	32,240
Number of shares	13,815,543	36,844,925	24,218,544
Highest share price (UK p)	102.41	116.48	123.88
Lowest share price (UK p)	95.89	98.58	113.60

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 31.12.22 UK p	Year to 30.06.22 UK p	Year to 30.06.21 UK p
Opening NAV	1,040.57	1,205.92	1,258.16
Return before operating charges	17.45	(146.07)	(28.55)
Operating charges	(1.85)	(4.06)	(6.64)
Return after operating charges	15.60	(150.13)	(35.19)
Distributions	(10.47)	(15.22)	(17.05)
Closing NAV	1,045.70	1,040.57	1,205.92
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.02	0.02	0.03
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.02	0.02	0.03
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	0.35	0.35	0.53
Return after charges	+1.50	-12.45	-2.80
Other information			
Closing NAV (€'000)	2,180	2,769	4,436
Number of shares	184,875	228,585	315,411
Highest share price (UK p)	1,072.29	1,230.94	1,318.06
Lowest share price (UK p)	1,000.26	1,035.83	1,204.94

Sterling Class 'I' Accumulation share performance

The share class was launched on 3 August 2012.

Change in NAV per share	Six months to 31.12.22 UK p	Year to 30.06.22 UK p	Year to 30.06.21 UK p
Opening NAV	1,250.99	1,430.35	1,472.00
Return before operating charges	21.04	(174.52)	(33.70)
Operating charges	(2.23)	(4.84)	(7.95)
Return after operating charges	18.81	(179.36)	(41.65)
Distributions	(10.35)	(13.30)	(12.14)
Retained distributions	10.35	13.30	12.14
Closing NAV	1,269.80	1,250.99	1,430.35
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.02	0.03	0.03
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.02	0.03	0.03
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	0.35	0.35	0.54
Return after charges	+1.50	-12.54	-2.83
Other information			
Closing NAV (€'000)	17,374	16,309	26,699
Number of shares	1,213,384	1,119,821	1,600,487
Highest share price (UK p)	1,289.11	1,460.02	1,548.65
Lowest share price (UK p)	1,207.98	1,240.14	1,422.15

Financial highlights

Sterling Class 'I-H' Income share performance

The share class was launched on 23 February 2018.

Change in NAV per share	Six months to 31.12.22 UK p	Year to 30.06.22 UK p	Year to 30.06.21 UK p
Opening NAV	89.65	103.05	100.25
Return before operating charges	(0.79)	(11.70)	4.87
Operating charges	(0.17)	(0.38)	(0.59)
Return after operating charges	(0.96)	(12.08)	4.28
Distributions	(0.89)	(1.32)	(1.48)
Closing NAV	87.80	89.65	103.05
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	0.38	0.38	0.57
Return after charges	-1.07	-11.72	+4.27
Other information			
Closing NAV (€'000)	20	22	25
Number of shares	20,912	20,912	20,912
Highest share price (UK p)	94.36	104.48	104.76
Lowest share price (UK p)	85.02	89.12	100.11

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 31.12.22 UK p	Year to 30.06.22 UK p	Year to 30.06.21 UK p
Opening NAV	102.51	119.10	124.57
Return before operating charges	1.72	(14.40)	(2.80)
Operating charges	(0.31)	(0.69)	(0.98)
Return after operating charges	1.41	(15.09)	(3.78)
Distributions	(1.03)	(1.50)	(1.69)
Closing NAV	102.89	102.51	119.10
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	0.60	0.60	0.79
Return after charges	+1.38	-12.67	-3.03
Other information			
Closing NAV (€'000)	130	116	126
Number of shares	111,896	97,420	90,420
Highest share price (UK p)	105.60	121.55	130.36
Lowest share price (UK p)	98.47	102.06	119.08

Sterling Class 'R' Accumulation share performance

The share class was launched on 3 August 2012.

Change in NAV per share	Six months to 31.12.22 UK p	Year to 30.06.22 UK p	Year to 30.06.21 UK p
Opening NAV	122.41	140.32	144.76
Return before operating charges	2.06	(17.10)	(3.30)
Operating charges	(0.37)	(0.81)	(1.14)
Return after operating charges	1.69	(17.91)	(4.44)
Distributions	(0.85)	(0.96)	(0.83)
Retained distributions	0.85	0.96	0.83
Closing NAV	124.10	122.41	140.32
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	0.60	0.60	0.79
Return after charges	+1.38	-12.76	-3.07
Other information			
Closing NAV (€'000)	281	281	353
Number of shares	200,631	196,893	215,893
Highest share price (UK p)	126.11	143.21	152.13
Lowest share price (UK p)	118.12	121.36	139.60

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Financial statements

Statement of total return

for the six months to 31 December	2022		2021	
	€'000	€'000	€'000	€'000
Income				
Net capital gains/(losses)		(1,709)		(812)
Revenue	484		506	
Expenses	(154)		(254)	
Interest payable and similar charges	0		(2)	
Net revenue/(expense) before taxation	330		250	
Taxation	0		1	
Net revenue/(expense) after taxation		330		251
Total return before distributions		(1,379)		(561)
Distributions		(338)		(260)
Change in net assets attributable to shareholders from investment activities		(1,717)		(821)

Statement of change in net assets attributable to shareholders

for the six months to 31 December	2022		2021	
	€'000	€'000	€'000	€'000
Opening net assets attributable to shareholders		63,226		83,742
Amounts received on issue of shares	2,238		5,526	
Amounts paid on cancellation of shares	(27,425)		(9,619)	
		(25,187)		(4,093)
Dilution adjustments		93		19
Change in net assets attributable to shareholders from investment activities (see above)		(1,717)		(821)
Retained distributions on Accumulation shares		243		222
Closing net assets attributable to shareholders		36,658		79,069

The opening net assets attributable to shareholders for 2022 differs to the closing position in 2021 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 2022 €'000	30 June 2022 €'000
Assets		
Fixed assets		
Investments	35,650	62,267
Current assets		
Debtors	336	991
Cash and bank balances	585	763
Cash equivalents	329	0
Total assets	36,900	64,021
Liabilities		
Investment liabilities	(154)	(192)
Creditors		
Overdrawn positions at futures clearing houses and collateral manager	(1)	(13)
Distribution payable	(18)	(17)
Other creditors	(69)	(573)
Total liabilities	(242)	(795)
Net assets attributable to shareholders	36,658	63,226

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 31 October 2022 has been used.

Investment objective

The fund aims to provide a higher total return (the combination of capital growth and income), net of the ongoing charge figure, than the average return of the IA Global Government Bond sector 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: IA Global Government Bond sector.

The benchmark is a target against which the fund seeks to outperform. The sector has been chosen as the fund's benchmark as the fund is a constituent of the sector. 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 2022

Performance against objective

Between 1 July 2022 (the start of the review period) and 31 December 2022, the M&G Global Government Bond Fund delivered positive performance across its sterling share classes. Returns were negative for the fund's benchmark, the IA Global Government Bond Sector, over the same period.

For the five-year period, the fund did not meet its objective, which is to provide a combination of capital growth and income, net of the ongoing charge figure, higher than that of the average return of the IA Global Government Bond Sector over any five-year period. Across all share classes, the fund's returns matched or trailed the benchmark's 0.1% pa return.

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 six-month period under review was volatile for fixed-income markets as central banks raised interest rates, inflation remained high and the global economy cooled. Investor sentiment, and expectations of the peak for future rate rises, also swung as new data emerged.

The US Federal Reserve (Fed) raised its benchmark rate four times in the second half of the year – following three increases in the first six months – as central banks sought to drain money from the economy in a bid to cool price rises. The hikes meant that the benchmark US rate ended the year at 4.25% to 4.5%, more than four percentage points higher than at the start of 2022. The Bank of England (BoE) raised rates four times from July to December and the European Central Bank (ECB) also implemented four increases as it ended eight years of negative borrowing costs.

Inflation reached multi-decade highs in 2022, largely due to surging energy costs and long-term disruptions following COVID-19 lockdowns. The increase in energy prices followed European nations boycotting Russian oil and gas after Russia's invasion of Ukraine. Inflation is bad for bonds because it reduces the present value of future debt payments.

The value of sterling and UK government debt slumped after the government's growth-focused mini-budget in late September sparked concerns about increased state borrowing. The BoE intervened to shore up markets, and Prime Minister Liz Truss eventually resigned amid market and political turmoil. UK asset values recovered somewhat with the arrival of a more market-friendly prime minister.

Yields on 10-year US Treasuries widened in the period through to mid-November before easing into year-end. Yields move inversely to prices and they measure returns for bondholders. German 10-year bund yields eased into August before generally widening for the rest of the year.

Global investment grade bonds, which carry lower risk, fell in the second half of 2022 as the central programme of rising interest rates continued.

Authorised Corporate Director's Report

In currencies, the US dollar index rallied through November before its gains were erased by the end of the year. Sterling ended the six months little changed against the euro, after recovering losses.

The fund maintained a globally diversified portfolio of government bonds across developed and emerging markets during the period. The balance shifted further toward developed market currencies over the period to end December at 77% of the portfolio, slightly up from 71% at the start of the period. The fund benefited from being overweight to dollar duration, meaning that it increased its sensitivity to dollar interest rates versus the benchmark. Being underweight duration and the currency exposure in yen, euros and pounds helped across the review period.

Investment activities

The fund started selling Chinese government bonds in July and had exited the entire position by the end of November. The move reflected geopolitical concerns and expectations that China's central bank would change its accommodative strategy as the economy began to recover from COVID-19 lockdowns. It was also expected to issue more debt to help support local governments.

Italian exposure was cut to zero by early August amid political instability. Short positions in short-dated debt, including two-year US Treasuries, were closed in August and September. Shorts in two-year sterling positions were also closed. The fund remained short two-year German bunds. (Short positions are taken in the expectation that asset values will fall).

In September, the fund added emerging market debt in both the primary (Bulgaria, Romania) and secondary (Serbia) markets. In the following months, there was a swing toward selling hard currency emerging market debt. These included sales of bonds from Vietnam, Paraguay and Croatia. The fund added to holdings of local-currency emerging market debt, including Indonesia, Brazil and Peru.

More broadly, there were additions of sterling, yen and dollar bonds in November because of improved valuations. The fund also cut overall duration to almost

a year underweight, relative to the Barclays Global Treasury index, in the final month of the year. Duration is a measure of exposure to changes in interest rates. December also saw increased exposure to the US dollar and Norwegian kroner, alongside reductions for the euro, New Zealand dollar, Singapore dollar and Korean won.

Outlook

Heading into 2023, inflation and the outlook for interest rates remain key drivers of global bond markets. Inflation is likely to remain elevated because of the ongoing fallout from Russia's invasion of Ukraine, and supply and demand disruptions following COVID-19 upheavals. However, the pace of price increases has cooled, helped by higher interest rates and an easing of fuel-price pressure. Improved access to alternative sources of energy, a relatively mild winter in Europe and power-saving efforts should all help to ease fuel-cost pressures, in our opinion.

The fund will maintain its disciplined investment approach in determining positions to best weather these market uncertainties. Strategy is driven by an assessment of global economic factors, which in turn helps to determine the fund's overall positioning and its holdings of individual bonds. This active management of allocations to both individual countries and different currencies will continue to provide the catalyst for long-term returns.

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 31.12.22 \$'000	as at 31.12.22 %	as at 30.06.22 %
	Fixed income	95,208	94.66	95.64
	Debt securities	94,596	94.05	95.78
	'AAA' credit rated bonds	12,549	12.48	16.51
AU\$1,900,000	Australia (Commonwealth of) 1.75% 21/06/2051	748	0.74	
AU\$3,619,000	Australia (Commonwealth of) 2.75% 21/11/2028	2,328	2.31	
€1,616,000	Germany (Federal Republic of) 0.25% 15/08/2028	1,527	1.52	
€1,541,000	Germany (Federal Republic of) 0.5% 15/02/2025	1,577	1.57	
€829,000	Germany (Federal Republic of) IL 0.1% 15/04/2026	1,067	1.06	
€1,565,000	Germany (Federal Republic of) IL 0.5% 15/04/2030	2,069	2.06	
INR170,060,000	International Finance 6.3% 25/11/2024	2,020	2.01	
€500,000	Netherlands (Kingdom of) 0.5% 15/07/2032	431	0.43	
SG\$1,151,000	Singapore (Republic of) 2.25% 01/08/2036	782	0.78	
	'AA' credit rated bonds	28,769	28.60	22.89
€748,000	Austria (Republic of) 0.9% 20/02/2032	660	0.66	
CA\$890,000	Canada (Govt. of) 1.5% 01/06/2030	570	0.57	
CA\$2,000,000	Canada (Govt. of) 2.25% 01/03/2024	1,445	1.44	
CZK56,640,000	Czechia (Republic of) 2.4% 17/09/2025	2,327	2.31	
NZD4,407,000	New Zealand (Govt. of) 0.5% 15/05/2026	2,438	2.42	
US\$225,000	Petroleos Mexicanos 2.46% 15/12/2025	211	0.21	
US\$205,000	Qatar (State of) 5.103% 23/04/2048	206	0.20	
US\$513,000	Qatar (State of) 6.4% 20/01/2040	600	0.60	
£2,200,000	UK Treasury 0.375% 22/10/2026	2,343	2.33	
£599,000	UK Treasury 3.5% 22/01/2045	662	0.66	
£458,000	UK Treasury IL 0.125% 22/03/2039	628	0.62	
US\$6,201,400	US Treasury 0.25% 15/06/2024	5,825	5.79	
US\$2,171,000	US Treasury 1.75% 15/08/2041	1,495	1.49	
US\$3,074,300	US Treasury 3% 15/11/2044	2,562	2.55	
US\$1,358,000	US Treasury 3.375% 15/08/2042	1,221	1.21	
US\$1,364,000	US Treasury IL 0.75% 15/02/2045	1,401	1.39	
US\$1,603,000	US Treasury IL 2.375% 15/01/2027	2,421	2.41	
US\$860,300	US Treasury IL 3.875% 15/04/2029	1,754	1.74	
	'A' credit rated bonds	11,750	11.68	17.13
CLP1,865,000,000	Chile (Republic of) 4.7% 01/09/2030	2,098	2.09	

Portfolio statement

Investments (continued)

Holding	as at 31.12.22 \$'000	as at 31.12.22 %	as at 30.06.22 %
Fixed income (continued)			
Debt securities (continued)			
'A' credit rated bonds (continued)			
¥526,950,000 Japan (Govt. of) 1.3% 20/06/2035	4,225	4.20	
¥355,600,000 Japan (Govt. of) 2.1% 20/12/2029	3,050	3.03	
¥178,900,000 Japan (Govt. of) IL 0.1% 10/03/2029	1,468	1.46	
PLN4,345,000 Poland (Republic of) 3.25% 25/07/2025	909	0.90	
	20,542	20.42	17.59
'BBB' credit rated bonds			
€525,000 Bulgaria (Republic of) 3.125% 26/03/2035	492	0.49	
€441,000 Bulgaria (Republic of) 4.625% 23/09/2034	470	0.47	
€1,195,000 Croatia (Republic of) 1.5% 17/06/2031	1,061	1.05	
€1,500,000 Hungary (Republic of) 1.625% 28/04/2032	1,152	1.14	
US\$1,161,000 Hutama Karya 3.75% 11/05/2030	1,052	1.05	
US\$893,000 Indonesia (Republic of) 2.55% 09/06/2031	759	0.75	
IDR19,921,000,000 Indonesia (Republic of) 8.25% 15/05/2036	1,396	1.39	
IDR11,335,000,000 Indonesia (Republic of) 8.375% 15/03/2034	800	0.80	
€1,663,000 Italy (Republic of) 5.75% 01/02/2033	1,934	1.92	
MYR3,601,000 Malaysia (Govt. of) 4.254% 31/05/2035	820	0.81	
€661,000 Mexico (United Mexican States) 1.45% 25/10/2033	503	0.50	
£469,000 Mexico (United Mexican States) 5.625% 19/03/2114	425	0.42	
MXN15,600,000 Mexico (United Mexican States) 7.75% 29/05/2031	739	0.73	
MXN6,500,000 Mexico (United Mexican States) 8.5% 18/11/2038	315	0.31	
€1,492,000 MFB Magyar Fejlesztési Bank Zrt 1.375% 24/06/2025	1,448	1.44	
€791,000 Peru (Republic of) 3.75% 01/03/2030	790	0.79	
PEN2,940,000 Peru (Republic of) 5.94% 12/02/2029	710	0.71	
PEN2,050,000 Peru (Republic of) 6.15% 12/08/2032	475	0.47	
€577,000 Philippines (Republic of) 0.7% 03/02/2029	511	0.51	
PHP48,000,000 Philippines (Republic of) 6.25% 14/01/2036	790	0.79	
€482,549 Portugal (Republic of) 1% 12/04/2052	257	0.26	
€528,000 Romania (Republic of) 1.75% 13/07/2030	393	0.39	
US\$638,000 Romania (Republic of) 3.625% 27/03/2032	510	0.51	
€437,000 Spain (Kingdom of) 1% 30/07/2042	286	0.28	
THB16,630,000 Thailand (Kingdom of) 1.585% 17/12/2035	410	0.41	

Portfolio statement

Investments (continued)

Holding		as at 31.12.22 \$'000	as at 31.12.22 %	as at 30.06.22 %
Fixed income (continued)				
Debt securities (continued)				
'BBB' credit rated bonds (continued)				
UYU31,463,711	Uruguay (Republic of) 3.875% 02/07/2040	974	0.97	
UYU27,535,000	Uruguay (Republic of) 8.25% 21/05/2031	602	0.60	
UYU20,288,000	Uruguay (Republic of) 8.5% 15/03/2028	468	0.46	
	'BB' credit rated bonds	13,287	13.21	15.67
COP4,993,000,000	Bogota Distrito Capital 9.75% 26/07/2028	829	0.82	
BRL7,955,000	Brazil (Federal Republic of) 10% 01/01/2029	1,345	1.34	
COP13,385,000	Colombia (Republic of) 2.25% 18/04/2029	738	0.73	
US\$1,000,000	Colombia (Republic of) 7.375% 18/09/2037	946	0.94	
US\$947,000	Guatemala (Republic of) 4.9% 01/06/2030	902	0.90	
€975,000	Macedonia (Govt. of) 3.675% 03/06/2026	964	0.96	
€634,000	Morocco (Kingdom of) 1.5% 27/11/2031	502	0.50	
€354,000	Morocco (Kingdom of) 2% 30/09/2030	300	0.30	
US\$347,000	Morocco (Kingdom of) 5.5% 11/12/2042	299	0.30	
US\$208,000	Paraguay (Republic of) 4.95% 28/04/2031	203	0.20	
US\$800,000	Paraguay (Republic of) 6.1% 11/08/2044	772	0.77	
€1,000,000	Serbia (Republic of) 1% 23/09/2028	770	0.76	
€313,000	Serbia (Republic of) 3.125% 15/05/2027	288	0.29	
RSD86,700,000	Serbia (Republic of) 4.5% 20/08/2032	651	0.65	
RSD41,790,000	Serbia (Republic of) 5.875% 08/02/2028	366	0.36	
US\$131,005	Seychelles (Republic of) 8% 01/01/2026	129	0.13	
ZAR33,351,000	South Africa (Republic of) 8.75% 28/02/2048	1,540	1.53	
US\$1,764,000	Vietnam (Socialist Republic of) 5.5% 12/03/2028	1,743	1.73	
	'B' credit rated bonds	3,172	3.15	2.53
€602,000	Albania (Republic of) 3.5% 09/10/2025	601	0.60	
US\$1,111,000	Bahamas (Commonwealth of) 8.95% 15/10/2032	895	0.89	
€1,304,000	Egypt (Arab Republic of) 5.625% 16/04/2030	971	0.96	
US\$339,000	Nigeria (Federal Republic of) 8.375% 24/03/2029	282	0.28	
UZS4,870,000,000	Uzbekistan (Republic of) 14.5% 25/11/2023	423	0.42	
	'CCC' credit rated bonds	1,152	1.15	0.48
RUB227,020,000	Russia (Federation of) 8.15% 03/02/2027	1,152	1.15	

Portfolio statement

Investments (continued)

Holding	as at 31.12.22 \$'000	as at 31.12.22 %	as at 30.06.22 %
Fixed income (continued)			
Debt securities (continued)			
'CC' credit rated bonds			
€2,000,000 Ukraine (Republic of) 4.375% 27/01/2032	392	0.39	0.00
'C' credit rated bonds			
US\$1,940,000 Argentina (Republic of) 1.5% 09/07/2035	501	0.50	
US\$1,468,233 Argentina (Republic of) 3.875% 09/01/2038	470	0.47	
ARS36,000,000 Argentina (Republic of) 15.5% 17/10/2026	52	0.05	
Bonds with no credit rating			
US\$2,341,000 Vietnam Debt & Asset Trading 1% 10/10/2025	1,960	1.95	2.29
Debt derivatives			
Credit default swaps			
US\$8,150,000 Markit CDX Emerging Markets Series 38 5 Year Dec 2027	471	0.47	0.36
Interest rate swaps			
¥95,000,000 Pay 0.9102% Receive VAR May 2052	70	0.07	(0.24)
Interest rate futures			
52 10 Year US Treasury Note Mar 2023	(27)	(0.03)	
38 2 Year US Treasury Note Mar 2023	13	0.01	
35 5 Year US Treasury Note Mar 2023	(4)	0.00	
(20) UK Long Gilt Bond Mar 2023	89	0.09	
Currency			
Forward currency contracts			
AU\$(2,900,000) Sold for \$1,981,211 (expires 15.03.23)	4	0.00	
CAS3,400,000 Bought for \$2,540,293 (expires 15.03.23)	(25)	(0.03)	
DKK5,600,000 Bought for \$802,216 (expires 15.03.23)	6	0.01	
€2,250,000 Bought for \$2,394,694 (expires 15.03.23)	19	0.02	
€(4,123,407) Bought for €2,061,704 (expires 15.03.23)	(20)	(0.02)	
€(8,955,828) Bought for €4,477,914 (expires 15.03.23)	(140)	(0.14)	
£(5,028,623) Sold for \$6,182,390 (expires 15.03.23)	118	0.12	
IDR8,000,000,000 Bought for \$508,252 (expires 01.02.23)	6	0.01	
¥815,000,000 Bought for \$6,069,032 (expires 15.03.23)	175	0.17	
KRW1,500,000,000 Bought for \$1,150,227 (expires 01.02.23)	37	0.04	
KRW(1,500,000,000) Sold for \$1,148,963 (expires 01.02.23)	(38)	(0.04)	

Portfolio statement

Investments (continued)

Holding	as at 31.12.22 \$'000	as at 31.12.22 %	as at 30.06.22 %
Currency (continued)			
Forward currency contracts (continued)			
NOK20,450,000 Bought for \$2,102,518 (expires 15.03.23)	(18)	(0.02)	
NOK(43,000,000) Bought for NOK21,500,000 (expires 15.03.23)	36	0.04	
NZD3,350,000 Bought for \$2,147,199 (expires 15.03.23)	(19)	(0.02)	
NZD(7,240,000) Sold for \$4,715,499 (expires 15.03.23)	116	0.11	
SEK18,000,000 Bought for \$1,758,349 (expires 15.03.23)	(17)	(0.02)	
SG\$1,800,000 Bought for \$1,336,109 (expires 15.03.23)	8	0.01	
SG\$(1,800,000) Sold for \$1,330,290 (expires 15.03.23)	(14)	(0.01)	
Total portfolio	95,442	94.89	95.49
Net other assets/(liabilities)	5,142	5.11	4.51
Net assets attributable to shareholders	100,584	100.00	100.00

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

Portfolio statement

Top ten portfolio transactions for the six months to 31 December 2022

Largest purchases	\$'000
US Treasury 0.25% 15/06/2024	5,799
UK Treasury 2.25% 07/09/2023	3,073
US Treasury IL 2.375% 15/01/2027	2,520
UK Treasury 0.375% 22/10/2026	2,483
New Zealand (Govt. of) 0.5% 15/05/2026	2,469
UK Treasury 0.0625% 31/07/2035	2,118
Italy (Republic of) 5.75% 01/02/2033	1,955
US Treasury 1.75% 15/08/2041	1,543
US Treasury IL 0.75% 15/02/2045	1,333
US Treasury 2.875% 15/05/2052	1,332
Other purchases	7,285
Total purchases	31,910

Largest sales	\$'000
US Treasury 3.125% 15/11/2028	9,334
China (Republic of) 3.27% 19/11/2030	4,276
UK Treasury 2.25% 07/09/2023	2,870
UK Treasury 0.375% 22/10/2026	2,663
UK Treasury 1.625% 22/10/2028	2,476
Norway (Kingdom of) 1.75% 17/02/2027	2,260
China (Republic of) 3.02% 22/10/2025	2,042
US Treasury 3% 15/11/2044	2,041
Germany (Federal Republic of) 0.25% 15/08/2028	1,994
China (Republic of) 2.84% 08/04/2024	1,840
Other sales	33,352
Total sales	65,148

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

Financial highlights

Fund performance

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

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

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

Long-term performance by share class

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

Share class	Six months % ^a	Three years % pa	Five years % pa	Ten years % pa
Sterling				
Class 'A' Income	+1.5	-2.5	-0.3	+1.9
Class 'A' Accumulation	+1.5	-2.5	-0.3	+1.9
Class 'I' Income	+1.7	-2.1	+0.1	+2.4
Class 'I' Accumulation	+1.7	-2.1	+0.1	+2.4
Class 'R' Income	+1.6	-2.3	-0.1	+2.2
Class 'R' Accumulation	+1.5	-2.4	-0.1	+2.2
Benchmark	-2.2	-1.7	+0.1	+1.7

^a Not annualised.

Specific share class performance

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

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

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

Financial highlights

Sterling Class 'A' Income share performance

The share class was launched on 4 October 1999.

Change in NAV per share	Six months to 31.12.22 UK p	Year to 30.06.22 UK p	Year to 30.06.21 UK p
Opening NAV	81.11	90.80	99.60
Return before operating charges	1.93	(6.55)	(5.50)
Operating charges	(0.37)	(0.80)	(0.95)
Return after operating charges	1.56	(7.35)	(6.45)
Distributions	(1.36)	(2.34)	(2.35)
Closing NAV	81.31	81.11	90.80
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.02	0.00
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.02	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	0.90	0.90	1.00
Return after charges	+1.92	-8.09	-6.48
Other information			
Closing NAV (\$'000)	1,772	1,845	2,597
Number of shares	1,809,777	1,877,777	2,063,203
Highest share price (UK p)	85.37	92.45	100.05
Lowest share price (UK p)	79.03	81.53	90.19

Sterling Class 'A' Accumulation share performance

The share class was launched on 4 October 1999.

Change in NAV per share	Six months to 31.12.22 UK p	Year to 30.06.22 UK p	Year to 30.06.21 UK p
Opening NAV	128.46	139.88	149.69
Return before operating charges	3.05	(10.18)	(8.37)
Operating charges	(0.59)	(1.24)	(1.44)
Return after operating charges	2.46	(11.42)	(9.81)
Distributions	(1.58)	(2.34)	(2.15)
Retained distributions	1.58	2.34	2.15
Closing NAV	130.92	128.46	139.88
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.03	0.00
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.03	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	0.90	0.90	1.00
Return after charges	+1.91	-8.16	-6.55
Other information			
Closing NAV (\$'000)	7,302	7,039	8,720
Number of shares	4,633,099	4,525,325	4,496,641
Highest share price (UK p)	135.19	142.43	150.37
Lowest share price (UK p)	125.15	127.09	137.50

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 31.12.22 UK p	Year to 30.06.22 UK p	Year to 30.06.21 UK p
Opening NAV	964.87	1,075.62	1,174.42
Return before operating charges	22.99	(77.67)	(65.06)
Operating charges	(2.46)	(5.30)	(5.99)
Return after operating charges	20.53	(82.97)	(71.05)
Distributions	(16.22)	(27.78)	(27.75)
Closing NAV	969.18	964.87	1,075.62
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.02	0.20	0.01
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.02	0.20	0.01
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	0.50	0.50	0.53
Return after charges	+2.13	-7.71	-6.05
Other information			
Closing NAV (\$'000)	12,512	11,587	22,584
Number of shares	1,072,392	991,767	1,514,526
Highest share price (UK p)	1,016.51	1,097.21	1,182.49
Lowest share price (UK p)	941.35	969.62	1,067.97

Sterling Class 'I' Accumulation share performance

The share class was launched on 3 August 2012.

Change in NAV per share	Six months to 31.12.22 UK p	Year to 30.06.22 UK p	Year to 30.06.21 UK p
Opening NAV	1,206.45	1,308.45	1,393.76
Return before operating charges	28.59	(95.54)	(78.16)
Operating charges	(3.07)	(6.46)	(7.15)
Return after operating charges	25.52	(102.00)	(85.31)
Distributions	(17.28)	(27.30)	(26.11)
Retained distributions	17.28	27.30	26.11
Closing NAV	1,231.97	1,206.45	1,308.45
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.02	0.25	0.01
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.02	0.25	0.01
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	0.50	0.50	0.53
Return after charges	+2.12	-7.80	-6.12
Other information			
Closing NAV (\$'000)	77,555	111,614	201,597
Number of shares	5,229,000	7,640,174	11,114,019
Highest share price (UK p)	1,270.87	1,334.72	1,403.25
Lowest share price (UK p)	1,176.91	1,193.46	1,285.68

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 31.12.22 UK p	Year to 30.06.22 UK p	Year to 30.06.21 UK p
Opening NAV	95.04	106.21	116.26
Return before operating charges	2.26	(7.66)	(6.43)
Operating charges	(0.36)	(0.77)	(0.87)
Return after operating charges	1.90	(8.43)	(7.30)
Distributions	(1.60)	(2.74)	(2.75)
Closing NAV	95.34	95.04	106.21
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.02	0.00
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.02	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	0.75	0.75	0.78
Return after charges	+2.00	-7.94	-6.28
Other information			
Closing NAV (\$'000)	564	536	538
Number of shares	491,696	465,494	365,723
Highest share price (UK p)	100.06	108.22	116.92
Lowest share price (UK p)	92.64	95.51	105.48

Sterling Class 'R' Accumulation share performance

The share class was launched on 3 August 2012.

Change in NAV per share	Six months to 31.12.22 UK p	Year to 30.06.22 UK p	Year to 30.06.21 UK p
Opening NAV	118.23	128.54	137.26
Return before operating charges	2.79	(9.36)	(7.68)
Operating charges	(0.45)	(0.95)	(1.04)
Return after operating charges	2.34	(10.31)	(8.72)
Distributions	(1.55)	(2.35)	(2.24)
Retained distributions	1.55	2.35	2.24
Closing NAV	120.57	118.23	128.54
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.02	0.00
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.02	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	0.75	0.75	0.78
Return after charges	+1.98	-8.02	-6.35
Other information			
Closing NAV (\$'000)	879	974	1,668
Number of shares	605,426	680,088	936,273
Highest share price (UK p)	124.46	130.97	138.05
Lowest share price (UK p)	115.23	116.96	126.34

Financial statements and notes

Financial statements

Statement of total return

for the six months to 31 December	2022		2021	
	\$'000	\$'000	\$'000	\$'000
Income				
Net capital gains/(losses)		(683)		(9,600)
Revenue	1,924		2,751	
Expenses	(303)		(586)	
Interest payable and similar charges	(2)		(1)	
Net revenue/(expense) before taxation	1,619		2,164	
Taxation	(6)		(27)	
Net revenue/(expense) after taxation		1,613		2,137
Total return before distributions		930		(7,463)
Distributions		(1,651)		(2,037)
Change in net assets attributable to shareholders from investment activities		(721)		(9,500)

Statement of change in net assets attributable to shareholders

for the six months to 31 December	2022		2021	
	\$'000	\$'000	\$'000	\$'000
Opening net assets attributable to shareholders		133,595		237,704
Amounts received on issue of shares	3,252		2,873	
Amounts paid on cancellation of shares	(36,875)		(31,967)	
		(33,623)		(29,094)
Dilution adjustments		146		0
Change in net assets attributable to shareholders from investment activities (see above)		(721)		(9,500)
Retained distributions on Accumulation shares		1,187		1,607
Closing net assets attributable to shareholders		100,584		200,717

The opening net assets attributable to shareholders for 2022 differs to the closing position in 2021 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 2022 \$'000	30 June 2022 \$'000
Assets		
Fixed assets		
Investments	95,764	128,971
Current assets		
Debtors	1,292	3,430
Cash and bank balances	2,143	11,150
Cash equivalents	2,201	0
Total assets	101,400	143,551
Liabilities		
Investment liabilities	(322)	(1,404)
Creditors		
Bank overdrafts	0	(6,635)
Overdrawn positions at futures clearing houses and collateral manager	0	(54)
Distribution payable	(246)	(222)
Other creditors	(248)	(1,641)
Total liabilities	(816)	(9,956)
Net assets attributable to shareholders	100,584	133,595

Financial statements and notes

Notes to the financial statements

Accounting policies

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

Distribution policy

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

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

Investment objective

The fund 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 2022

Performance against objective

In the six months to 31 December 2022, Class 'A' Accumulation shares slightly lagged the index's 5.1% return. All other classes matched or bettered the benchmark. Over five years, the fund has lagged the FTSE All-Share Index's 2.9% pa total return (the combination of income and growth of capital) across all its share classes, therefore missing its objective.

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

Performance review

UK stocks made gains in the six months ended December 2022, with third-quarter losses more than offset by fourth-quarter gains. Shares fell in the three months to September amid economic worries, rising

interest rates and high inflation. Price increases were driven by energy costs following Russia's invasion of Ukraine.

UK asset values also slumped after the new government announced a fiscal package in September that sparked concerns about government borrowing. Bank of England (BoE) intervention steadied markets. The unwinding of the stimulus plan, and the replacement of Prime Minister Liz Truss with the more fiscally conservative Rishi Sunak, helped fuel a rebound in UK stocks in the last three months of the year. The BoE's move toward slowing the pace of rate increases also buoyed markets, along with optimism that the US Federal Reserve could potentially start cutting rates in late 2023.

Across the six-month review period, the FTSE 100 Index of large UK companies outperformed the mid-cap FTSE 250 Index and the FTSE Small Cap Index, both of which are more domestically focused. FTSE 100 members tend to be global businesses that benefit from a weak pound. Banks in the index were also boosted by rising interest rates, while high commodity prices aided miners and oil companies.

That market backdrop disadvantaged the fund in relative terms, as its holdings are skewed toward smaller businesses. FTSE 250 and FTSE Small Cap stocks make up about 35% of the portfolio, double the share for the benchmark. The fund has had a below-market exposure to FTSE 100 companies for many years. The fund has this make-up because many of the most undervalued and challenging situations are found in the mid-cap and small-cap segments. Over the long-term, it has benefited from holdings in smaller companies, even if this proved to be a drag on performance in the review period. Even so, the fund's holdings of large-caps and FTSE 250 members both outperformed due to good stock selection. Small cap selections underperformed.

BP was the fund's biggest return contributor in the period, helped by the oil company posting its biggest quarterly profit in 14 years. Software maker Micro Focus was another big contributor after a takeover offer, while

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Beazley benefited from increased demand for cyber insurance. Rio Tinto gained as optimism about the easing of COVID-19 restrictions in China boosted iron-ore prices. Biotech Mesoblast rallied after nearing submission for US approval of a key product.

Telecommunications company BT was the fund's biggest negative return contributor amid labour disputes. Coach operator National Express also dragged on performance because of concerns about earnings and debt, as did medical device maker Creo Medical. Tullow Oil shares fell amid a failed merger attempt with Capricorn Energy, while shares in Mirriad Advertising slumped after the company missed revenue expectations.

Investment activities

The fund opened positions in betting companies Flutter and Entain in the third quarter amid falling share prices caused by the UK government's gambling review and a consumer spending slowdown. It also took part in a placing by an existing holding, medical technology company E-Therapeutics. Consumer health company Haleon joined the portfolio following its spin-off by drugmaker GSK.

Three positions were exited in the third quarter, including low-cost carrier EasyJet. Airlines face a difficult environment, which is compounded by dollar costs. The fund sold its stake in Dignity as the undertaker struggled with rising costs and a trend toward cheaper funerals. The position in Zinnwald Lithium was sold after the fund received stock as part of the company's takeover of Bacanora Lithium.

Fourth quarter additions included insurer Prudential, British Gas owner Centrica, clean-energy developer Ceres Power, and software company WANdisco. All these new positions were established on valuation grounds. The fund also moved to an above-index position in GSK as US court cases about the heartburn treatment Zantac offered a share revaluation opportunity. The fund's holding in consumer goods company Unilever was added to during the review period.

Exits in the final three months of the year included drugmaker Medical Developments International, wealth manager WH Ireland, and Associated British Foods, which owns the clothes retailer Primark. All three sales were due to better opportunities elsewhere. In addition, IWG was exited amid concerns over reduced demand for flexible office space during a recession. The fund also halved its Lloyds Banking position to pared back risk and trimmed its BP stake to avoid breaching a ceiling on individual holdings.

Of the four stages of the 'recovery' process for our companies (stage 1 – unloved; stage 2 – stabilising; stage 3 – recovering well; stage 4 – mature), the proportion of companies held in stage 1 remained around the same on balance as a number of businesses progressed to stage 2 (Direct Line and Moneysupermarket) and a number of new companies were bought. Several companies moved from the stabilising stage to 'recovering well' (stage 3). Only one holding – Watchstone – remained in stage 4.

Outlook

The key themes of 2022 are likely to continue into 2023. UK inflation remains above 10%, more interest rate increases seem likely, and there is little reason to expect a surge in economic growth. That likely favours global companies over more domestically-focused businesses, especially given the benefits of a weak pound and high commodity prices.

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On a more positive note, the UK economy likely managed to avoid a recession in the second half of the year after a better-than-expected November. Inflation has started to cool from a very high base, and the BoE expects this to continue. Corporate balance sheets are also stronger than before the 2008 global financial crisis, which should help businesses weather demand slowdowns. The fund will continue to seek returns by identifying companies mispriced by the market given short-term challenges.

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 31.12.22 £'000	as at 31.12.22 %	as at 30.06.22 %
Equities	1,193,482	99.31	100.45
Software & computer services	56,113	4.67	4.17
7,871,115 Actual Experience ^a	118	0.01	
2,500,000 Micro Focus International	13,238	1.10	
36,616,666 Mirriad Advertising ^a	1,740	0.15	
6,800,000 Moneysupermarket.com	13,083	1.09	
2,831,504 Sage	21,143	1.76	
650,000 WANdisco	5,944	0.49	
2,872,000 Watchstone ^b	847	0.07	
Telecommunication service providers	16,045	1.33	2.47
14,155,516 BT	16,045	1.33	
Medical equipment & services	2,381	0.20	0.71
9,428,500 Creo Medical ^a	2,381	0.20	
Pharmaceuticals & biotechnology	137,703	11.46	8.67
38,884,000 e-Therapeutics ^a	6,610	0.55	
2,539,528 GSK	36,579	3.04	
2,500,000 Haleon	8,201	0.68	
2,372,839 HutchMed ADR	30,370	2.53	
1,831,444 Medical Developments International	1,539	0.13	
91,268 Medical Developments International Warrants 30/09/2024	10	0.00	
58,107,871 Mesoblast	28,716	2.39	
968,440 Mesoblast ADR	2,363	0.20	
5,295,909 Oxford Biomedica	23,315	1.94	
Banks	136,535	11.36	16.17
14,054,228 HSBC	72,674	6.05	
4,227,874 Lloyds Banking	1,933	0.16	
11,427,739 NatWest	30,432	2.53	
5,039,308 Standard Chartered	31,496	2.62	
Investment banking & brokerage services	40,799	3.39	2.31
6,141,669 Ashmore	14,802	1.23	
1,884,528 Hargreaves Lansdown	16,256	1.35	
17,403,061 IP	9,741	0.81	

Portfolio statement

Investments (continued)

Holding	as at 31.12.22 £'000	as at 31.12.22 %	as at 30.06.22 %
Equities (continued)			
Life insurance	14,330	1.19	0.00
1,261,128 Prudential	14,330	1.19	
Non-life insurance	86,627	7.21	6.50
5,442,136 Beazley	36,952	3.07	
9,150,000 Direct Line Insurance	20,267	1.69	
2,681,989 Hiscox	29,408	2.45	
Consumer services	33,394	2.78	3.12
1,736,558 Compass	33,394	2.78	
Media	75,905	6.32	5.82
3,010,409 Informa	18,749	1.56	
22,832,840 ITV	17,195	1.43	
1,120,300 Pearson	10,522	0.88	
10,819,090 Reach	10,284	0.86	
2,344,043 WPP	19,155	1.59	
Retailers	15,821	1.32	1.34
8,650,000 Marks & Spencer	10,728	0.89	
68,000,000 Mothercare ^a	5,093	0.43	
Travel & leisure	48,995	4.08	3.36
2,002,657 Dalata Hotel	5,776	0.48	
1,551,022 Entain	20,516	1.71	
60,000 Flutter Entertainment	6,756	0.56	
10,350,000 National Express	13,429	1.12	
8,000,000 Restaurant	2,518	0.21	
Food producers	25,500	2.12	3.95
15,783,356 Premier Foods	17,156	1.43	
6,418,693 REA	6,708	0.56	
18,700,000 Zambef Products ^a	1,636	0.13	
Personal care, drug & grocery stores	50,226	4.18	2.03
1,198,567 Unilever	50,226	4.18	
Construction & materials	47,635	3.96	4.30
5,579,351 Balfour Beatty	18,836	1.57	

Portfolio statement

Investments (continued)

Holding	as at 31.12.22 £'000	as at 31.12.22 %	as at 30.06.22 %
Equities (continued)			
Construction & materials (continued)			
21,952,997 Kier	13,040	1.08	
25,458,925 Severfield	15,759	1.31	
	3,182	0.26	0.16
Aerospace & defence			
146,309,150 TP ^a	3,182	0.26	
	19,677	1.64	1.61
General industrials			
29,566,998 Coats	19,677	1.64	
	12,757	1.06	2.11
Industrial support services			
32,444,340 Capita	7,881	0.66	
616,312 Grafton	4,876	0.40	
	503	0.04	0.09
Industrial transportation			
5,920,000 Mercantile Ports and Logistics ^a	503	0.04	
	140,325	11.68	12.77
Industrial metals & mining			
141,064,486 Bluejay Mining ^a	7,275	0.61	
1,281,068 First Quantum Minerals	23,129	1.92	
13,500,000 Hummingbird Resources ^a	925	0.08	
14,397,134 Kenmare Resources	62,987	5.24	
12,345,680 Pensana	5,491	0.46	
698,824 Rio Tinto	40,518	3.37	
	557	0.05	0.84
Precious metals & mining			
1,267,058 St Barbara	557	0.05	
254,159,091 Troy Resources ^c	0	0.00	
	22,022	1.83	1.71
Chemicals			
1,038,766 Johnson Matthey	22,022	1.83	
	152,485	12.69	12.28
Oil & gas			
23,000,000 BP	109,589	9.12	
958,678 Shell	22,423	1.87	
53,613,804 Tullow Oil	19,848	1.65	
5,083,644 White Energy Company	625	0.05	
	2,168	0.18	0.22
Electricity			
34,149,791 KSK Power Ventur ^c	0	0.00	
37,381,871 OPG Power Ventures ^a	2,168	0.18	

Portfolio statement

Investments (continued)

Holding	as at 31.12.22 £'000	as at 31.12.22 %	as at 30.06.22 %
Equities (continued)			
Gas, water & multi-utilities			
10,000,000 Centrica	9,633	0.80	
3,825,449 National Grid	38,369	3.19	
Alternative energy			
1,081,066 Ceres Power	3,795	0.32	
Total portfolio	1,193,482	99.31	100.45
Net other assets/(liabilities)	8,344	0.69	(0.45)
Net assets attributable to shareholders	1,201,826	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 2022

Largest purchases	£'000
Unilever	21,859
GSK	20,194
Entain	18,318
Prudential	13,515
Hargreaves Lansdown	11,727
Centrica	9,006
Shell	6,954
Flutter Entertainment	5,514
WANdisco	5,333
Mesoblast	4,553
Other purchases	17,753
Total purchases	134,726

Largest sales	£'000
Lloyds Banking	35,656
Associated British Foods	18,561
BP	16,892
HSBC	12,370
Micro Focus International	10,378
IWG	10,115
Compass	7,724
Balfour Beatty	6,976
Rio Tinto	6,934
St Barbara	6,897
Other sales	52,883
Total sales	185,386

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	+5.0	-3.4	-4.0	+0.6
Class 'A' Accumulation	+5.0	-3.4	-4.0	+0.5
Class 'C' Income	+5.6	-2.3	-2.8	+2.0
Class 'C' Accumulation	+5.6	-2.3	-2.8	+2.0
Class 'I' Income	+5.2	-3.0	-3.5	+1.2
Class 'I' Accumulation	+5.2	-3.0	-3.5	+1.2
Class 'PP' Income	+5.3	-2.9	n/a	n/a
Class 'PP' Accumulation	+5.3	-2.9	n/a	n/a
Class 'R' Income	+5.1	-3.2	-3.7	+1.0
Class 'R' Accumulation	+5.1	-3.2	-3.7	+0.9
Benchmark	+5.1	+2.3	+2.9	+6.5

^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 31.12.22 UK p	Year to 30.06.22 UK p	Year to 30.06.21 UK p
Opening NAV	101.48	123.75	96.66
Return before operating charges	5.88	(17.71)	30.49
Operating charges	(0.56)	(1.29)	(1.35)
Return after operating charges	5.32	(19.00)	29.14
Distributions	(1.65)	(3.27)	(2.05)
Closing NAV	105.15	101.48	123.75
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.05	0.10	0.06
Dilution adjustments	(0.01)	(0.02)	(0.03)
Total direct transaction costs	0.04	0.08	0.03
Performance and charges	%	%	%
Direct portfolio transaction costs	0.08	0.08	0.03
Operating charges	1.08	1.08	1.22
Return after charges	+5.24	-15.35	+30.15
Other information			
Closing NAV (£'000)	284,816	281,454	324,735
Number of shares	270,856,975	277,349,793	262,404,813
Highest share price (UK p)	108.42	127.03	127.65
Lowest share price (UK p)	96.44	103.62	90.39

Sterling Class 'A' Accumulation share performance

The share class was launched on 23 May 1969.

Change in NAV per share	Six months to 31.12.22 UK p	Year to 30.06.22 UK p	Year to 30.06.21 UK p
Opening NAV	265.72	314.53	241.49
Return before operating charges	15.42	(45.52)	76.42
Operating charges	(1.47)	(3.29)	(3.38)
Return after operating charges	13.95	(48.81)	73.04
Distributions	(2.84)	(5.06)	(1.75)
Retained distributions	2.84	5.06	1.75
Closing NAV	279.67	265.72	314.53
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.14	0.26	0.15
Dilution adjustments	(0.02)	(0.05)	(0.06)
Total direct transaction costs	0.12	0.21	0.09
Performance and charges	%	%	%
Direct portfolio transaction costs	0.08	0.08	0.03
Operating charges	1.08	1.08	1.22
Return after charges	+5.25	-15.52	+30.25
Other information			
Closing NAV (£'000)	317,077	352,812	421,330
Number of shares	113,377,244	132,774,405	133,954,075
Highest share price (UK p)	283.92	325.60	321.15
Lowest share price (UK p)	252.55	265.59	225.83

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 31.12.22 UK p	Year to 30.06.22 UK p	Year to 30.06.21 UK p
Opening NAV	110.40	133.18	102.75
Return before operating charges	6.43	(19.24)	32.62
Operating charges	0.00	0.00	0.00
Return after operating charges	6.43	(19.24)	32.62
Distributions	(1.80)	(3.54)	(2.19)
Closing NAV	115.03	110.40	133.18
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.06	0.11	0.06
Dilution adjustments	(0.01)	(0.02)	(0.03)
Total direct transaction costs	0.05	0.09	0.03
Performance and charges	%	%	%
Direct portfolio transaction costs	0.08	0.08	0.03
Operating charges	0.00	0.00	0.00
Return after charges	+5.82	-14.45	+31.75
Other information			
Closing NAV (£'000)	51,473	49,110	61,958
Number of shares	44,748,149	44,481,934	46,522,603
Highest share price (UK p)	118.51	137.52	137.30
Lowest share price (UK p)	105.25	112.72	96.50

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 31.12.22 UK p	Year to 30.06.22 UK p	Year to 30.06.21 UK p
Opening NAV	342.71	401.29	304.34
Return before operating charges	19.93	(58.58)	96.95
Operating charges	0.00	0.00	0.00
Return after operating charges	19.93	(58.58)	96.95
Distributions	(5.57)	(10.72)	(6.51)
Retained distributions	5.57	10.72	6.51
Closing NAV	362.64	342.71	401.29
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.18	0.34	0.19
Dilution adjustments	(0.03)	(0.06)	(0.08)
Total direct transaction costs	0.15	0.28	0.11
Performance and charges	%	%	%
Direct portfolio transaction costs	0.08	0.08	0.03
Operating charges	0.00	0.00	0.00
Return after charges	+5.82	-14.60	+31.86
Other information			
Closing NAV (£'000)	169,739	179,307	233,712
Number of shares	46,806,007	52,320,851	58,239,538
Highest share price (UK p)	367.89	417.89	409.55
Lowest share price (UK p)	326.72	342.54	285.84

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 31.12.22 UK p	Year to 30.06.22 UK p	Year to 30.06.21 UK p
Opening NAV	105.19	127.77	99.33
Return before operating charges	6.11	(18.36)	31.42
Operating charges	(0.37)	(0.84)	(0.87)
Return after operating charges	5.74	(19.20)	30.55
Distributions	(1.71)	(3.38)	(2.11)
Closing NAV	109.22	105.19	127.77
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.06	0.11	0.06
Dilution adjustments	(0.01)	(0.02)	(0.03)
Total direct transaction costs	0.05	0.09	0.03
Performance and charges	%	%	%
Direct portfolio transaction costs	0.08	0.08	0.03
Operating charges	0.68	0.68	0.77
Return after charges	+5.46	-15.03	+30.76
Other information			
Closing NAV (£'000)	60,402	60,320	82,685
Number of shares	55,300,846	57,341,121	64,716,020
Highest share price (UK p)	112.59	131.44	131.77
Lowest share price (UK p)	100.09	107.41	93.04

Sterling Class 'I' Accumulation share performance

The share class was launched on 15 January 2010.

Change in NAV per share	Six months to 31.12.22 UK p	Year to 30.06.22 UK p	Year to 30.06.21 UK p
Opening NAV	288.30	339.89	259.76
Return before operating charges	16.75	(49.35)	82.40
Operating charges	(1.01)	(2.24)	(2.27)
Return after operating charges	15.74	(51.59)	80.13
Distributions	(3.68)	(6.81)	(3.26)
Retained distributions	3.68	6.81	3.26
Closing NAV	304.04	288.30	339.89
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.15	0.28	0.16
Dilution adjustments	(0.02)	(0.05)	(0.07)
Total direct transaction costs	0.13	0.23	0.09
Performance and charges	%	%	%
Direct portfolio transaction costs	0.08	0.08	0.03
Operating charges	0.68	0.68	0.76
Return after charges	+5.46	-15.18	+30.85
Other information			
Closing NAV (£'000)	250,373	219,862	296,949
Number of shares	82,349,945	76,261,438	87,365,587
Highest share price (UK p)	308.57	352.62	346.98
Lowest share price (UK p)	274.32	288.16	243.31

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 31.12.22 UK p	Year to 30.06.22 UK p	Year to 30.06.21 UK p
Opening NAV	83.61	101.44	78.74
Return before operating charges	4.85	(14.57)	24.97
Operating charges	(0.25)	(0.57)	(0.60)
Return after operating charges	4.60	(15.14)	24.37
Distributions	(1.36)	(2.69)	(1.67)
Closing NAV	86.85	83.61	101.44
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.04	0.08	0.06
Dilution adjustments	(0.01)	(0.01)	(0.02)
Total direct transaction costs	0.03	0.07	0.04
Performance and charges	%	%	%
Direct portfolio transaction costs	0.08	0.08	0.03
Operating charges	0.58	0.58	0.59
Return after charges	+5.50	-14.93	+30.95
Other information			
Closing NAV (£'000)	2,282	2,172	3,172
Number of shares	2,627,051	2,598,416	3,127,123
Highest share price (UK p)	89.52	104.41	104.61
Lowest share price (UK p)	79.57	85.36	73.80

Sterling Class 'PP' Accumulation share performance

The share class was launched on 8 April 2019.

Change in NAV per share	Six months to 31.12.22 UK p	Year to 30.06.22 UK p	Year to 30.06.21 UK p
Opening NAV	83.27	98.07	74.83
Return before operating charges	4.84	(14.25)	23.77
Operating charges	(0.25)	(0.55)	(0.53)
Return after operating charges	4.59	(14.80)	23.24
Distributions	(1.11)	(2.06)	(1.08)
Retained distributions	1.11	2.06	1.08
Closing NAV	87.86	83.27	98.07
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.04	0.08	0.05
Dilution adjustments	(0.01)	(0.01)	(0.02)
Total direct transaction costs	0.03	0.07	0.03
Performance and charges	%	%	%
Direct portfolio transaction costs	0.08	0.08	0.03
Operating charges	0.58	0.58	0.59
Return after charges	+5.51	-15.09	+31.06
Other information			
Closing NAV (£'000)	998	1,134	1,331
Number of shares	1,136,548	1,361,472	1,356,932
Highest share price (UK p)	89.16	101.80	100.11
Lowest share price (UK p)	79.25	83.23	70.14

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 31.12.22 UK p	Year to 30.06.22 UK p	Year to 30.06.21 UK p
Opening NAV	89.12	108.51	84.57
Return before operating charges	5.16	(15.55)	26.71
Operating charges	(0.42)	(0.97)	(0.98)
Return after operating charges	4.74	(16.52)	25.73
Distributions	(1.45)	(2.87)	(1.79)
Closing NAV	92.41	89.12	108.51
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.05	0.09	0.05
Dilution adjustments	(0.01)	(0.02)	(0.02)
Total direct transaction costs	0.04	0.07	0.03
Performance and charges	%	%	%
Direct portfolio transaction costs	0.08	0.08	0.03
Operating charges	0.93	0.93	1.01
Return after charges	+5.32	-15.22	+30.42
Other information			
Closing NAV (£'000)	8,102	8,187	10,622
Number of shares	8,767,474	9,187,333	9,788,433
Highest share price (UK p)	95.28	111.47	111.92
Lowest share price (UK p)	84.73	90.99	79.15

Sterling Class 'R' Accumulation share performance

The share class was launched on 3 August 2012.

Change in NAV per share	Six months to 31.12.22 UK p	Year to 30.06.22 UK p	Year to 30.06.21 UK p
Opening NAV	108.68	128.45	98.41
Return before operating charges	6.31	(18.61)	31.18
Operating charges	(0.52)	(1.16)	(1.14)
Return after operating charges	5.79	(19.77)	30.04
Distributions	(1.25)	(2.26)	(0.95)
Retained distributions	1.25	2.26	0.95
Closing NAV	114.47	108.68	128.45
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.06	0.11	0.06
Dilution adjustments	(0.01)	(0.02)	(0.03)
Total direct transaction costs	0.05	0.09	0.03
Performance and charges	%	%	%
Direct portfolio transaction costs	0.08	0.08	0.03
Operating charges	0.93	0.93	1.01
Return after charges	+5.33	-15.39	+30.53
Other information			
Closing NAV (£'000)	56,564	54,525	68,581
Number of shares	49,412,422	50,169,225	53,389,983
Highest share price (UK p)	116.20	133.08	131.15
Lowest share price (UK p)	103.34	108.63	92.11

Financial statements and notes

Financial statements

Statement of total return

for the six months to 31 December	2022		2021	
	£'000	£'000	£'000	£'000
Income				
Net capital gains/(losses)		48,551		(15,083)
Revenue	19,225		15,847	
Expenses	(4,650)		(6,102)	
Interest payable and similar charges	0		0	
Net revenue/(expense) before taxation	14,575		9,745	
Taxation	(24)		(1)	
Net revenue/(expense) after taxation		14,551		9,744
Total return before distributions		63,102		(5,339)
Distributions		(16,343)		(10,036)
Change in net assets attributable to shareholders from investment activities		46,759		(15,375)

Statement of change in net assets attributable to shareholders

for the six months to 31 December	2022		2021	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		1,208,883		1,610,625
Amounts received on issue of shares	41,688		5,860	
Amounts paid on cancellation of shares	(105,241)		(99,988)	
		(63,553)		(94,128)
Dilution adjustments		230		336
Change in net assets attributable to shareholders from investment activities (see above)		46,759		(15,375)
Retained distributions on Accumulation shares		9,489		5,253
Unclaimed distributions		18		12
Closing net assets attributable to shareholders		1,201,826		1,506,723

The opening net assets attributable to shareholders for 2022 differs to the closing position in 2021 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 2022 £'000	30 June 2022 £'000
Assets		
Fixed assets		
Investments	1,193,482	1,195,610
Current assets		
Debtors	1,908	3,866
Cash and bank balances	5,435	1,226
Cash equivalents	8,798	18,677
Total assets	1,209,623	1,219,379
Liabilities		
Creditors		
Distribution payable	(6,372)	(8,649)
Other creditors	(1,425)	(1,847)
Total liabilities	(7,797)	(10,496)
Net assets attributable to shareholders	1,201,826	1,208,883

Financial statements and notes

Notes to the financial statements

Accounting policies

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

Distribution policy

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

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

Authorised Corporate Director's Report

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

Investment objective

The fund aims to 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 2022

Performance against objective

Between 1 July 2022 (the start of the review period) and 31 December 2022, 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 ahead of its benchmark, the Numis Smaller Companies Index (excluding Investment Companies), which returned 3.0% over the same period.

The fund met its investment objective of delivering a higher total return than the Numis Smaller Companies Index (excluding Investment Companies) over any five-year period for all share classes. The index returned 0.3% pa in the five years to 31 December 2022.

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

Global stockmarkets were volatile over much of the past six months, with sentiment buffeted by soaring inflation, the prospect of higher interest rates and the ongoing war in Ukraine. There were significant political events in the UK too with the departure of two prime ministers and considerable disquiet over government policy approach leading to turmoil in financial markets and political U-turns.

The war in Ukraine shows no signs of ending in the near term and the global economic outlook has deteriorated markedly. This is partly due to economic sanctions and other measures against Russia by the West, as well as disruption to supply chains.

The opening of domestic and many other economies post COVID-related shutdowns have led to price rises, while constraints on gas supplies across Europe have sent energy prices soaring. Despite the weaker economic backdrop, worries about sharply rising inflation have led many central banks to raise interest rates. In the UK, interest rates stood at 3.5% at the end of December 2022.

In political developments, Prime Minister Boris Johnson lost the support of his MPs and Liz Truss became prime minister in early September. There followed a deeply unsettling period as the new prime minister sought to pursue her ambitious low-tax, pro-economic growth agenda, an unfunded plan that was badly received by financial markets.

In a series of fast-moving events, the government then reversed most of its recently proposed measures, Liz Truss resigned in October and Rishi Sunak subsequently became prime minister. These developments were favourably received by the markets, which recovered much of the recent declines. In his Autumn Statement in November, Chancellor Jeremy Hunt announced tax rises and initial spending cuts as the government seeks to support the UK's finances.

Against this backdrop, more domestically focused smaller companies trailed their larger counterparts over the period under review as the latter generally have a greater international exposure.

In this environment, the fund made modest gains over the six-month period. The fund's performance was supported by sector allocation, with an above-index position in technology and a relatively light presence in real estate adding value. The fund's stock selection detracted slightly overall; stock picks in industrials, energy and consumer staples added value but selection in consumer discretionary and financials cost some performance.

The fund continued to benefit from takeover activity over the period, with notable contributions from environmental consultancy group RPS and collagen products manufacturer Devro. RPS, a large holding in the fund, received a takeover bid followed by a counter bid from a third party, while Devro received a takeover approach at a significant premium to its share price.

Oil services company Hunting was another major contributor as investors anticipate improved demand for energy production services, while Accesso Technology, which provides ticketing and queuing services for visitor attractions, benefited from better trading. Meanwhile, fund management consultancy

Authorised Corporate Director's Report

Alpha Financial Markets Consulting gained on the back of continued positive results.

In contrast, detractors included Inspects, a provider of frames for spectacles, Watkin Jones, a developer of purpose-built student accommodation, and online gaming operator 888. Inspects reported deteriorating trading, especially in Europe and investors became increasingly concerned about its debt levels and liquidity. Watkin Jones was hurt as some delayed asset transactions due to a transaction hiatus in the broader property market dented confidence in its short-term prospects. Meanwhile, investors were concerned about 888's high levels of borrowing. Not holding technology stock Micro Focus International also cost some performance as the stock benefited from a takeover bid.

Investment activities

We took the opportunity of attractive valuations to add a series of new holdings to the portfolio. For example, we added Workspace, a London-focused commercial office property owner, and Victrex, a high-performance polymer manufacturer, a good quality business. We also added oil and gas firm Serica Energy, engineering and consulting company Wood and Tullow Oil in order to boost a relatively light presence in energy as we believe prospects for the sector are encouraging for the foreseeable future.

We started a position in Wilmington, a business-to-business media company that has undergone a digital transition towards global compliance and regulation training in recent years. Other new positions included greetings card company Moonpig and Restaurant, a chain of restaurants and pubs. Moonpig is the leader in the online card market, which is expected to have very strong growth in the next five years. We feel Restaurant has market-leading brands that can take share in weaker markets whilst also having options to proactively reduce its debt should it need to do so. The management team has fixed energy costs beyond 2024 at rates substantially below recent market prices. We also started a position in market-leading healthcare technology company Craneware in the US. The company is close to finalising its transition to the cloud,

which should accelerate revenue and earnings growth in the highly attractive US healthcare market.

Turning to disposals, a number of complete sales related to successful takeovers, namely healthcare software developer EMIS and RPS, mentioned earlier. We also sold construction companies Galliford Try and Kier, as we think the government is increasingly needed to scrutinise budgets and prioritise spending which may include infrastructure projects. We sold positions in law firm Knights and online retailer musicMagpie as we had lost conviction in the investment case for both stocks.

Outlook

Valuations in the small-cap universe are very attractive in our opinion and we anticipate continued bid interest in this sphere. We feel appealing valuations more than compensate for current heightened uncertainty in the market. While further profit warnings are to be expected, we are optimistic about the asset class for investors who are prepared to take a long-term view.

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 31.12.22 £'000	as at 31.12.22 %	as at 30.06.22 %
Equities	204,275	95.42	100.51
Software & computer services	32,893	15.36	17.14
506,278 accesso Technology ^a	4,126	1.93	
932,404 Bytes Technology	3,587	1.68	
3,360,010 Kin & Carta	7,241	3.38	
4,000,000 Made Tech ^a	900	0.42	
4,705,699 Moneysupermarket.com	9,054	4.23	
3,147,065 NCC	6,282	2.93	
186,246 WANdisco	1,703	0.79	
Technology hardware & equipment	3,379	1.58	1.61
1,950,866 TT Electronics	3,379	1.58	
Telecommunications equipment	2,708	1.26	1.22
1,039,256 Spirent Communications	2,708	1.26	
Health care providers	1,081	0.51	0.00
59,225 Craneware	1,081	0.51	
Pharmaceuticals & biotechnology	2,371	1.11	0.56
538,573 Oxford Biomedica	2,371	1.11	
Finance & credit services	11,860	5.54	6.33
5,500,000 Distribution Finance Capital ^a	1,842	0.86	
1,500,000 LendInvest ^a	1,230	0.57	
384,066 Mortgage Advice Bureau ^a	2,047	0.96	
804,862 Paragon Banking	4,568	2.13	
3,268,102 Trufin ^a	2,173	1.02	
Investment banking & brokerage services	17,264	8.06	5.97
24,019 AJ Bell	87	0.04	
167,281 Alpha FX ^a	3,136	1.46	
380,238 JTC	2,865	1.34	
79,849 Liontrust Asset Management	892	0.41	
688,852 Polar Capital ^a	3,269	1.53	
1,452,049 PureTech Health	3,870	1.81	
153,059 Rathbone Brothers	3,145	1.47	
Non-life insurance	6,810	3.18	1.96
1,046,829 Lancashire	6,810	3.18	

Portfolio statement

Investments (continued)

Holding	as at 31.12.22 £'000	as at 31.12.22 %	as at 30.06.22 %
Equities (continued)			
Real estate investment & services	700	0.33	0.33
277,854 LSL Property Services	700	0.33	
Real estate investment trusts	1,933	0.90	0.00
430,860 Workspace	1,933	0.90	
Automobiles & parts	2,273	1.06	0.84
1,688,520 TI Fluid Systems	2,273	1.06	
Consumer services	2,886	1.35	1.16
147,856 CVS ^a	2,886	1.35	
Household goods & home construction	1,394	0.65	2.31
1,384,403 Watkin Jones ^a	1,394	0.65	
Personal goods	610	0.28	2.09
1,418,993 Inspecc ^a	610	0.28	
Media	13,532	6.32	6.79
105,864 Future	1,353	0.63	
5,255,202 Hyve	3,918	1.83	
2,173,912 Pebble ^a	1,957	0.91	
2,968,179 Reach	2,821	1.32	
928,302 STV	2,562	1.20	
300,000 Wilmington	921	0.43	
Retailers	7,675	3.59	3.00
963,464 Halfords	2,001	0.93	
911,659 Moonpig Group	1,018	0.48	
1,700,839 Victorian Plumbing ^a	1,300	0.61	
225,805 WH Smith	3,356	1.57	
Travel & leisure	14,479	6.76	6.93
4,487,589 888	3,855	1.80	
10,132,003 Gaming Realms ^a	2,487	1.16	
1,342,187 Loungers ^a	2,416	1.13	
1,140,395 National Express	1,480	0.69	
1,749,457 On the Beach	2,736	1.28	
4,783,197 Restaurant	1,505	0.70	

Portfolio statement

Investments (continued)

Holding	as at 31.12.22 £'000	as at 31.12.22 %	as at 30.06.22 %
Equities (continued)			
Food producers			
1,561,096 Devro	4,812	2.25	
5,334,536 Premier Foods	5,799	2.71	
Construction & materials			
743,624 Marshalls	2,051	0.96	
806,046 Tyman	1,826	0.85	
1,000,741 Volution	3,693	1.73	
Aerospace & defence			
1,191,931 Chemring	3,525	1.65	
General industrials			
8,026,836 Coats	5,342	2.50	
Industrial engineering			
382,694 Videndum	4,103	1.92	
Industrial support services			
1,582,803 Alpha Financial Markets Consulting ^a	7,598	3.55	
3,938,908 De La Rue	3,124	1.46	
255,858 FDM	1,929	0.90	
570,448 Midwich ^a	2,404	1.12	
1,026,235 Restore ^a	3,387	1.58	
787,360 RWS ^a	2,961	1.39	
560,064 SThree	2,243	1.05	
Industrial transportation			
882,673 Wincanton	2,979	1.39	
Industrial metals & mining			
547,960 Hill & Smith	6,433	3.00	
Chemicals			
2,617,962 Elementis	3,150	1.47	
1,307,700 Synthomer	1,893	0.88	
132,674 Victrex	2,111	0.99	
Oil & gas			
1,650,390 Hunting	5,504	2.57	
953,461 John Wood	1,294	0.60	

Portfolio statement

Investments (continued)

Holding	as at 31.12.22 £'000	as at 31.12.22 %	as at 30.06.22 %
Equities (continued)			
Oil & gas (continued)			
633,324 Serica Energy	1,811	0.85	
1,229,258 Tullow Oil	455	0.21	
Total portfolio	204,275	95.42	100.51
Net other assets/(liabilities)	9,812	4.58	(0.51)
Net assets attributable to shareholders	214,087	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 2022

Largest purchases	£'000
Victrex	2,152
National Express	1,997
Serica Energy	1,878
Moonpig	1,637
Workspace	1,630
Restaurant	1,546
John Wood	1,434
Polar Capital ^a	1,319
WANdisco	1,308
Craneware	1,127
Other purchases	11,202
Total purchases	27,230

Largest sales	£'000
RPS	11,617
EMIS	7,679
Alpha Financial Markets Consulting ^a	3,856
Marlowe	2,430
Countryside Partnerships	2,152
Future	2,083
Hunting	1,984
Kier	1,897
Galliford Try	1,824
Volution	1,040
Other sales	2,860
Total sales	39,422

^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	+3.2	-4.0	+0.4	+7.0
Class 'A' Accumulation	+3.2	-3.9	+0.4	+7.0
Class 'C' Income	+3.9	-2.8	+1.7	+8.5
Class 'I' Income	+3.4	-3.5	+0.9	+7.7
Class 'I' Accumulation	+3.4	-3.5	+0.9	+7.7
Class 'R' Income	+3.3	-3.8	+0.7	+7.4
Class 'R' Accumulation	+3.3	-3.8	+0.7	+7.4
Benchmark	+3.0	-1.4	+0.3	+7.2

^a Not annualised.

Specific share class performance

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

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

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

Financial highlights

Sterling Class 'A' Income share performance

The share class was launched on 27 September 1967.

Change in NAV per share	Six months to 31.12.22 UK p	Year to 30.06.22 UK p	Year to 30.06.21 UK p
Opening NAV	336.52	447.31	309.29
Return before operating charges	14.76	(98.20)	149.42
Operating charges	(2.16)	(5.42)	(4.90)
Return after operating charges	12.60	(103.62)	144.52
Distributions	(3.61)	(7.17)	(6.50)
Closing NAV	345.51	336.52	447.31
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.21	0.79	0.31
Dilution adjustments	(0.01)	(0.09)	(0.31)
Total direct transaction costs	0.20	0.70	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs	0.11	0.16	0.00
Operating charges	1.26	1.25	1.31
Return after charges	+3.74	-23.17	+46.73
Other information			
Closing NAV (£'000)	88,909	88,538	118,419
Number of shares	25,732,755	26,310,046	26,473,586
Highest share price (UK p)	369.37	497.27	462.68
Lowest share price (UK p)	304.75	340.71	303.36

Sterling Class 'A' Accumulation share performance

The share class was launched on 27 September 1967.

Change in NAV per share	Six months to 31.12.22 UK p	Year to 30.06.22 UK p	Year to 30.06.21 UK p
Opening NAV	942.10	1,228.99	836.30
Return before operating charges	41.35	(271.95)	405.98
Operating charges	(6.04)	(14.94)	(13.29)
Return after operating charges	35.31	(286.89)	392.69
Distributions	(4.17)	(4.85)	(5.18)
Retained distributions	4.17	4.85	5.18
Closing NAV	977.41	942.10	1,228.99
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.58	2.18	0.83
Dilution adjustments	(0.04)	(0.25)	(0.83)
Total direct transaction costs	0.54	1.93	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs	0.11	0.16	0.00
Operating charges	1.26	1.25	1.31
Return after charges	+3.75	-23.34	+46.96
Other information			
Closing NAV (£'000)	28,995	28,845	37,294
Number of shares	2,966,528	3,061,786	3,034,506
Highest share price (UK p)	1,034.07	1,366.21	1,258.57
Lowest share price (UK p)	853.15	941.64	820.40

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 31.12.22 UK p	Year to 30.06.22 UK p	Year to 30.06.21 UK p
Opening NAV	373.98	490.89	335.07
Return before operating charges	16.44	(109.01)	162.02
Operating charges	(0.02)	0.00	0.00
Return after operating charges	16.42	(109.01)	162.02
Distributions	(4.00)	(7.90)	(6.20)
Closing NAV	386.40	373.98	490.89
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.23	0.87	0.30
Dilution adjustments	(0.02)	(0.10)	(0.30)
Total direct transaction costs	0.21	0.77	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs	0.11	0.16	0.00
Operating charges	0.01	0.00	0.00
Return after charges	+4.39	-22.21	+48.35
Other information			
Closing NAV (£'000)	25,805	25,500	35,718
Number of shares	6,678,317	6,818,728	7,276,148
Highest share price (UK p)	411.15	547.13	506.76
Lowest share price (UK p)	339.89	378.61	328.82

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 31.12.22 UK p	Year to 30.06.22 UK p	Year to 30.06.21 UK p
Opening NAV	1,892.82	2,505.91	1,724.72
Return before operating charges	83.15	(552.02)	834.91
Operating charges	(8.30)	(20.84)	(17.71)
Return after operating charges	74.85	(572.86)	817.20
Distributions	(20.34)	(40.23)	(36.01)
Closing NAV	1,947.33	1,892.82	2,505.91
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	1.17	4.47	1.71
Dilution adjustments	(0.08)	(0.52)	(1.71)
Total direct transaction costs	1.09	3.95	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs	0.11	0.16	0.00
Operating charges	0.86	0.85	0.85
Return after charges	+3.95	-22.86	+47.38
Other information			
Closing NAV (£'000)	34,994	34,612	66,718
Number of shares	1,797,051	1,828,611	2,662,409
Highest share price (UK p)	2,078.71	2,788.12	2,590.84
Lowest share price (UK p)	1,716.11	1,916.37	1,691.99

Sterling Class 'I' Accumulation share performance

The share class was launched on 3 August 2012.

Change in NAV per share	Six months to 31.12.22 UK p	Year to 30.06.22 UK p	Year to 30.06.21 UK p
Opening NAV	2,288.00	2,972.87	2,015.70
Return before operating charges	100.46	(660.23)	978.10
Operating charges	(10.03)	(24.64)	(20.93)
Return after operating charges	90.43	(684.87)	957.17
Distributions	(14.69)	(23.29)	(21.29)
Retained distributions	14.69	23.29	21.29
Closing NAV	2,378.43	2,288.00	2,972.87
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	1.41	5.29	2.02
Dilution adjustments	(0.10)	(0.61)	(2.02)
Total direct transaction costs	1.31	4.68	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs	0.11	0.16	0.00
Operating charges	0.86	0.85	0.85
Return after charges	+3.95	-23.04	+47.49
Other information			
Closing NAV (£'000)	23,663	23,457	32,089
Number of shares	994,893	1,025,205	1,079,389
Highest share price (UK p)	2,512.64	3,307.50	3,043.45
Lowest share price (UK p)	2,074.35	2,286.88	1,977.51

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 31.12.22 UK p	Year to 30.06.22 UK p	Year to 30.06.21 UK p
Opening NAV	186.43	247.44	170.72
Return before operating charges	8.19	(54.40)	82.55
Operating charges	(1.06)	(2.64)	(2.28)
Return after operating charges	7.13	(57.04)	80.27
Distributions	(2.00)	(3.97)	(3.55)
Closing NAV	191.56	186.43	247.44
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.12	0.44	0.17
Dilution adjustments	(0.01)	(0.05)	(0.17)
Total direct transaction costs	0.11	0.39	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs	0.11	0.16	0.00
Operating charges	1.11	1.10	1.10
Return after charges	+3.82	-23.05	+47.02
Other information			
Closing NAV (£'000)	2,484	2,602	3,375
Number of shares	1,297,082	1,395,478	1,364,119
Highest share price (UK p)	204.67	275.16	255.87
Lowest share price (UK p)	168.90	188.75	167.47

Sterling Class 'R' Accumulation share performance

The share class was launched on 3 August 2012.

Change in NAV per share	Six months to 31.12.22 UK p	Year to 30.06.22 UK p	Year to 30.06.21 UK p
Opening NAV	223.11	290.62	197.55
Return before operating charges	9.79	(64.40)	95.73
Operating charges	(1.26)	(3.11)	(2.66)
Return after operating charges	8.53	(67.51)	93.07
Distributions	(1.15)	(1.57)	(1.48)
Retained distributions	1.15	1.57	1.48
Closing NAV	231.64	223.11	290.62
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.14	0.52	0.20
Dilution adjustments	(0.01)	(0.06)	(0.20)
Total direct transaction costs	0.13	0.46	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs	0.11	0.16	0.00
Operating charges	1.11	1.10	1.10
Return after charges	+3.82	-23.23	+47.11
Other information			
Closing NAV (£'000)	9,237	9,021	12,559
Number of shares	3,987,550	4,043,509	4,321,280
Highest share price (UK p)	244.94	323.17	297.58
Lowest share price (UK p)	202.13	223.00	193.78

Financial statements and notes

Financial statements

Statement of total return

for the six months to 31 December	2022		2021	
	£'000	£'000	£'000	£'000
Income				
Net capital gains/(losses)		6,894		13,421
Revenue	2,263		1,993	
Expenses	(1,051)		(1,581)	
Interest payable and similar charges	0		0	
Net revenue/(expense) before taxation	1,212		412	
Taxation	0		0	
Net revenue/(expense) after taxation		1,212		412
Total return before distributions		8,106		13,833
Distributions		(1,932)		(1,484)
Change in net assets attributable to shareholders from investment activities		6,174		12,349

Statement of change in net assets attributable to shareholders

for the six months to 31 December	2022		2021	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		212,575		313,366
Amounts received on issue of shares	1,380		6,870	
Amounts paid on cancellation of shares	(6,396)		(32,525)	
		(5,016)		(25,655)
Dilution adjustments		35		169
Change in net assets attributable to shareholders from investment activities (see above)		6,174		12,349
Retained distributions on Accumulation shares		316		69
Unclaimed distributions		3		4
Closing net assets attributable to shareholders		214,087		300,302

The opening net assets attributable to shareholders for 2022 differs to the closing position in 2021 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 2022 £'000	30 June 2022 £'000
Assets		
Fixed assets		
Investments	204,275	209,558
Current assets		
Debtors	284	603
Cash and bank balances	320	426
Cash equivalents	10,988	4,073
Total assets	215,867	214,660
Liabilities		
Creditors		
Distribution payable	(1,589)	(1,957)
Other creditors	(191)	(128)
Total liabilities	(1,780)	(2,085)
Net assets attributable to shareholders	214,087	212,575

Financial statements and notes

Notes to the financial statements

Accounting policies

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

Distribution policy

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

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

Other regulatory disclosures

Swiss investor information

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

For these funds the TERs are the same as the operating charges disclosed in 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, i.e. 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.

