

M&G Investment Funds (10)

**Interim report and unaudited financial statements
for the six months ended 30 September 2022**

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Authorised Corporate Director's Report

The Authorised Corporate Director (ACD) of M&G Investment Funds (10) presents its interim report and unaudited financial statements for the six months ended 30 September 2022.

The unaudited financial statements of M&G Investment Funds (10) 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 (10) is an umbrella Open-Ended Investment Company (OEIC) and contains nine sub-funds, hereinafter referred to as 'funds' in the rest of this report. Each fund is a UK UCITS (Undertakings for Collective Investment in Transferable Securities) scheme as defined in the Collective Investment Schemes sourcebook, as issued (and amended) by the Financial Conduct Authority (FCA). This OEIC is an Investment Company with Variable Capital (ICVC) incorporated under the Open-Ended Investment Companies Regulations 2001. It is authorised and regulated by the FCA under the Financial Services and Markets Act 2000.

The Company was authorised on 26 August 2010, the M&G UK Inflation Linked Corporate Bond Fund was launched on 16 September 2010, the M&G Absolute Return Bond Fund was launched on 13 December 2016, the M&G Global Listed Infrastructure Fund was launched on 5 October 2017, the M&G Positive Impact Fund was launched on 20 November 2018, the M&G Global Enhanced Equity Premia Fund was launched on 12 November 2019, the M&G Sustainable Global High Yield Bond Fund (formerly M&G Global High Yield ESG Bond Fund) was launched on 25 February 2020, the M&G Climate Solutions Fund was launched on 5 November 2020, the M&G Better Health Solutions Fund was launched on 17 June 2021 and the M&G Sustainable Global Corporate Bond Fund was launched on 18 May 2022.

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 30 September 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 Absolute Return Bond Fund

Wolfgang Bauer

Jim Leaviss was co-fund manager up to 31 August 2022.

M&G Better Health Solutions Fund

Jasveet Brar

M&G Climate Solutions Fund

Randeep Somel

M&G Global Enhanced Equity Premia Fund

Gautam Samarth

Marc Beckenstrater was co-fund manager up to 30 June 2022.

M&G Global Listed Infrastructure Fund

Alex Araujo

M&G Positive Impact Fund

John William Olsen

M&G Sustainable Global Corporate Bond Fund

Ben Lord

M&G Sustainable Global High Yield Bond Fund (formerly M&G Global High Yield ESG Bond Fund)

James Tomlins and Stefan Isaacs

M&G UK Inflation Linked Corporate Bond Fund

Ben Lord

Authorised Corporate Director's Report

ACD

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

Directors of the ACD

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

Investment manager

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

Registrar

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

Depositary

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

Independent auditor

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

Annual value assessment

An annual assessment report is available which shows the value provided to investors in each of M&G's UK-based funds. The assessment report evaluates whether M&G's charges are justified in the context of the overall service delivered to its investors. The latest report to 31 March 2022 can be found at www.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 oil and gas 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 www.mandgplc.com/sustainability/environment/coal

On 10 May 2022, the M&G Global High Yield ESG Bond Fund was renamed the M&G Sustainable Global High Yield Bond Fund.

On 18 May 2022, the M&G Sustainable Global Corporate Bond Fund was launched as a sub-fund of M&G Investment Funds (10).

On 24 June 2022, the Sterling Class 'X' Income and Sterling Class 'X' Accumulation shares were merged

Authorised Corporate Director's Report

into the equivalent Sterling Class 'A' Income and Sterling Class 'A' Accumulation shares.

Effective as of 21 October 2022, John William Olsen replaced Randeep Somel as fund manager of the M&G Climate Solutions Fund.

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

Investor information

The Prospectus, Instrument of Incorporation, Key Investor Information Documents, costs and charges illustration, the latest Annual or Interim Investment Report and Financial Statements as well as a list of purchases and sales are available free of charge on request from the following address. The Instrument of Incorporation can also be inspected at our offices or at the office of the Depositary.

Customer services and administration for UK clients:

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

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

Telephone: 0800 390 390 (UK only)

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

Authorised Corporate Director's Report

Authorised Corporate Director's Responsibilities

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

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

Directors' statement

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

M&G Securities Limited
25 November 2022

Financial statements and notes

The financial statements for M&G Investment Funds (10) 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, following consideration of the impact of COVID-19 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 31 March 2022. They are prepared under the historical cost convention, as modified by the revaluation of investments, and in accordance with the Statement of Recommended Practice (SORP) for Authorised Funds issued by the Investment Association in May 2014 and amended in June 2017.

Authorised Corporate Director's Report

For the purposes of these financial statements, the Prospectus dated 13 July 2022 has been used.

Investment objective

The fund aims to achieve a total return (the combination of income and capital growth) of at least 2.5% per annum above the Sterling Overnight Index Average (SONIA), before any charges are taken, in any market conditions and over any three year period.

The fund aims to achieve this while seeking to minimise the degree to which the value of the fund fluctuates over time (volatility), while also seeking to limit monthly losses. Managing the fund in this way reduces its ability to achieve returns significantly above SONIA plus 2.5%.

There is no guarantee that the fund will achieve a positive return over three years, or any other period, and investors may not get back the original amount they invested.

Investment policy

The fund invests at least 70% in fixed and variable rate securities (including, but not limited to, corporate bonds and government and public securities), currencies, cash, near cash and deposits. These may be from anywhere in the world and denominated in any currency.

The fund's exposure to these investments may also be gained through the use of derivatives, which are financial contracts whose value is derived from an underlying asset. The fund may take short positions (holding derivatives with the aim of delivering a positive return when the assets they are linked to fall in value) in markets, currencies, securities, and groups of securities. The fund also has the flexibility to gain exposure to investments exceeding the net asset value of the fund in order to increase potential returns in both rising and falling markets.

Derivatives may be used to meet the fund's objective and for efficient portfolio management purposes. The fund may also invest in other funds.

Investment approach

The fund manager takes a flexible approach, investing across a broad range of fixed income and currency markets according to where he identifies value. A dynamic investment approach is followed, allowing the fund manager to change the blend of duration, credit and currency exposures based on his outlook. The fund will typically aim to have a high level of diversification in individual credit selection and across investment themes and sources of return. The manager will aim to achieve the performance objective while managing the fund's volatility and limiting losses during difficult market conditions.

Benchmark

Benchmark: SONIA + 2.5%.

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

The fund is actively managed. The fund manager has complete freedom in choosing which assets to buy, hold and sell in the fund.

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

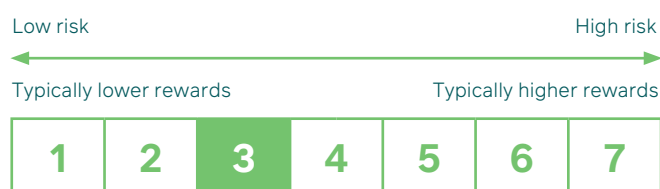
For unhedged share classes, the rate is shown in the share class currency.

Authorised Corporate Director's Report

Risk profile

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

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



The above number:

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

Investment review

For the six months ended 30 September 2022

Performance against objective

Between 1 April 2022 (the start of the review period) and 30 September 2022, the M&G Absolute Return Bond Fund delivered a negative total return (the combination of capital growth and income) and was behind the Sterling Overnight Index Average (SONIA) + 2.5% across all its share classes.

The fund's objective is to achieve a total return of at least 2.5% per annum above the SONIA, before any charges are taken, in any market condition and over any three-year period. Over a three-year period, the fund's annualised returns were behind SONIA +2.5%, which returned 2.9% pa. The fund is therefore not meeting its investment objective.

SONIA reflects the average interest rate that banks pay to borrow sterling overnight from other financial institutions.

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 saw heightened volatility across global bond markets as concerns about persistently high inflation and rising interest rates led to a surge in yields (which move in the opposite direction to bond prices). UK government bonds (gilts) came under particular pressure, most notably following the UK government's poorly received mini-budget announcement at the end of September. This triggered extreme turbulence in gilt markets, as investors took fright from the prospect of a raft of unfunded tax cuts and additional government borrowing.

The Bank of England's subsequent decision to step in and launch a temporary bond-buying programme helped ease pressure in the final days of the month. Nevertheless, as at the end of September, 10-year gilt yields stood at 4.1% (having risen above 4.5% just before the Bank's intervention), which compares with 1.6% at the end of March.

Other developed market government bonds also came under pressure, with US Treasuries and German bunds both experiencing steep losses. UK corporate bonds also posted sharp declines over the period, with rising gilt yields and concerns about an economic slowdown weighing on sentiment. US and European corporate bonds also performed poorly although they held up somewhat better than UK bonds. It was also a poor period for emerging market bonds, especially those markets more closely connected to the ongoing Russia-Ukraine conflict.

In currencies, the US dollar once again performed strongly, benefiting from its perceived safe-haven credentials amid heightened geopolitical uncertainty, while sterling and the euro performed poorly.

The fund delivered a negative return over the review period, with performance held back by the overall weakness across fixed income markets. Losses were mitigated by the fund's low sensitivity to movements in

Authorised Corporate Director's Report

interest rates (also known as duration, and measured in years) and defensive credit positioning.

Investment activities

The fund remains cautiously positioned in terms of its duration stance (meaning, it keeps duration relatively short, as generally bonds with longer duration are more sensitive to changes in interest rates), as we think the more persistent inflationary backdrop will put further upward pressure on yields. This is especially the case in the US, where the Federal Reserve has flagged that a number of interest rate rises are to be expected over the next couple of years.

Within corporate bonds, we continue to be cautiously positioned with a focus on higher-quality investment grade names. We also maintain a significant allocation to short-dated corporate bonds, which tend to have a low sensitivity to movements in interest rates.

Within currencies, we maintained our 'barbell' approach, consisting on the one hand of defensive 'safe-haven' positions – such as the Japanese yen and the US dollar – and on the other hand, a number of smaller, opportunistic emerging market positions.

Outlook

Financial markets remain very volatile as we enter the final months of 2022. Investors' appetite for bonds had already been poor because of accelerating inflation and central bank interest rate hikes. International political developments continue to press further on market sentiment. Still, given the scale of this year's sell-off, we think there are areas of value in fixed income markets, and we believe investors who take a long-term view are being well-compensated for taking credit risk.

However, we maintain our view of not taking on excessive levels of credit risk, particularly given the prospect of higher interest rates over the coming years. In this environment, we believe that an active and risk-controlled investment approach to the asset class remains crucial.

Wolfgang Bauer Fund manager

An employee of M&G FA Limited which is an associate of M&G Securities Limited. Jim Leaviss was co-fund manager up to 31 August 2022.

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

Portfolio statement

Investments

Holding	as at 30.09.22 £'000	as at 30.09.22 %	as at 31.03.22 %
Fixed income	14,698	87.84	91.81
Debt securities	13,995	83.64	89.48
'AAA' credit rated bonds	1,901	11.36	11.78
AU\$775,000 Australia (Commonwealth of) 1.75% 21/06/2051	279	1.67	
£100,000 European Investment Bank FRN 3.1051% 08/09/2025	102	0.61	
£84,147 Finsbury Square 2020-1 FRN 2.9215% 16/03/2070	84	0.50	
€158,000 Germany (Federal Republic of) IL 0.5% 15/04/2030	172	1.03	
€351,393 Harvest VIII FRN 0.73% 15/01/2031	302	1.80	
£138,450 London Wall Mortgage Capital FRN 2.6989% 15/05/2051	136	0.81	
NOK1,400,000 Norway (Kingdom of) 1.75% 17/02/2027	110	0.66	
NOK2,000,000 Norway (Kingdom of) 2% 24/05/2023	167	1.00	
£47,730 Precise Mortgage Funding 2020-1B FRN 2.9114% 16/10/2056	48	0.29	
US\$250,000 RIN II FRN 4.8857% 10/09/2030	222	1.32	
€232,000 Sound Point Euro III Funding FRN 0.95% 15/04/2033	194	1.16	
£85,306 Towd Point Mortgage Funding 2019-Vantage 2 FRN 3.1846% 20/02/2054	85	0.51	
'AA' credit rated bonds	715	4.27	4.45
£191,000 Metropolitan Life Global Funding I 0.625% 08/12/2027	146	0.87	
€171,000 New York Life Global Funding 0.25% 23/01/2027	131	0.78	
£200,000 New York Life Global Funding 0.75% 14/12/2028	147	0.88	
US\$150,000 US Treasury 0.625% 15/05/2030	107	0.64	
US\$100,000 US Treasury IL 3.875% 15/04/2029	184	1.10	
'A' credit rated bonds	2,776	16.59	16.87
€100,000 Allianz Var. Rate 3.375% Perpetual	84	0.50	
€300,000 Bank of America FRN 2.1% 22/09/2026	262	1.57	
€350,000 BP Capital Markets 1.104% 15/11/2034	218	1.30	
€189,000 Chubb 0.875% 15/12/2029	133	0.79	
£101,000 Close Brothers Finance 1.625% 03/12/2030	70	0.42	
US\$67,000 Comcast 2.987% 01/11/2063	35	0.21	
€200,000 Crédit Agricole Var. Rate 0.5% 21/09/2029	140	0.84	
US\$400,000 HCL America 1.375% 10/03/2026	318	1.90	
¥88,500,000 Japan (Govt. of) IL 0.1% 10/03/2029	600	3.58	
£250,000 JPMorgan Chase Var. Rate 0.991% 28/04/2026	217	1.30	

Portfolio statement

Investments (continued)

Holding	as at 30.09.22 £'000	as at 30.09.22 %	as at 31.03.22 %
Fixed income (continued)			
Debt securities (continued)			
'A' credit rated bonds (continued)			
US\$100,000 JPMorgan Chase Var. Rate 1.045% 19/11/2026	78	0.47	
US\$213,220 Project Silver 3.967% 15/07/2044	159	0.95	
€126,000 State Grid Overseas Investment 0.797% 05/08/2026	98	0.58	
€100,000 State Grid Overseas Investment 1.375% 02/05/2025	83	0.50	
€300,000 Svenska Handelsbanken 0.01% 02/12/2027	216	1.29	
€100,000 Vesteda Finance 0.75% 18/10/2031	65	0.39	
	6,215	37.14	40.03
'BBB' credit rated bonds			
€145,000 Acef 0.75% 14/06/2028	100	0.60	
€100,000 Acef 1.25% 26/04/2030	65	0.39	
US\$101,000 Altria 3.4% 06/05/2030	74	0.44	
€150,000 ASR Nederland Var. Rate 5% Perpetual	127	0.76	
€100,000 Bayerische Landesbank Var. Rate 1% 23/09/2031	70	0.42	
£100,000 BNP Paribas Var. Rate 2% 24/05/2031	80	0.48	
US\$244,000 Boeing 2.196% 04/02/2026	196	1.17	
US\$145,000 Boeing 3.25% 01/02/2035	93	0.56	
US\$32,000 Broadcom 1.95% 15/02/2028	24	0.14	
£110,000 Bunzl Finance 1.5% 30/10/2030	76	0.45	
€247,000 CBRE Global Investors 0.5% 27/01/2028	171	1.02	
€125,000 Commerzbank 0.375% 01/09/2027	94	0.56	
£100,000 Crédit Agricole Var. Rate 1.874% 09/12/2031	78	0.47	
€180,000 Credit Suisse 0.625% 18/01/2033	95	0.57	
€100,000 CTP 0.75% 18/02/2027	69	0.41	
£200,000 Deutsche Pfandbriefbank 1.75% 21/11/2022	199	1.19	
€110,000 DH Europe Finance II 1.8% 18/09/2049	59	0.35	
£156,000 DP World 4.25% 25/09/2030	145	0.87	
US\$34,000 DXC Technology 1.8% 15/09/2026	26	0.16	
€100,000 EnBW Energie Baden-Wuerttemberg Var. Rate 1.875% 29/06/2080	71	0.42	
€32,000 ENGIE 5.95% 16/03/2111	29	0.17	
€125,000 EWE 0.25% 08/06/2028	89	0.53	

Portfolio statement

Investments (continued)

Holding	as at 30.09.22 £'000	as at 30.09.22 %	as at 31.03.22 %
Fixed income (continued)			
Debt securities (continued)			
'BBB' credit rated bonds (continued)			
€163,000 Fraport Frankfurt Airport Services Worldwide 1.875% 31/03/2028	121	0.72	
€325,000 Goldman Sachs FRN 2.118% 23/09/2027	282	1.68	
£150,000 Hammerson 6% 23/02/2026	129	0.77	
€141,000 Heathrow Funding 1.875% 14/03/2034	88	0.53	
€200,000 ING Var. Rate 0.375% 29/09/2028	143	0.85	
£184,000 Legal & General Var. Rate 3.75% 26/11/2049	137	0.82	
£100,000 Lloyds Banking Var. Rate 1.985% 15/12/2031	78	0.47	
€100,000 Logicor Financing 1.625% 15/07/2027	74	0.44	
£100,000 Logicor Financing 2.75% 15/01/2030	74	0.44	
€100,000 Mexico (United Mexican States) 1.125% 17/01/2030	67	0.40	
€207,000 Mexico (United Mexican States) 1.45% 25/10/2033	119	0.71	
US\$225,000 Mexico (United Mexican States) 4.5% 31/01/2050	147	0.88	
MXN3,480,000 Mexico (United Mexican States) 10% 05/12/2024	155	0.93	
US\$43,477 Mitchells & Butlers Finance FRN 3.7426% 15/12/2030	35	0.21	
€115,000 Mondeléz International 0.25% 17/03/2028	84	0.50	
€218,000 National Grid 0.163% 20/01/2028	157	0.94	
US\$200,000 NatWest Var. Rate 4.892% 18/05/2029	165	0.99	
€100,000 Peugeot Invest 1.875% 30/10/2026	75	0.45	
€160,849 Portugal (Republic of) 1% 12/04/2052	75	0.45	
€300,000 Prosus 1.288% 13/07/2029	186	1.11	
€100,000 Quadient 2.25% 03/02/2025	78	0.47	
€70,000 Romania (Republic of) 3.875% 29/10/2035	42	0.25	
€44,000 Romania (Republic of) 4.625% 03/04/2049	26	0.16	
€255,000 Santander Var. Rate 0.603% 13/09/2029	173	1.03	
US\$407,472 S-Jets 2017-1 3.967% 15/08/2042	296	1.77	
€300,000 Sofina 1% 23/09/2028	191	1.14	
€200,000 Traton Finance Luxembourg 0.75% 24/03/2029	139	0.83	
€300,000 Unibail-Rodamco-Westfield 0.875% 29/03/2032	171	1.02	
€100,000 UniCredit Leasing 0.502% 18/10/2022	88	0.53	
US\$67,961 US Bancorp Var. Rate 5.3% Perpetual	52	0.31	

Portfolio statement

Investments (continued)

Holding	as at 30.09.22 £'000	as at 30.09.22 %	as at 31.03.22 %
Fixed income (continued)			
Debt securities (continued)			
'BBB' credit rated bonds (continued)			
€171,000 Verizon Communications 0.75% 22/03/2032	112	0.67	
US\$28,000 Vodafone 5% 30/05/2038	22	0.13	
€300,000 Volkswagen Financial Services 0.125% 12/02/2027	223	1.33	
€100,000 Vonovia 0.625% 14/12/2029	64	0.38	
€100,000 Vonovia 1.625% 01/09/2051	42	0.25	
€103,000 WPC Eurobond 1.35% 15/04/2028	75	0.45	
'BB' credit rated bonds	1,751	10.46	13.76
€400,000 Banco de Sabadell Var. Rate 0.875% 16/06/2028	277	1.65	
COP200,000,000 Bogota Distrito Capital 9.75% 26/07/2028	33	0.20	
€100,000 Cellnex Finance 2% 15/02/2033	58	0.35	
US\$32,000 Cheniere Energy Partners 3.25% 31/01/2032	22	0.13	
US\$50,000 Energy Transfer FRN 5.7998% 01/11/2066	34	0.20	
€149,000 GTC Aurora Luxembourg 2.25% 23/06/2026	97	0.58	
€100,000 Heimstaden 4.375% 06/03/2027	66	0.39	
€100,000 Heimstaden Bostad Var. Rate 3.248% Perpetual	63	0.38	
€200,000 Iccrea Banca Var. Rate 2.125% 17/01/2027	155	0.93	
€300,000 Iliad 1.875% 11/02/2028	210	1.25	
€100,000 Iliad 2.375% 17/06/2026	78	0.47	
€300,000 Mahle 2.375% 14/05/2028	173	1.03	
€300,000 SES Var. Rate 2.875% Perpetual	197	1.18	
US\$78,000 TEGNA 4.625% 15/03/2028	64	0.38	
£100,000 Vodafone Var. Rate 4.875% 03/10/2078	86	0.51	
€106,000 Wabtec Transportation Netherlands 1.25% 03/12/2027	75	0.45	
€100,000 ZF Europe Finance 3% 23/10/2029	63	0.38	
'B' credit rated bonds	473	2.83	1.94
€150,000 Egypt (Arab Republic of) 5.625% 16/04/2030	77	0.46	
£300,000 Petroleos Mexicanos 3.75% 16/11/2025	244	1.46	
US\$214,000 Pilgrim's Pride 3.5% 01/03/2032	152	0.91	

Portfolio statement

Investments (continued)

Holding	as at 30.09.22 £'000	as at 30.09.22 %	as at 31.03.22 %
Fixed income (continued)			
Debt securities (continued)			
'CCC' credit rated bonds			
£100,000 Boparan Finance 7.625% 30/11/2025	65	0.39	
RUB7,500,000 Russia (Federation of) 8.15% 03/02/2027	28	0.17	
'CC' credit rated bonds			
€130,000 Ukraine (Republic of) 6.75% 20/06/2028	21	0.13	
'C' credit rated bonds			
US\$200,000 NAK Naftogaz Ukraine 7.625% 08/11/2026	39	0.23	
'D' credit rated bonds			
US\$200,000 China Evergrande 7.5% 28/06/2023	11	0.07	
Debt derivatives			
Credit default swaps			
US\$250,000 Amgen Jun 2023	(1)	(0.01)	
US\$(150,000) Italy (Republic of) Dec 2022	0	0.00	
US\$3,600,000 Markit CDX North American Investment Grade Series 39 5 Year Dec 2027	10	0.06	
€(620,000) Markit iTraxx Europe Crossover Series 38 V1 5 Year Dec 2027	(30)	(0.18)	
€530,000 Markit iTraxx Europe Senior Financial Series 38 V1 5 Year Dec 2027	10	0.06	
€7,800,000 Markit iTraxx Europe Series 38 V1 5 Year Dec 2027	109	0.65	
€1,000,000 Markit iTraxx Europe Series 38 V1 10 Year Dec 2032	40	0.24	
€900,000 Markit iTraxx Europe Subordinated Financials Index Series 38 V1 5 Year Dec 2027	61	0.37	
Interest rate swaps			
€355,000 Pay 0.0472% Receive VAR Aug 2050	147	0.88	
£300,000 Pay 0.81% Receive VAR Sep 2049	1	0.01	
US\$400,000 Pay 1.0817% Receive VAR Sep 2050	146	0.87	
Interest rate futures			
7 10 Year US Treasury Note Dec 2022	(30)	(0.18)	
(10) 5 Year US Treasury Note Dec 2022	32	0.19	
(24) Euro-Bobl Dec 2022	61	0.36	
(2) Euro-Bono Sp Gov Dec 2022	7	0.04	
(3) Euro-Btp Dec 2022	12	0.07	

Portfolio statement

Investments (continued)

Holding	as at 30.09.22 £'000	as at 30.09.22 %	as at 31.03.22 %
Fixed income (continued)			
Debt derivatives (continued)			
Interest rate futures (continued)			
(9) Euro-Bund Dec 2022	48	0.29	
(4) Euro-Schatz Dec 2022	3	0.02	
(8) Long Gilt Dec 2022	102	0.61	
3 US Ultra Bond Dec 2022	(25)	(0.15)	
Currency	(237)	(1.42)	(1.39)
Forward currency contracts			
€336,227 Bought for £297,696 (expires 12.10.22)	(1)	(0.01)	
€(9,321,449) Sold for £8,124,647 (expires 12.10.22)	(102)	(0.61)	
¥15,077,369 Bought for £90,577 (expires 12.10.22)	4	0.02	
¥(4,991,108) Sold for £32,319 (expires 12.10.22)	1	0.01	
US\$87,211 Bought for €85,582 (expires 12.10.22)	3	0.02	
US\$80,544 Bought for £74,139 (expires 12.10.22)	(2)	(0.01)	
US\$(2,957,355) Sold for £2,531,694 (expires 12.10.22)	(140)	(0.84)	
Total portfolio	14,461	86.42	90.42
Net other assets/(liabilities)	2,272	13.58	9.58
Net assets attributable to shareholders	16,733	100.00	100.00

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

Portfolio statement

Top portfolio transactions for the six months to 30 September 2022

Largest purchases	£'000
Pilgrim's Pride 3.5% 01/03/2032	156
EWE 0.25% 08/06/2028	91
EnBW Energie Baden-Wuerttemberg Var. Rate 1.875% 29/06/2080	74
Bayerische Landesbank Var. Rate 1% 23/09/2031	74
Total purchases	395

Largest sales	£'000
Channel Link Enterprises Finance Var. Rate 1% 30/06/2050	171
Pilgrim's Pride 3.5% 01/03/2032	157
Bayer 1% 02/04/2075	85
Towd Point Mortgage Funding 2019-Vantage 2 FRN 3.1846% 20/02/2054	34
London Wall Mortgage Capital FRN 2.6989% 15/05/2051	19
Project Silver 3.967% 15/07/2044	9
Greene King Finance 1% 15/12/2033	7
Mitchells & Butlers Finance FRN 3.7426% 15/12/2030	4
Total sales	486

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 www.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	-3.4	-1.1	+0.4	n/a
Class 'A' Accumulation	-3.4	-1.1	+0.4	n/a
Class 'I' Income	-3.3	-0.9	+0.6	n/a
Class 'I' Accumulation	-3.2	-0.9	+0.7	n/a
Class 'L' Income	-3.2	-0.7	+0.8	n/a
Class 'L' Accumulation	-3.1	-0.7	+0.8	n/a
Class 'PP' Income	-3.2	-0.8	n/a	n/a
Class 'PP' Accumulation	-3.2	-0.8	n/a	n/a
Benchmark	+1.9	+2.9	+3.1	n/a

^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 December 2016.

Change in NAV per share	Six months to 30.09.22 UK p	Year to 31.03.22 UK p	Year to 31.03.21 UK p
Opening NAV	95.45	99.64	91.58
Return before operating charges	(2.94)	(1.81)	10.79
Operating charges	(0.38)	(0.79)	(0.79)
Return after operating charges	(3.32)	(2.60)	10.00
Distributions	(0.82)	(1.59)	(1.94)
Closing NAV	91.31	95.45	99.64
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.01
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.00	0.01
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.01
Operating charges	0.80	0.80	0.80
Return after charges	-3.48	-2.61	+10.92
Other information			
Closing NAV (£'000)	975	976	918
Number of shares	1,068,210	1,022,111	921,455
Highest share price (UK p)	95.94	100.59	101.78
Lowest share price (UK p)	92.47	95.68	92.45

Sterling Class 'A' Accumulation share performance

The share class was launched on 13 December 2016.

Change in NAV per share	Six months to 30.09.22 UK p	Year to 31.03.22 UK p	Year to 31.03.21 UK p
Opening NAV	107.94	110.85	99.97
Return before operating charges	(3.35)	(2.02)	11.75
Operating charges	(0.43)	(0.89)	(0.87)
Return after operating charges	(3.78)	(2.91)	10.88
Distributions	(0.50)	(0.88)	(1.26)
Retained distributions	0.50	0.88	1.26
Closing NAV	104.16	107.94	110.85
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.01	0.01
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.01	0.01
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.01
Operating charges	0.80	0.80	0.80
Return after charges	-3.50	-2.63	+10.88
Other information			
Closing NAV (£'000)	950	693	688
Number of shares	912,273	641,803	620,542
Highest share price (UK p)	108.48	111.91	112.18
Lowest share price (UK p)	104.55	107.29	100.60

Financial highlights

Sterling Class 'I' Income share performance

The share class was launched on 13 December 2016.

Change in NAV per share	Six months to 30.09.22 UK p	Year to 31.03.22 UK p	Year to 31.03.21 UK p
Opening NAV	96.54	100.42	92.20
Return before operating charges	(3.00)	(1.82)	10.74
Operating charges	(0.22)	(0.45)	(0.58)
Return after operating charges	(3.22)	(2.27)	10.16
Distributions	(0.81)	(1.61)	(1.94)
Closing NAV	92.51	96.54	100.42
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.01	0.01
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.01	0.01
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.01
Operating charges	0.45	0.45	0.58
Return after charges	-3.34	-2.26	+11.02
Other information			
Closing NAV (£'000)	1,344	1,961	5,612
Number of shares	1,453,184	2,031,027	5,588,610
Highest share price (UK p)	97.04	101.49	102.53
Lowest share price (UK p)	93.67	96.75	93.07

Sterling Class 'I' Accumulation share performance

The share class was launched on 13 December 2016.

Change in NAV per share	Six months to 30.09.22 UK p	Year to 31.03.22 UK p	Year to 31.03.21 UK p
Opening NAV	109.27	111.84	100.65
Return before operating charges	(3.38)	(2.07)	11.83
Operating charges	(0.24)	(0.50)	(0.64)
Return after operating charges	(3.62)	(2.57)	11.19
Distributions	(0.69)	(1.29)	(1.48)
Retained distributions	0.69	1.29	1.48
Closing NAV	105.65	109.27	111.84
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.01	0.01
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.01	0.01
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.01
Operating charges	0.45	0.45	0.59
Return after charges	-3.31	-2.30	+11.12
Other information			
Closing NAV (£'000)	13,334	13,251	18,498
Number of shares	12,620,637	12,126,529	16,539,890
Highest share price (UK p)	109.84	113.03	113.12
Lowest share price (UK p)	106.04	108.61	101.29

Financial highlights

Sterling Class 'L' Income share performance

The share class was launched on 13 December 2016.

Change in NAV per share	Six months to 30.09.22 UK p	Year to 31.03.22 UK p	Year to 31.03.21 UK p
Opening NAV	97.19	100.89	92.49
Return before operating charges	(3.01)	(1.84)	10.81
Operating charges	(0.12)	(0.26)	(0.47)
Return after operating charges	(3.13)	(2.10)	10.34
Distributions	(0.83)	(1.60)	(1.94)
Closing NAV	93.23	97.19	100.89
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.01	0.01
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.01	0.01
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.01
Operating charges	0.25	0.25	0.48
Return after charges	-3.22	-2.08	+11.18
Other information			
Closing NAV (£'000)	19	19	1,430
Number of shares	20,034	20,034	1,417,027
Highest share price (UK p)	97.69	102.06	102.98
Lowest share price (UK p)	94.40	97.38	93.38

Sterling Class 'L' Accumulation share performance

The share class was launched on 13 December 2016.

Change in NAV per share	Six months to 30.09.22 UK p	Year to 31.03.22 UK p	Year to 31.03.21 UK p
Opening NAV	110.05	112.41	101.04
Return before operating charges	(3.41)	(2.08)	11.92
Operating charges	(0.14)	(0.28)	(0.55)
Return after operating charges	(3.55)	(2.36)	11.37
Distributions	(0.81)	(1.52)	(1.33)
Retained distributions	0.81	1.52	1.33
Closing NAV	106.50	110.05	112.41
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.01	0.01
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.01	0.01
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.01
Operating charges	0.25	0.25	0.48
Return after charges	-3.23	-2.10	+11.25
Other information			
Closing NAV (£'000)	73	75	88
Number of shares	68,496	68,496	78,112
Highest share price (UK p)	110.62	113.71	113.66
Lowest share price (UK p)	106.90	109.37	101.69

Financial highlights

Sterling Class 'PP' Income share performance

The share class was launched on 5 August 2019.

Change in NAV per share	Six months to 30.09.22 UK p	Year to 31.03.22 UK p	Year to 31.03.21 UK p
Opening NAV	94.47	98.16	89.94
Return before operating charges	(2.94)	(1.79)	10.61
Operating charges	(0.16)	(0.34)	(0.47)
Return after operating charges	(3.10)	(2.13)	10.14
Distributions	(0.80)	(1.56)	(1.92)
Closing NAV	90.57	94.47	98.16
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.01
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.00	0.01
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.01
Operating charges	0.35	0.35	0.48
Return after charges	-3.28	-2.17	+11.27
Other information			
Closing NAV (£'000)	18	19	19
Number of shares	20,000	20,000	20,000
Highest share price (UK p)	94.96	99.26	100.21
Lowest share price (UK p)	91.71	94.66	90.80

Sterling Class 'PP' Accumulation share performance

The share class was launched on 8 April 2019.

Change in NAV per share	Six months to 30.09.22 UK p	Year to 31.03.22 UK p	Year to 31.03.21 UK p
Opening NAV	104.04	106.38	95.64
Return before operating charges	(3.22)	(1.97)	11.24
Operating charges	(0.18)	(0.37)	(0.50)
Return after operating charges	(3.40)	(2.34)	10.74
Distributions	(0.71)	(1.33)	(1.50)
Retained distributions	0.71	1.33	1.50
Closing NAV	100.64	104.04	106.38
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.01	0.01
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.01	0.01
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.01
Operating charges	0.35	0.35	0.48
Return after charges	-3.27	-2.20	+11.23
Other information			
Closing NAV (£'000)	20	20	33
Number of shares	19,690	19,690	30,552
Highest share price (UK p)	104.58	107.57	107.58
Lowest share price (UK p)	101.02	103.41	96.25

Financial statements and notes

Financial statements

Statement of total return

for the six months to 30 September	2022		2021	
	£'000	£'000	£'000	£'000
Income				
Net capital gains/(losses)		(683)		42
Revenue	150		213	
Expenses	(42)		(61)	
Interest payable and similar charges	(1)		(1)	
Net revenue/(expense) before taxation	107		151	
Taxation	0		(1)	
Net revenue/(expense) after taxation		107		150
Total return before distributions		(576)		192
Distributions		(115)		(163)
Change in net assets attributable to shareholders from investment activities		(691)		29

Statement of change in net assets attributable to shareholders

for the six months to 30 September	2022		2021	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		17,014		27,286
Amounts received on issue of shares	2,200		2,038	
Amounts paid on cancellation of shares	(1,885)		(7,391)	
		315		(5,353)
Dilution adjustments		2		8
Change in net assets attributable to shareholders from investment activities (see above)		(691)		29
Retained distributions on Accumulation shares		93		100
Closing net assets attributable to shareholders		16,733		22,070

Interest payable and similar charges of £1,000 (2021: £1,000) has been reclassified from 'Expenses' within the statement of total return. 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	30 September 2022 £'000	31 March 2022 £'000
Assets		
Fixed assets		
Investments	14,792	15,788
Current assets		
Debtors	155	160
Cash and bank balances	669	856
Cash equivalents	1,613	1,119
Total assets	17,229	17,923
Liabilities		
Investment liabilities	(331)	(403)
Creditors		
Overdrawn positions at futures clearing houses and collateral manager	(115)	(284)
Distribution payable	(21)	(25)
Other creditors	(29)	(197)
Total liabilities	(496)	(909)
Net assets attributable to shareholders	16,733	17,014

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 13 July 2022 has been used.

Investment objective

The fund has two aims:

- To provide a higher total return (capital growth plus income), net of the ongoing charges figure, than the MSCI World Index over any five-year period; and
- To invest in companies that deliver solutions to the challenge of better health and well-being.

Investment policy

At least 80% of the fund is invested directly in the equity securities and equity related securities of companies across any sector and market capitalisation that are domiciled, incorporated or listed in developed markets. The fund has a concentrated portfolio of usually fewer than 40 companies.

The fund may also invest directly in the equity securities and equity related securities of companies that are domiciled, incorporated or listed in emerging markets.

The fund invests in securities that meet the ESG criteria and impact criteria.

The following types of exclusions apply to the fund's direct investments:

- Norms-based exclusions: investments that are assessed to be in breach of commonly accepted standards of behaviour related to human rights, labour rights, environment and anti-corruption.
- Sector-based and/or values-based exclusions: investments and/or sectors exposed to business activities that are assessed to be damaging to human health, societal well-being, the environment, or otherwise assessed to be misaligned with the fund's sector-based and/or values-based criteria.

- Other exclusions: investments assessed to be otherwise in conflict with the ESG criteria and impact criteria.

References to "assessed" above mean assessment in accordance with the ESG criteria and impact criteria document as disclosed in the ESG Information section below. Further information on the exclusions applicable to the fund can be found in the Prospectus for M&G Investment Funds (10), which is available free of charge either from our website at www.mandg.co.uk/prospectuses or by calling M&G Customer Relations.

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

Derivatives may be used for efficient portfolio management and hedging.

As explained in the ESG criteria and impact criteria document, it may not be practicable to perform ESG analysis on cash, near cash, some derivatives and some collective investment schemes, to the same standards as for the other investments. The fund manager will assess the suitability of such instruments relative to the fund's investment objective.

Investment approach

The fund is a concentrated portfolio of global stocks, investing over the long term in companies that are delivering solutions to the challenge of better health and well-being alongside a financial return, using a disciplined stock selection process. Sustainability and impact investing considerations are fundamental in determining the fund's investment universe and assessing business models as further set out in the ESG criteria and impact criteria.

The fund invests in companies that deliver solutions to the challenge of better health and/or better well-being. As further described in the impact criteria, these can be understood by reference to the United Nations Sustainable Development Goals framework as

Authorised Corporate Director's Report

companies such as those which are focused on sustainable development goals such as health and well-being; zero hunger; clean water and sanitation; sustainable cities and communities; responsible consumption and production; or other companies which the investment manager considers appropriate to invest in, in pursuit of the non-financial investment objective.

All equity securities and equity related instruments are subject to assessment and measurement of their ability to deliver solutions to the challenge of better health and well-being and generate financial returns, which is conducted at company level using M&G's impact assessment methodology. This focuses on three criteria:

- Investment credentials: the quality and durability of the company's business model and its ability to produce sustainable economic returns;
- Intention: the company's purpose as evidenced by the alignment of its mission statement with its corporate strategy and actions; and
- Impact: the scale of the net positive societal impact and the company's progress towards addressing specified health and well-being challenges.

The fund invests in three categories of better health and/or well-being companies.

- "Pioneers", whose products or services have or could have a transformational effect on improving global health and/or well-being.
- "Enablers", which provide the tools for others to deliver better health and/or well-being.
- "Leaders", which spearhead and mainstream sustainability in industries promoting better health and/or well-being, but which may have more established profitability than pioneers.

Dialogue with the companies in which the fund invests is fundamental to the investment approach.

ESG Information

Additional information is available to investors on the fund page of the M&G website:

- ESG criteria and impact criteria, which includes the fund's exclusions approach.
- Annual Impact Report providing an assessment of the fund's sustainable objective will also be published when available.
- Other periodic reporting on the sustainable objective of the fund.

Benchmark

Benchmark: MSCI World Index.

The benchmark is a target for the fund's financial objective and is used to measure the fund's financial performance. The index has been chosen as the fund's benchmark as it best reflects the financial aspects 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 investments to buy, hold and sell in the fund. The fund's holdings may deviate significantly from the benchmark's constituents, and as a result the fund's performance may deviate materially from the benchmark.

For 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 30 September 2022

Performance against objective

Between 1 April 2022 (the start of the review period) and 30 September 2022, the M&G Better Health Solutions Fund delivered a negative total return (the combination of income and growth of capital) across all of its sterling share classes. Fund performance was behind the fund's benchmark, the MSCI World Index, which returned -7.0% over the same period under review. (The 'Z' share class was marginally ahead of the fund's benchmark, however this share class is only available at the ACD's discretion).

The fund was launched in June 2021, and thus cannot yet be measured on its performance objective to provide a higher total return (capital growth plus income), net of the ongoing charges figure, than the MSCI World 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

Global stockmarkets fell in the reporting period. Persistently high inflation, central banks raising interest rates, concerns over economic slowdown and the ongoing war in Ukraine all negatively impacted investor sentiment, pushing the markets lower. Against this backdrop, the energy sector was the top relative performer, partly due to strong increases in the oil price in the first half of 2022, while the technology and communication services sectors fared worst.

Turning to the fund itself, the lack of exposure to energy and consumer staples companies was negative for relative performance. Stockpicking in the healthcare and industrials sectors also hampered returns.

The fund's biggest individual detractor was dialysis specialist Fresenius Medical Care. The company's share price fell sharply in the wake of its second-quarter financial results, where a worsening macroeconomic environment and US labour market issues were blamed for rising input prices and supply chain issues, both leading to higher costs. The company's share price also faced downward pressure in June, when the US Supreme Court ruled against a competitor in a lawsuit over healthcare providers' coverage of dialysis. Other detractors included pharmaceuticals companies GSK and Grifols.

On the positive side, the fund benefited from having a much larger exposure to healthcare companies than the benchmark. Stockpicking in the financials sector was also positive for performance.

The top individual contributor was UnitedHealth. The company's share price rallied strongly in June, after announcing its acquisition of EMIS, a UK-based healthcare software and technology company which provides services for the NHS.

Other positive holdings included Danish firm Novo Nordisk, and consumer goods company Colgate-Palmolive.

Authorised Corporate Director's Report

Investment activities

We run a concentrated portfolio of usually fewer than 40 holdings, maintaining a watchlist of impactful companies-approved by M&G's Positive Impact team-that we would like to own when we believe the timing and price are right. We monitor our watchlist closely, waiting patiently for short-term issues to create buying opportunities.

In the reporting period, we made several changes to the fund. We took out a new position in consumer healthcare business Haleon, which boasts a wide variety of brands including Sensodyne toothpaste and Panadol painkillers.

We also sold our holding in cloud-based healthcare software company Tabula Rasa, and sold our small position in Embecta. We had received a small number of Embecta shares after the company was spun out of Becton Dickinson (another of the fund's holdings).

Outlook

As a result of high inflation persisting for longer than expected, alongside fears of an economic recession, we are experiencing heightened volatility in the markets.

Against this backdrop, rather than make short-term changes, we continue to carry out our fundamental analysis of companies in the fund and on our watchlist. We search for opportunities to invest in quality companies that are making a positive impact in the areas of better health and well-being. When we identify these companies, we will look for attractive entry points, where there is a margin of safety between the current share price and what we believe to be the company's intrinsic value.

Our portfolio companies are those which we believe will benefit from long-term, structural tailwinds. We expect these companies to provide attractive growth over the long term, and we invest with the intention of holding them for many years.

Jasveet Brar

Fund manager

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

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

Portfolio statement

Investments

Holding	as at 30.09.22 \$'000	as at 30.09.22 %	as at 31.03.22 %
Equities	13,294	98.10	97.30
Chemicals	796	5.87	6.10
3,048 DSM	343	2.53	
3,089 Ecolab	453	3.34	
Commercial services & supplies	473	3.49	3.31
24,782 Marlowe ^a	220	1.62	
2,277 MSA Safety	253	1.87	
Professional services	411	3.03	3.91
10,101 Intertek	411	3.03	
Auto components	492	3.63	3.07
7,237 Autoliv	492	3.63	
Leisure products	659	4.86	5.15
3,300 Shimano	525	3.87	
21,826 Technogym	134	0.99	
Hotels, restaurants & leisure	124	0.91	0.94
102,619 Gym	124	0.91	
Internet & direct marketing retail	94	0.69	0.73
206,000 Alibaba Health Information Technology	94	0.69	
Household products	611	4.51	3.58
8,488 Colgate-Palmolive	611	4.51	
Personal products	200	1.48	0.00
65,682 Haleon	200	1.48	
Health care equipment & supplies	1,782	13.15	12.63
7,808 Alcon	454	3.35	
3,092 Becton Dickinson	702	5.18	
2,795 DiaSorin	306	2.26	
1,652 Masimo	238	1.76	
6,770 Xvivo Perfusion	82	0.60	
Health care providers & services	1,741	12.85	11.77
7,747 Fresenius Medical Care	219	1.62	
5,461 Quest Diagnostics	683	5.04	
1,638 UnitedHealth	839	6.19	

Portfolio statement

Investments (continued)

Holding	as at 30.09.22 \$'000	as at 30.09.22 %	as at 31.03.22 %
Equities (continued)			
Health care technology	455	3.36	8.01
2,443 Teladoc Health	65	0.48	
2,339 Veeva Systems	390	2.88	
Biotechnology	480	3.54	3.68
44,138 Grifols Preference Shares	282	2.08	
75,498 PureTech Health	198	1.46	
Pharmaceuticals	2,776	20.49	20.47
23,388 ALK-Abelló	363	2.68	
5,544 AstraZeneca	613	4.52	
33,174 GSK	483	3.57	
10,070 Novo Nordisk	1,011	7.46	
2,012 Zoetis	306	2.26	
Life sciences tools & services	1,683	12.42	10.90
3,233 Agilent Technologies	400	2.95	
1,416 Illumina	278	2.05	
47,510 Oxford Nanopore Technologies	129	0.95	
1,686 Thermo Fisher Scientific	876	6.47	
Insurance	517	3.82	3.05
10,986 AMERISAFE	517	3.82	
Total portfolio	13,294	98.10	97.30
Net other assets/(liabilities)	257	1.90	2.70
Net assets attributable to shareholders	13,551	100.00	100.00

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

^a AIM quoted.

Portfolio statement

Top portfolio transactions for the period to 30 September 2022

Largest purchases	\$'000
Oxford Nanopore Technologies	137
Novo Nordisk	123
Thermo Fisher Scientific	103
UnitedHealth	91
GSK	89
Becton Dickinson	87
Gym	86
Grifols Preference Shares	83
Veeva Systems	81
Quest Diagnostics	81
Other purchases	1,146
Total purchases	2,107

Largest sales	\$'000
Cerner	700
Tabula Rasa Healthcare	23
Embecta	19
Total sales	742

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 www.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	-7.4	n/a	n/a	n/a
Class 'A' Accumulation	-7.4	n/a	n/a	n/a
Class 'I' Income	-7.2	n/a	n/a	n/a
Class 'I' Accumulation	-7.2	n/a	n/a	n/a
Class 'PP' Income	-7.2	n/a	n/a	n/a
Class 'PP' Accumulation	-7.2	n/a	n/a	n/a
Class 'R' Income	-7.4	n/a	n/a	n/a
Class 'R' Accumulation	-7.4	n/a	n/a	n/a
Class 'Z' Accumulation	-6.9	n/a	n/a	n/a
Benchmark	-7.0	n/a	n/a	n/a

^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 17 June 2021.

Change in NAV per share	Six months to 30.09.22 UK p	Period to 31.03.22 UK p
Opening NAV	98.11	100.00
Return before operating charges	(6.75)	0.01
Operating charges	(0.53)	(0.87)
Return after operating charges	(7.28)	(0.86)
Distributions	n/a	(1.03)
Closing NAV	90.83	98.11
Direct transaction costs	UK p	UK p
Costs before dilution adjustments	0.02	0.12
Dilution adjustments	(0.01)	(0.02)
Total direct transaction costs	0.01	0.10
Performance and charges	%	%
Direct portfolio transaction costs	0.01	0.13
Operating charges	1.10	1.10
Return after charges	-7.42	-0.86
Other information		
Closing NAV (\$'000)	51	61
Number of shares	50,581	47,585
Highest share price (UK p)	99.51	107.95
Lowest share price (UK p)	89.85	91.08

Sterling Class 'A' Accumulation share performance

The share class was launched on 17 June 2021.

Change in NAV per share	Six months to 30.09.22 UK p	Period to 31.03.22 UK p
Opening NAV	99.15	100.00
Return before operating charges	(6.82)	0.01
Operating charges	(0.53)	(0.86)
Return after operating charges	(7.35)	(0.85)
Distributions	n/a	(0.12)
Retained distributions	n/a	0.12
Closing NAV	91.80	99.15
Direct transaction costs	UK p	UK p
Costs before dilution adjustments	0.02	0.12
Dilution adjustments	(0.01)	(0.02)
Total direct transaction costs	0.01	0.10
Performance and charges	%	%
Direct portfolio transaction costs	0.01	0.13
Operating charges	1.10	1.10
Return after charges	-7.41	-0.85
Other information		
Closing NAV (\$'000)	182	149
Number of shares	179,407	114,364
Highest share price (UK p)	100.57	107.95
Lowest share price (UK p)	90.80	91.08

Financial highlights

Sterling Class 'I' Income share performance

The share class was launched on 17 June 2021.

Change in NAV per share	Six months to 30.09.22 UK p	Period to 31.03.22 UK p
Opening NAV	98.43	100.00
Return before operating charges	(6.79)	0.02
Operating charges	(0.33)	(0.55)
Return after operating charges	(7.12)	(0.53)
Distributions	n/a	(1.04)
Closing NAV	91.31	98.43
Direct transaction costs	UK p	UK p
Costs before dilution adjustments	0.02	0.12
Dilution adjustments	(0.01)	(0.02)
Total direct transaction costs	0.01	0.10
Performance and charges	%	%
Direct portfolio transaction costs	0.01	0.13
Operating charges	0.70	0.70
Return after charges	-7.23	-0.53
Other information		
Closing NAV (\$'000)	52	45
Number of shares	51,418	34,909
Highest share price (UK p)	99.83	108.18
Lowest share price (UK p)	90.20	91.33

Sterling Class 'I' Accumulation share performance

The share class was launched on 17 June 2021.

Change in NAV per share	Six months to 30.09.22 UK p	Period to 31.03.22 UK p
Opening NAV	99.46	100.00
Return before operating charges	(6.85)	0.02
Operating charges	(0.34)	(0.56)
Return after operating charges	(7.19)	(0.54)
Distributions	n/a	(0.46)
Retained distributions	n/a	0.46
Closing NAV	92.27	99.46
Direct transaction costs	UK p	UK p
Costs before dilution adjustments	0.02	0.12
Dilution adjustments	(0.01)	(0.02)
Total direct transaction costs	0.01	0.10
Performance and charges	%	%
Direct portfolio transaction costs	0.01	0.13
Operating charges	0.70	0.70
Return after charges	-7.23	-0.54
Other information		
Closing NAV (\$'000)	336	370
Number of shares	329,398	283,265
Highest share price (UK p)	100.89	108.18
Lowest share price (UK p)	91.16	91.33

Financial highlights

Sterling Class 'PP' Income share performance

The share class was launched on 17 June 2021.

Change in NAV per share	Six months to 30.09.22 UK p	Period to 31.03.22 UK p
Opening NAV	98.50	100.00
Return before operating charges	(6.79)	0.01
Operating charges	(0.29)	(0.47)
Return after operating charges	(7.08)	(0.46)
Distributions	n/a	(1.04)
Closing NAV	91.42	98.50
Direct transaction costs	UK p	UK p
Costs before dilution adjustments	0.02	0.12
Dilution adjustments	(0.01)	(0.02)
Total direct transaction costs	0.01	0.10
Performance and charges	%	%
Direct portfolio transaction costs	0.01	0.13
Operating charges	0.60	0.60
Return after charges	-7.19	-0.46
Other information		
Closing NAV (\$'000)	20	26
Number of shares	20,070	20,070
Highest share price (UK p)	99.92	108.24
Lowest share price (UK p)	90.29	91.39

Sterling Class 'PP' Accumulation share performance

The share class was launched on 17 June 2021.

Change in NAV per share	Six months to 30.09.22 UK p	Period to 31.03.22 UK p
Opening NAV	99.54	100.00
Return before operating charges	(6.86)	0.01
Operating charges	(0.29)	(0.47)
Return after operating charges	(7.15)	(0.46)
Distributions	n/a	(0.54)
Retained distributions	n/a	0.54
Closing NAV	92.39	99.54
Direct transaction costs	UK p	UK p
Costs before dilution adjustments	0.02	0.13
Dilution adjustments	(0.01)	(0.02)
Total direct transaction costs	0.01	0.11
Performance and charges	%	%
Direct portfolio transaction costs	0.01	0.13
Operating charges	0.60	0.60
Return after charges	-7.18	-0.46
Other information		
Closing NAV (\$'000)	21	26
Number of shares	20,060	20,060
Highest share price (UK p)	100.97	108.24
Lowest share price (UK p)	91.25	91.39

Financial highlights

Sterling Class 'R' Income share performance

The share class was launched on 17 June 2021.

Change in NAV per share	Six months to 30.09.22 UK p	Period to 31.03.22 UK p
Opening NAV	98.24	100.00
Return before operating charges	(6.77)	0.01
Operating charges	(0.46)	(0.74)
Return after operating charges	(7.23)	(0.73)
Distributions	n/a	(1.03)
Closing NAV	91.01	98.24
Direct transaction costs	UK p	UK p
Costs before dilution adjustments	0.02	0.51
Dilution adjustments	(0.01)	(0.02)
Total direct transaction costs	0.01	0.49
Performance and charges	%	%
Direct portfolio transaction costs	0.01	0.13
Operating charges	0.95	0.95
Return after charges	-7.36	-0.73
Other information		
Closing NAV (\$'000)	29	34
Number of shares	28,748	26,748
Highest share price (UK p)	99.63	108.04
Lowest share price (UK p)	89.98	91.18

Sterling Class 'R' Accumulation share performance

The share class was launched on 17 June 2021.

Change in NAV per share	Six months to 30.09.22 UK p	Period to 31.03.22 UK p
Opening NAV	99.26	100.00
Return before operating charges	(6.82)	0.01
Operating charges	(0.46)	(0.75)
Return after operating charges	(7.28)	(0.74)
Distributions	n/a	(0.25)
Retained distributions	n/a	0.25
Closing NAV	91.98	99.26
Direct transaction costs	UK p	UK p
Costs before dilution adjustments	0.02	0.12
Dilution adjustments	(0.01)	(0.02)
Total direct transaction costs	0.01	0.10
Performance and charges	%	%
Direct portfolio transaction costs	0.01	0.13
Operating charges	0.95	0.95
Return after charges	-7.33	-0.74
Other information		
Closing NAV (\$'000)	317	267
Number of shares	311,709	204,973
Highest share price (UK p)	100.69	108.04
Lowest share price (UK p)	90.93	91.17

Financial highlights

Sterling Class 'Z' Accumulation share performance

The share class was launched on 17 June 2021.

Change in NAV per share	Six months to 30.09.22 UK p	Period to 31.03.22 UK p
Opening NAV	100.01	100.00
Return before operating charges	(6.90)	0.01
Operating charges	0.00	0.00
Return after operating charges	(6.90)	0.01
Distributions	n/a	(1.04)
Retained distributions	n/a	1.04
Closing NAV	93.11	100.01
Direct transaction costs	UK p	UK p
Costs before dilution adjustments	0.02	0.13
Dilution adjustments	(0.01)	(0.02)
Total direct transaction costs	0.01	0.11
Performance and charges	%	%
Direct portfolio transaction costs	0.01	0.13
Operating charges	0.00	0.00
Return after charges	-6.90	+0.01
Other information		
Closing NAV (\$'000)	12,543	15,132
Number of shares	12,173,349	11,527,229
Highest share price (UK p)	101.46	108.59
Lowest share price (UK p)	91.80	91.77

Financial statements and notes

Financial statements

Statement of total return

for the period to 30 September	2022		2021	
	\$'000	\$'000	\$'000	\$'000
Income				
Net capital gains/(losses)		(3,750)		(99)
Revenue	113		48	
Expenses	(5)		(1)	
Interest payable and similar charges	0		0	
Net revenue/(expense) before taxation	108		47	
Taxation	(12)		(4)	
Net revenue/(expense) after taxation		96		43
Total return before equalisation		(3,654)		(56)
Equalisation		3		1
Change in net assets attributable to shareholders from investment activities		(3,651)		(55)

Statement of change in net assets attributable to shareholders

for the period to 30 September	2022		2021	
	\$'000	\$'000	\$'000	\$'000
Opening net assets attributable to shareholders		16,110		0
Amounts received on issue of shares	1,210		14,699	
Amounts paid on cancellation of shares	(120)		0	
		1,090		14,699
Dilution adjustments		2		1
Change in net assets attributable to shareholders from investment activities (see above)		(3,651)		(55)
Closing net assets attributable to shareholders		13,551		14,645

Interest payable and similar charges of \$0 (2021: \$0) has been reclassified from 'Expenses' within the statement of total return.

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	30 September 2022 \$'000	31 March 2022 \$'000
Assets		
Fixed assets		
Investments	13,294	15,675
Current assets		
Debtors	13	147
Cash and bank balances	244	356
Total assets	13,551	16,178
Liabilities		
Creditors		
Distribution payable	0	(2)
Other creditors	0	(66)
Total liabilities	0	(68)
Net assets attributable to shareholders	13,551	16,110

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 13 July 2022 has been used.

Investment objective

The fund has two aims:

- To provide a higher total return (the combination of capital growth and income), net of the ongoing charges figure, than the MSCI World Index over any five-year period; and
- To invest in companies that aim to deliver solutions to the challenge of climate change.

Investment policy

At least 80% of the fund is invested in the equity securities and equity related securities of companies across any sector and market capitalisation that are domiciled, incorporated or listed in developed markets. The fund has a concentrated portfolio and usually holds fewer than 40 stocks.

All equity securities and equity related securities are subject to assessment and measurement of their ability to deliver solutions to the challenge of climate change and generate financial returns, which is conducted at a company level using M&G's proprietary impact assessment methodology. This assessment focuses on three criteria:

- Investment credentials: the quality and durability of the company's business model and its ability to produce sustainable economic returns;
- Intention: the company's purpose as evidenced by the alignment of its mission statement with its corporate actions and strategy; and
- Impact: the scale of the net climate impact and the company's progress towards addressing the challenge of climate change.

To assist this assessment process, investments which are considered to conflict with the fund's aim to invest in companies that aim to deliver solutions to climate change are excluded from the investment universe.

When considering the extraction of fossil fuels, the fund excludes companies that are involved in the extraction of thermal coal, oil, and gas and those that use and/or produce hydraulic fracking technologies. When considering power generation, the fund manager has the discretion to invest in companies with limited exposure to power generation from fossil fuels, but which are driving or significantly participating in the transition to a more sustainable economy. To determine whether a company meets this threshold, the fund manager examines the company's revenue from coal, oil, and gas, in addition to assessing their de-carbonisation commitments. To be considered for inclusion these companies must generate:

- Less than 25% of their revenue from oil and gas power generation, and
- Less than 10% of their revenue from coal based power generation.

In addition, the following are excluded:

- Companies that are assessed to be in breach of the United Nations Global Compact principles on human rights, labour rights, the environment and anti-corruption;
- Companies involved in the production of tobacco, alcohol, adult entertainment, controversial weapons, nuclear power, the use of animal testing for non-medical purposes, and the provision of gambling services;
- Companies that derive more than 5% of their revenue from the manufacture of weapons or genetically modified crop production; and
- Companies that derive more than 10% of their revenue from the distribution of tobacco.

The impact assessment methodology is then used by the fund manager in determining which investments to make within the remaining investment universe.

Investments that no longer meet the above criteria for investment will be divested as per the ESG (Environmental, Social and Corporate Governance) Policy and Process Document.

Authorised Corporate Director's Report

The fund may also invest in the equity securities and equity related securities of companies that are domiciled, incorporated or listed in emerging markets. Such equity securities and equity related securities are also subject to the impact assessment methodology and exclusions above.

The fund may also invest indirectly via funds (including funds managed by M&G), and may invest in other transferable securities such as short dated bonds and money market instruments for liquidity management, cash, and near cash.

Derivatives may be used for efficient portfolio management and hedging.

Investment approach

The fund is a concentrated portfolio of global stocks, investing over the long term in companies that are delivering solutions to the challenge of climate change alongside a financial return, using a disciplined stock selection process. Sustainability and impact considerations are fundamental in determining the fund's investment universe and assessing business models.

The fund invests in three categories of climate solution companies:

- "Pioneers", whose solutions have a transformational effect on the challenge of climate change;
- "Enablers", which provide the tools for others to deliver solutions to the challenge of climate change; and
- "Leaders", which spearhead the development of climate change solutions within their industries.

Investing in these categories provides diversification across industries and maturity of business models. Risk within the fund's portfolio is further diversified by balancing investment in companies that have relatively predictable and stable earnings regardless of the state of the overall economy, with those more sensitive to the economic cycle.

The fund embraces the United Nations Sustainable Development Goals framework and invests in companies focused on the following areas: clean energy, green technology and the promotion of a Circular Economy.

The fund manager's engagement with the companies in which the fund invests is fundamental to the investment approach, with the aim of supporting and influencing their contribution to the development of climate change solutions.

Further information about the fund's ESG criteria including information on M&G's approach to impact investing can be found on the M&G website under the Fund Literature section (M&G Climate Solutions Fund – ESG Policy and Process).

Benchmark

Benchmark: MSCI World Index.

The benchmark is a target for the fund's financial objective and is used to measure the fund's financial performance. The index has been chosen as the fund's benchmark as it best reflects the financial aspects 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 investments to buy, hold and sell in the fund. The fund's holdings may deviate significantly from the benchmark's constituents.

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 year ended 30 September 2022

Performance against objective

Between 1 April 2022 (the start of the review period) and 30 September 2022, the M&G Climate Solutions Fund delivered a negative total return (the combination of income and growth of capital) across all of its sterling share classes, and underperformed its benchmark, the MSCI World Index, which returned -7.0% over the same period under review.

The fund was launched in November 2020, and thus cannot yet be measured on its performance objective to provide a higher total return (the combination of capital growth and income), net of the ongoing charges figure, than the MSCI World 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

Global stockmarkets fell in the reporting period. Persistently high inflation, central banks raising interest rates, concerns over economic slowdown and the ongoing war in Ukraine all negatively impacted investor sentiment, pushing the markets lower. Against this backdrop, the energy sector was the top relative performer, partly due to strong increases in the oil price in the first half of 2022, while the technology and communication services sectors fared worst.

Turning to the fund itself, the lack of exposure to healthcare and energy companies was negative for performance relative to the benchmark. Stockpicking in the materials sector also hampered returns.

The fund's biggest individual detractor was Ball. The aluminium can manufacturer's share price fell steadily in the reporting period, as the company struggled with disrupted global supply chains, higher costs, and the halting of production at several less-efficient US facilities. However, the company is committed to increasing capacity, as beverage companies switch from plastic to more sustainable aluminium packaging.

Other detractors included wind power firm Ørsted and stonewool insulation producer Rockwool.

On the positive side, the fund benefited from having no exposure to communication services or consumer discretionary companies. Stockpicking in the technology sectors was also positive for performance.

The top individual contributor was US-based waste disposal specialist Republic Services. The company reported a strong growth in revenue in the period, while raising its guidance for full-year earnings, and increasing the quarterly dividend paid to shareholders. Republic's management also took the opportunity to highlight the company's ability to dynamically adjust prices in the face of higher input costs.

Other positive holdings included US semiconductor manufacturer onsemi (previously ON Semiconductor) and Australian logistics company Brambles.

Authorised Corporate Director's Report

Investment activities

We run a concentrated portfolio of usually fewer than 40 holdings, maintaining a watchlist of impactful companies – approved by M&G's Positive Impact team – that we would like to own when we believe the timing and price are right. We monitor our watchlist closely, waiting patiently for short-term issues to create buying opportunities. In the reporting period, we didn't identify any such investment opportunities, and there were no new purchases or complete sales.

Outlook

Many global central banks raised interest rates in the reporting period, with the aim of tackling the persistently high inflation readings we have seen so far in 2022. This has caused volatility in the markets, particularly for growth companies (those whose current value is influenced by expectations of strong future economic growth).

While this environment poses challenges for the growth companies within the portfolio, we believe there are strong longer-term thematic trends which should benefit the fund. Russia's invasion of Ukraine, along with the subsequent disruption to the global energy system, has highlighted the problems raised by relying on external regimes for energy needs. Many countries can now see that energy security and energy decarbonisation go hand in hand.

We expect this development to be beneficial for companies involved in the production of clean energy, alongside those whose products and services can help to improve energy efficiency. The fund has significant exposure to both these types of company.

Randeep Somel

Fund manager

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

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

Portfolio statement

Investments

Holding	as at 30.09.22 \$'000	as at 30.09.22 %	as at 31.03.22 %
Equities	20,994	95.59	95.46
Chemicals	1,571	7.15	6.94
4,237 Linde	1,144	5.21	
14,743 Umicore	427	1.94	
Containers & packaging	1,208	5.50	7.31
13,668 Ball	654	2.98	
196,496 DS Smith	554	2.52	
Building products	1,619	7.37	8.58
18,524 Johnson Controls International	924	4.21	
2,233 Rockwool	345	1.57	
7,798 Trex	350	1.59	
Electrical equipment	1,195	5.44	6.93
22,883 Ceres Power ^a	90	0.41	
28,615 ITM Power ^a	32	0.14	
6,683 Schneider Electric	751	3.42	
17,872 Vestas Wind Systems	322	1.47	
Machinery	1,389	6.33	6.02
3,569 Spirax-Sarco Engineering	401	1.83	
11,986 Westinghouse Air Brake Technologies	988	4.50	
Commercial services & supplies	3,147	14.33	11.15
129,658 Brambles	957	4.36	
10,107 Republic Services	1,396	6.36	
4,707 UniFirst	794	3.61	
Food products	1,033	4.70	4.43
15,409 Darling Ingredients	1,033	4.70	
Software	1,351	6.15	5.80
2,531 Ansys	582	2.65	
4,006 Autodesk	769	3.50	
Electronic equipment, instruments & components	895	4.08	4.30
14,400 Horiba	563	2.57	
3,834 IPG Photonics	332	1.51	
Semiconductors & semiconductor equipment	2,328	10.60	9.81
18,167 Infineon Technologies	392	1.78	

Portfolio statement

Investments (continued)

Holding	as at 30.09.22 \$'000	as at 30.09.22 %	as at 31.03.22 %
Equities (continued)			
Semiconductors & semiconductor equipment (continued)			
20,296 onsemi	1,291	5.88	
2,705 SolarEdge Technologies	645	2.94	
Electric utilities	928	4.23	4.92
6,745 Ørsted	542	2.47	
4,613 Verbund	386	1.76	
Independent power and renewable electricity producers	2,812	12.80	12.06
122,053 AES Brasil Energia	212	0.97	
17,363 Atlantica Sustainable Infrastructure	453	2.06	
20,772 Boralex	656	2.99	
23,500 Brookfield Renewable	763	3.47	
34,982 EDP Renovaveis	728	3.31	
Equity real estate investment trusts (REITs)	1,518	6.91	7.21
1,321 Equinix	747	3.40	
27,581 Weyerhaeuser	771	3.51	
Total portfolio	20,994	95.59	95.46
Net other assets/(liabilities)	968	4.41	4.54
Net assets attributable to shareholders	21,962	100.00	100.00

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

^a AIM quoted.

Portfolio statement

Top portfolio transactions for the six months to 30 September 2022

Largest purchases	\$'000
Schneider Electric	85
Atlantica Sustainable Infrastructure	84
Umicore	71
Rockwool	71
Autodesk	70
Spirax-Sarco Engineering	69
Republic Services	63
Trex	61
onsemi	51
Ball	51
Other purchases	762
Total purchases	1,438

Total sales	\$'000
Verbund	66
Darling Ingredients	10
Linde	7
AES Brasil Energia	1
Total sales	84

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 www.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	-8.0	n/a	n/a	n/a
Class 'A' Accumulation	-8.0	n/a	n/a	n/a
Class 'I' Income	-7.8	n/a	n/a	n/a
Class 'I' Accumulation	-7.8	n/a	n/a	n/a
Class 'PP' Income	-7.8	n/a	n/a	n/a
Class 'PP' Accumulation	-7.8	n/a	n/a	n/a
Class 'R' Income	-7.9	n/a	n/a	n/a
Class 'R' Accumulation	-7.9	n/a	n/a	n/a
Class 'Z' Accumulation	-7.5	n/a	n/a	n/a
Benchmark	-7.0	n/a	n/a	n/a

^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 5 November 2020.

Change in NAV per share	Six months to 30.09.22 UK p	Year to 31.03.22 UK p	Period to 31.03.21 UK p
Opening NAV	112.53	108.33	100.00
Return before operating charges	(8.46)	6.58	9.21
Operating charges	(0.60)	(1.24)	(0.50)
Return after operating charges	(9.06)	5.34	8.71
Distributions	n/a	(1.14)	(0.38)
Closing NAV	103.47	112.53	108.33
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.01	0.02	0.08
Dilution adjustments	0.00	(0.02)	0.00
Total direct transaction costs	0.01	0.00	0.08
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.18
Operating charges	1.10	1.10	1.10
Return after charges	-8.05	+4.93	+8.71
Other information			
Closing NAV (\$'000)	1,748	2,197	1,297
Number of shares	1,526,890	1,487,145	869,930
Highest share price (UK p)	116.00	123.09	118.37
Lowest share price (UK p)	98.95	99.94	99.63

Sterling Class 'A' Accumulation share performance

The share class was launched on 5 November 2020.

Change in NAV per share	Six months to 30.09.22 UK p	Year to 31.03.22 UK p	Period to 31.03.21 UK p
Opening NAV	114.08	108.71	100.00
Return before operating charges	(8.58)	6.61	9.22
Operating charges	(0.60)	(1.24)	(0.51)
Return after operating charges	(9.18)	5.37	8.71
Distributions	n/a	0.00	0.00
Retained distributions	n/a	0.00	0.00
Closing NAV	104.90	114.08	108.71
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.01	0.02	0.08
Dilution adjustments	0.00	(0.02)	0.00
Total direct transaction costs	0.01	0.00	0.08
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.18
Operating charges	1.10	1.10	1.10
Return after charges	-8.05	+4.94	+8.71
Other information			
Closing NAV (\$'000)	1,056	962	284
Number of shares	909,358	642,826	190,127
Highest share price (UK p)	117.61	123.53	118.37
Lowest share price (UK p)	100.31	100.29	99.63

Financial highlights

Sterling Class 'I' Income share performance

The share class was launched on 5 November 2020.

Change in NAV per share	Six months to 30.09.22 UK p	Year to 31.03.22 UK p	Period to 31.03.21 UK p
Opening NAV	113.17	108.51	100.00
Return before operating charges	(8.52)	6.58	9.21
Operating charges	(0.38)	(0.79)	(0.32)
Return after operating charges	(8.90)	5.79	8.89
Distributions	n/a	(1.13)	(0.38)
Closing NAV	104.27	113.17	108.51
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.01	0.02	0.08
Dilution adjustments	0.00	(0.02)	0.00
Total direct transaction costs	0.01	0.00	0.08
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.18
Operating charges	0.70	0.70	0.70
Return after charges	-7.86	+5.34	+8.89
Other information			
Closing NAV (\$'000)	466	633	422
Number of shares	403,535	426,434	282,230
Highest share price (UK p)	116.85	123.60	118.45
Lowest share price (UK p)	99.60	100.46	99.64

Sterling Class 'I' Accumulation share performance

The share class was launched on 5 November 2020.

Change in NAV per share	Six months to 30.09.22 UK p	Year to 31.03.22 UK p	Period to 31.03.21 UK p
Opening NAV	114.73	108.88	100.00
Return before operating charges	(8.62)	6.65	9.20
Operating charges	(0.39)	(0.80)	(0.32)
Return after operating charges	(9.01)	5.85	8.88
Distributions	n/a	(0.34)	(0.09)
Retained distributions	n/a	0.34	0.09
Closing NAV	105.72	114.73	108.88
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.01	0.02	0.08
Dilution adjustments	0.00	(0.02)	0.00
Total direct transaction costs	0.01	0.00	0.08
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.18
Operating charges	0.70	0.70	0.70
Return after charges	-7.85	+5.37	+8.88
Other information			
Closing NAV (\$'000)	3,568	4,340	9,766
Number of shares	3,050,033	2,881,910	6,517,045
Highest share price (UK p)	118.47	124.06	118.45
Lowest share price (UK p)	100.99	100.83	99.64

Financial highlights

Sterling Class 'PP' Income share performance

The share class was launched on 5 November 2020.

Change in NAV per share	Six months to 30.09.22 UK p	Year to 31.03.22 UK p	Period to 31.03.21 UK p
Opening NAV	113.34	108.54	100.00
Return before operating charges	(8.54)	6.62	9.20
Operating charges	(0.33)	(0.68)	(0.28)
Return after operating charges	(8.87)	5.94	8.92
Distributions	n/a	(1.14)	(0.38)
Closing NAV	104.47	113.34	108.54
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.01	0.02	0.08
Dilution adjustments	0.00	(0.02)	0.00
Total direct transaction costs	0.01	0.00	0.08
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.18
Operating charges	0.60	0.60	0.60
Return after charges	-7.83	+5.47	+8.92
Other information			
Closing NAV (\$'000)	27	35	30
Number of shares	23,273	23,273	20,070
Highest share price (UK p)	117.06	123.74	118.48
Lowest share price (UK p)	99.76	100.60	99.64

Sterling Class 'PP' Accumulation share performance

The share class was launched on 5 November 2020.

Change in NAV per share	Six months to 30.09.22 UK p	Year to 31.03.22 UK p	Period to 31.03.21 UK p
Opening NAV	114.87	108.93	100.00
Return before operating charges	(8.64)	6.62	9.20
Operating charges	(0.33)	(0.68)	(0.27)
Return after operating charges	(8.97)	5.94	8.93
Distributions	n/a	(0.45)	(0.13)
Retained distributions	n/a	0.45	0.13
Closing NAV	105.90	114.87	108.93
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.01	0.02	0.08
Dilution adjustments	0.00	(0.02)	0.00
Total direct transaction costs	0.01	0.00	0.08
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.18
Operating charges	0.60	0.60	0.60
Return after charges	-7.81	+5.45	+8.93
Other information			
Closing NAV (\$'000)	63	81	84
Number of shares	54,064	54,064	55,738
Highest share price (UK p)	118.65	124.17	118.48
Lowest share price (UK p)	101.13	100.95	99.64

Financial highlights

Sterling Class 'R' Income share performance

The share class was launched on 5 November 2020.

Change in NAV per share	Six months to 30.09.22 UK p	Year to 31.03.22 UK p	Period to 31.03.21 UK p
Opening NAV	112.78	108.39	100.00
Return before operating charges	(8.46)	6.59	9.21
Operating charges	(0.52)	(1.07)	(0.44)
Return after operating charges	(8.98)	5.52	8.77
Distributions	n/a	(1.13)	(0.38)
Closing NAV	103.80	112.78	108.39
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.01	0.02	0.08
Dilution adjustments	0.00	(0.02)	0.00
Total direct transaction costs	0.01	0.00	0.08
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.18
Operating charges	0.95	0.95	0.95
Return after charges	-7.96	+5.09	+8.77
Other information			
Closing NAV (\$'000)	402	451	328
Number of shares	350,129	304,365	220,081
Highest share price (UK p)	116.34	123.29	118.40
Lowest share price (UK p)	99.22	100.13	99.63

Sterling Class 'R' Accumulation share performance

The share class was launched on 5 November 2020.

Change in NAV per share	Six months to 30.09.22 UK p	Year to 31.03.22 UK p	Period to 31.03.21 UK p
Opening NAV	114.31	108.78	100.00
Return before operating charges	(8.58)	6.61	9.22
Operating charges	(0.52)	(1.08)	(0.44)
Return after operating charges	(9.10)	5.53	8.78
Distributions	n/a	(0.05)	0.00
Retained distributions	n/a	0.05	0.00
Closing NAV	105.21	114.31	108.78
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.01	0.02	0.08
Dilution adjustments	0.00	(0.02)	0.00
Total direct transaction costs	0.01	0.00	0.08
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.18
Operating charges	0.95	0.95	0.95
Return after charges	-7.96	+5.08	+8.78
Other information			
Closing NAV (\$'000)	2,770	3,284	1,925
Number of shares	2,379,602	2,188,490	1,285,977
Highest share price (UK p)	117.92	123.72	118.40
Lowest share price (UK p)	100.56	100.49	99.63

Financial highlights

Sterling Class 'Z' Accumulation share performance

The share class was launched on 5 November 2020.

Change in NAV per share	Six months to 30.09.22 UK p	Year to 31.03.22 UK p	Period to 31.03.21 UK p
Opening NAV	115.78	109.17	100.00
Return before operating charges	(8.72)	6.61	9.17
Operating charges	0.00	0.00	0.00
Return after operating charges	(8.72)	6.61	9.17
Distributions	n/a	(1.17)	(0.38)
Retained distributions	n/a	1.17	0.38
Closing NAV	107.06	115.78	109.17
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.01	0.02	0.08
Dilution adjustments	0.00	(0.02)	0.00
Total direct transaction costs	0.01	0.00	0.08
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.18
Operating charges	0.00	0.00	0.00
Return after charges	-7.53	+6.05	+9.17
Other information			
Closing NAV (\$'000)	11,862	15,215	15,057
Number of shares	10,012,080	10,012,080	10,020,080
Highest share price (UK p)	119.87	124.92	118.59
Lowest share price (UK p)	102.07	101.72	99.65

Financial statements and notes

Financial statements

Statement of total return

for the six months to 30 September	2022		2021	
	\$'000	\$'000	\$'000	\$'000
Income				
Net capital gains/(losses)		(6,327)		1,092
Revenue	197		131	
Expenses	(50)		(49)	
Interest payable and similar charges	0		0	
Net revenue/(expense) before taxation	147		82	
Taxation	(17)		(22)	
Net revenue/(expense) after taxation		130		60
Total return before equalisation		(6,197)		1,152
Equalisation		1		(11)
Change in net assets attributable to shareholders from investment activities		(6,196)		1,141

Statement of change in net assets attributable to shareholders

for the six months to 30 September	2022		2021	
	\$'000	\$'000	\$'000	\$'000
Opening net assets attributable to shareholders		27,198		29,193
Amounts received on issue of shares	1,224		3,448	
Amounts paid on cancellation of shares	(265)		(7,883)	
		959		(4,435)
Dilution adjustments		1		10
Change in net assets attributable to shareholders from investment activities (see above)		(6,196)		1,141
Closing net assets attributable to shareholders		21,962		25,909

Interest payable and similar charges of \$0 (2021: \$0) has been reclassified from 'Expenses' within the statement of total return.

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	30 September 2022 \$'000	31 March 2022 \$'000
Assets		
Fixed assets		
Investments	20,994	25,962
Current assets		
Debtors	32	284
Cash and bank balances	939	1,090
Total assets	21,965	27,336
Liabilities		
Creditors		
Distribution payable	0	(34)
Other creditors	(3)	(104)
Total liabilities	(3)	(138)
Net assets attributable to shareholders	21,962	27,198

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 13 July 2022 has been used.

Investment objective

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

Investment policy

At least 80% of the fund is invested directly in equity securities and equity-related securities of companies across any sector and market capitalisation that are domiciled in any country, including emerging markets.

The fund may also invest in other transferable securities, 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 applies a systematic investment approach to select stocks the fund managers expects to outperform other companies in the global equity market.

From the fund's investible universe, each stock is ranked on five key criteria or 'Factors': Value, Quality, Momentum, Volatility and Size. Historically, stocks with exposure to these factors (attractive valuation, high quality, positive momentum, low volatility and small company size) have generated excess returns, or equity premia.

These rankings are then combined to provide a single 'score' for each stock. The weighting of each factor in the single score is determined by the fund managers and reflects prevailing market conditions. Stocks with high scores are candidates for inclusion in the fund. Consideration is also given to the sector and country breakdown of the fund's benchmark to ensure a diversified portfolio.

As part of the portfolio construction process, differences between the fund's characteristics and those of its benchmark (such as sector, country or risk factor weightings) may be constrained. Managing the fund in this way limits the magnitude by which the fund is expected to deviate from the benchmark.

Benchmark

Benchmark: MSCI ACWI NUK 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 to measure the fund's performance and acts as a constraint on the fund's portfolio construction, as certain limits, such as constraints on sector or geographic exposure, may apply at any given time.

The fund is actively managed. Within the given constraints, the fund managers 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.

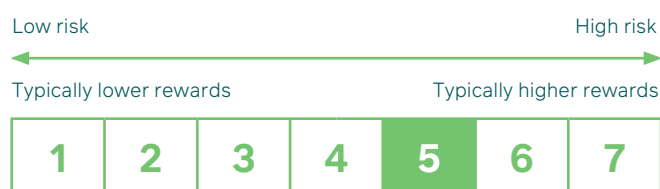
For unhedged and hedged share classes, the benchmark is shown in the share class currency.

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 'I' shares.



The above number:

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

Investment review

For the six months ended 30 September 2022

Performance against objective

Between 1 April 2022 (the start of the review period) and 30 September 2022, the M&G Global Enhanced Equity Premia Fund delivered a negative total return (the combination of income and growth of capital) across all its sterling share classes. Fund performance was ahead of the fund's benchmark, the MSCI ACWI NUK Index, which returned -7.3% over the same period under review.

The fund was launched in November 2019 and thus cannot yet be measured on its five-year performance objective to provide a higher total return (the combination of capital growth and income), net of the ongoing charge figure, than that of the MSCI ACWI NUK 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

Stockmarkets around the world fell heavily over the six-month period under review, as growing concerns about the global economy curbed investor risk appetite. In particular, investors struggled to assess the impact of moving from a low to a high inflation regime and this led to much volatility.

Inflation (which measures a general increase in prices) has spiked in 2022, fuelled by high energy and food prices – a consequence of the war in Ukraine – and constraints on the supply of various goods due to COVID-related restrictions in China.

Many of the world's central banks – led by the US Federal Reserve (Fed) – have now raised interest rates substantially in an attempt to combat high inflation. The Fed raised interest rates by three quarters of a percentage point in September 2022 and further increases are expected.

Share price falls were led by cyclical sectors (those following closely the ups and downs of the economy) including media, technology, materials and real estate. Conversely, defensive sectors (which tend to have stable earnings and are less affected by peaks and troughs in the economy) including consumer staples, healthcare and utilities, outperformed. So too did the energy sector despite the fall in the oil price over the review period.

Against this background, the fund delivered a negative total return (the combination of capital growth and income) across all its share classes, but was ahead of its benchmark, the MSCI ACWI NUK Index.

All the underlying factors that the fund targets outperformed the benchmark over the period, providing a tailwind for the fund's performance.

Investment activities

The M&G Global Enhanced Equity Premia Fund is an active equity (company shares) fund, using a dynamic multi-factor equity approach. Factor investing is based

Authorised Corporate Director's Report

on the premise that a significant portion of returns over time can be explained by the excess return generated by stocks that reflect certain characteristics, or risk factors.

We apply a systematic investment approach to select stocks we expect to outperform other companies in the global equity market. From the fund's investible universe, the MSCI ACWI Index, each stock is ranked on five key criteria, or factors: value, quality, momentum, volatility and size. Based on analysis of simulated past returns, stocks with exposure to these factors (attractive valuation, high quality, positive momentum, low volatility and small company size) have historically tended to deliver superior risk-adjusted returns.

These rankings are then combined to provide a single 'score' for each stock. Stocks with high scores are candidates for inclusion in the fund.

The weighting we allocate to each factor in the process of arriving at the single score reflects our view of the prevailing market conditions. The potential returns of individual factors might vary depending on their valuation and price action, as well as general market conditions. For example if, in our view, a risk factor is attractively valued, it will have a greater weighting in the score than if we regard it as unattractively valued. Typically, each risk factor will have an equal weighting (ie, 20%). No factor can have a weighting of less than 0% or greater than 50%.

As part of the portfolio construction process, differences between the fund's characteristics and the index (such as stock, sector, country or risk factor weightings) may be constrained. Managing the fund in this way limits the magnitude by which the fund is expected to deviate from the benchmark.

Factor investing is a well-established practice and supported by large bodies of academic research. It is cost-effective, with the potential to achieve excess returns. By combining factors, we mitigate the risk of any single factor being out of favour at a given time. Factors generally have low levels of correlation – they often do not move in the same direction as the market or as each other. In some cases, in the past, factors

have even displayed negative correlation, moving in opposite directions to the markets and/or each other.

Throughout the review period, the fund maintained an elevated exposure to the value and momentum factors (ie above the 'typical' 20% weighting). Both factors contributed to active returns over the review period, alongside a beneficial tailwind from the three other factors the fund targets (quality, low volatility and small size).

Despite the outperformance of value so far in 2022, its valuation remains attractive in an historical perspective, in our view. At the same time, we believe the higher earnings visibility associated with the momentum factor offers attractive properties against a slowing macroeconomic backdrop. Thus, the fund maintains a higher-than-typical exposure to both these factors, while benefiting from the diversification offered from a multi-factor approach.

Outlook

Russia's war on Ukraine has raised anxiety across financial markets. Rather than second-guess the course of the geopolitical situation, we prefer to focus our attention on our systematic investment approach to select stocks.

Up until recently, the era after the global financial crisis had been characterised by a regime of lower interest rates, benign inflation outcomes and the growth factor outperforming value for most of the time.

The monetary and fiscal policy responses by developed economies, especially the US, to the rise in inflation after the COVID-19 pandemic and Russia's attack of Ukraine have caused market participants to question whether we are at the start of a new regime for asset markets. The rise in longer-term interest rates appears to reflect this view.

Authorised Corporate Director's Report

Should such a reflationary regime continue, we would expect the environment to be supportive of the multi-factor approach used in the fund, which currently has a heavy value tilt.

Gautam Samarth

Fund manager

An employee of M&G FA Limited which is an associate of M&G Securities Limited. Marc Beckenstrater was co-fund manager up to 30 June 2022.

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

Portfolio statement

Investments

Holding	as at 30.09.22 \$'000	as at 30.09.22 %	as at 31.03.22 %
Equities	80,560	98.69	99.38
United Kingdom	2,356	2.89	2.03
27,632 Auto Trader	154	0.19	
29,260 BAE Systems	261	0.32	
18,622 Berkeley	664	0.82	
25,913 Bunzl	786	0.96	
43,391 CNH Industrial	491	0.60	
Austria	0	0.00	0.27
Belgium	281	0.34	0.00
7,750 Ageas	281	0.34	
Czech Republic	624	0.76	0.92
221,580 Moneta Money Bank	624	0.76	
Denmark	577	0.71	0.22
72 A.P. Møller – Mærsk	126	0.16	
4,488 Novo Nordisk	451	0.55	
Finland	0	0.00	0.20
France	934	1.14	1.12
2,439 Arkema	176	0.21	
1,527 Dassault Aviation	176	0.22	
26,244 Michelin	582	0.71	
Germany	1,313	1.61	1.61
12,575 Bayerische Motoren Werke Preference Shares	806	0.99	
1,033 Merck	165	0.20	
1,144 Rheinmetall	178	0.22	
81,315 Telefónica Deutschland	164	0.20	
Greece	548	0.67	0.25
25,332 JUMBO	338	0.41	
17,545 OPAP	210	0.26	
Hungary	1,215	1.49	0.00
128,148 MOL Hungarian Oil & Gas	711	0.87	
29,637 Richter Gedeon	504	0.62	
Ireland	3,034	3.72	3.47
3,185 Accenture	829	1.02	

Portfolio statement

Investments (continued)

Holding	as at 30.09.22 \$'000	as at 30.09.22 %	as at 31.03.22 %
Equities (continued)			
Ireland (continued)			
14,053 DCC	725	0.89	
16,610 Vanguard FTSE All-World ETF	1,480	1.81	
Italy	0	0.00	0.22
Netherlands	1,084	1.33	2.30
14,869 Koninklijke Ahold Delhaize	381	0.47	
18,057 NN	703	0.86	
Norway	964	1.18	1.07
6,639 Kongsberg	202	0.25	
21,622 Yara International	762	0.93	
Poland	0	0.00	1.15
Portugal	0	0.00	0.26
Russia^a	0	0.00	0.00
8,190,600 Inter Rao Ues	0	0.00	
14,647 PhosAgro	0	0.00	
283 PhosAgro (US listing)	0	0.00	
1 PhosAgro GDR	0	0.00	
10,559 Severstal PAO	0	0.00	
Spain	183	0.22	0.00
11,635 Enagas	183	0.22	
Sweden	1,267	1.55	1.17
28,820 Boliden	889	1.09	
44,142 Tele2	378	0.46	
Switzerland	439	0.54	1.42
646 Roche (Non-voting Rights)	212	0.26	
575 Roche (Voting Rights)	227	0.28	
United States	47,864	58.64	56.88
8,673 AbbVie	1,238	1.52	
1,307 Advance Auto Parts	210	0.26	
3,380 Alphabet 'A' Shares	332	0.41	
9,625 Alphabet 'C' Shares	953	1.17	
7,200 Amazon.com	834	1.02	

Portfolio statement

Investments (continued)

Holding	as at 30.09.22 \$'000	as at 30.09.22 %	as at 31.03.22 %
Equities (continued)			
United States (continued)			
6,466 AmerisourceBergen	883	1.08	
3,802 Analog Devices	545	0.67	
19,561 Apple	2,803	3.43	
7,686 Arrow Electronics	720	0.88	
5,445 Assurant	808	0.99	
4,713 Automatic Data Processing	1,081	1.32	
440 AutoZone	956	1.17	
2,400 Booz Allen Hamilton	223	0.27	
5,411 BorgWarner	173	0.21	
3,041 Bristol Myers Squibb	220	0.27	
2,430 Broadcom	1,105	1.35	
3,568 Brown & Brown	219	0.27	
9,721 Bunge	806	0.99	
5,411 CDW	868	1.06	
8,991 CH Robinson Worldwide	893	1.09	
810 Cigna	229	0.28	
3,299 Cognizant Technology Solutions	194	0.24	
4,454 CVS Health	435	0.53	
20,605 Dell Technologies	710	0.87	
527 Elevance Health	242	0.30	
20,261 Fox 'A' Shares	622	0.76	
7,027 Fox 'B' Shares	201	0.25	
5,710 Genuine Parts	861	1.05	
3,879 Gilead Sciences	246	0.30	
11,457 Hasbro	782	0.96	
2,873 Henry Schein	192	0.23	
67,145 Hewlett Packard Enterprise	820	1.00	
28,039 HP	709	0.87	
4,338 Huntington Ingalls Industries	973	1.19	
8,293 International Business Machines	1,017	1.25	
26,650 Interpublic	689	0.84	

Portfolio statement

Investments (continued)

Holding	as at 30.09.22 \$'000	as at 30.09.22 %	as at 31.03.22 %
Equities (continued)			
United States (continued)			
5,124 JB Hunt Transport Services	852	1.04	
27,967 Juniper Networks	736	0.90	
2,849 KLA	888	1.09	
17,719 Knight Swift Transportation	889	1.09	
15,348 LKQ	731	0.90	
1,189 LPL Financial	261	0.32	
20,147 Lumen Technologies	151	0.18	
2,489 LyondellBasell Industries	187	0.23	
862 McKesson	296	0.36	
13,582 Merck	1,180	1.45	
3,658 MetLife	225	0.28	
9,578 Microsoft	2,306	2.82	
8,120 Nucor	865	1.06	
196 NVR	788	0.97	
3,711 Omnicom	237	0.29	
8,325 onsemi	529	0.65	
9,237 Oracle	572	0.70	
11,221 PACCAR	958	1.17	
1,556 Packaging Corp of America	176	0.22	
7,988 Paychex	913	1.12	
26,152 Pfizer	1,156	1.42	
527 Pool	168	0.21	
9,985 PulteGroup	385	0.47	
2,011 Republic Services	278	0.34	
2,257 Robert Half International	173	0.21	
7,686 Seagate Technology	422	0.52	
4,415 Snap-on	900	1.10	
13,622 Steel Dynamics	984	1.21	
1,044 STERIS	176	0.22	
861 Tesla	235	0.29	
4,431 Texas Instruments	707	0.87	

Portfolio statement

Investments (continued)

Holding	as at 30.09.22 \$'000	as at 30.09.22 %	as at 31.03.22 %
Equities (continued)			
United States (continued)			
1,820 Thermo Fisher Scientific	946	1.16	
4,597 Tractor Supply	869	1.06	
10,703 Tyson Foods	718	0.88	
766 UnitedHealth	392	0.48	
9,581 Westlake	823	1.01	
Canada	2,661	3.26	3.45
14,821 Bank of Nova Scotia	718	0.88	
8,558 Canadian Utilities	227	0.28	
7,826 Gildan Activewear	226	0.28	
2,423 Loblaw	196	0.24	
3,113 Nutrien	262	0.32	
10,009 Quebecor	185	0.22	
9,282 TMX	847	1.04	
Brazil	858	1.05	1.22
115,421 Cia Energetica de Minas Gerais Preference Shares	226	0.28	
78,172 Hypera	632	0.77	
Colombia	145	0.18	0.26
40,705 Interconexion Electrica	145	0.18	
Japan	3,898	4.78	4.86
12,000 Bridgestone	391	0.48	
53,900 Japan Tobacco	887	1.09	
7,300 Lawson	240	0.29	
27,100 Obayashi	175	0.22	
7,300 Shionogi	354	0.43	
29,700 Tokio Marine	529	0.65	
14,400 Tosoh	162	0.20	
11,800 Trend Micro	640	0.78	
33,500 USS	520	0.64	
Australia	1,522	1.86	1.97
122,834 Dexus REIT	613	0.75	

Portfolio statement

Investments (continued)

Holding	as at 30.09.22 \$'000	as at 30.09.22 %	as at 31.03.22 %
Equities (continued)			
Australia (continued)			
6,778 Mineral Resources	288	0.35	
31,411 Sonic Healthcare	621	0.76	
China	2,904	3.56	4.02
154,100 China Resources Sanjiu Medical & Pharmaceutical	834	1.02	
1,239,500 Chongqing Rural Commercial Bank	624	0.76	
192,000 Dongyue	192	0.24	
832,000 PICC Property & Casualty	861	1.06	
98,800 Sinopharm	197	0.24	
288,000 Zhejiang Expressway	196	0.24	
Hong Kong	234	0.29	0.35
670,000 China Traditional Chinese Medicine	234	0.29	
India	0	0.00	0.42
Indonesia	504	0.62	0.23
1,103,100 Adaro Energy Indonesia	286	0.35	
550,700 Indofood Sukses Makmur	218	0.27	
Malaysia	434	0.53	0.27
56,800 Hong Leong Financial	226	0.28	
173,000 RHB Bank	208	0.25	
South Korea	1,684	2.06	3.01
13,071 Cheil Worldwide	207	0.25	
104,870 Industrial Bank of Korea	697	0.86	
6,766 Shinhan Financial	158	0.19	
83,118 Woori Financial	622	0.76	
Taiwan	2,001	2.45	3.06
586,000 Pou Chen	526	0.64	
1,547,320 SinoPac Financial	841	1.03	
383,000 Synnex Technology International	634	0.78	
Thailand	0	0.00	0.26
South Africa	742	0.91	1.16
17,751 African Rainbow Minerals	241	0.30	
44,206 Exxaro Resources	501	0.61	

Portfolio statement

Investments (continued)

Holding	as at 30.09.22 \$'000	as at 30.09.22 %	as at 31.03.22 %
Equities (continued)			
Türkiye	290	0.35	0.28
47,398 BİM Birleşik Mağazalar	290	0.35	
Total portfolio	80,560	98.69	99.38
Net other assets/(liabilities)	1,066	1.31	0.62
Net assets attributable to shareholders	81,626	100.00	100.00

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

^a M&G's Valuation Sub-Committee are valuing these securities at \$nil until further notice.

Portfolio statement

Top ten portfolio transactions for the six months to
30 September 2022

Largest purchases	\$'000
Vanguard FTSE All-World ETF	1,912
Broadcom	988
Nucor	963
PACCAR	951
MOL Hungarian Oil & Gas	934
Hasbro	932
Assurant	918
TMX	906
Westlake	895
International Business Machines	831
Other purchases	15,071
Total purchases	25,301

Largest sales	\$'000
Vanguard FTSE All-World ETF	1,526
Danaher	1,033
Expeditors International of Washington	928
J M Smucker	896
Applied Materials	843
Shandong Buchang Pharmaceuticals	826
Dover	776
A O Smith	770
Kuehne + Nagel International	768
Fidelity National Financial	759
Other sales	13,588
Total sales	22,713

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 www.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 'I' Income	-3.6	n/a	n/a	n/a
Class 'I' Accumulation	-3.6	n/a	n/a	n/a
Class 'PP' Income	-3.6	n/a	n/a	n/a
Class 'PP' Accumulation	-3.6	n/a	n/a	n/a
Class 'Z' Accumulation	-3.5	n/a	n/a	n/a
Benchmark	-7.3	n/a	n/a	n/a

^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 'I' Income share performance

The share class was launched on 12 November 2019.

Change in NAV per share	Six months to 30.09.22 UK p	Year to 31.03.22 UK p	Year to 31.03.21 UK p
Opening NAV	122.78	108.41	81.24
Return before operating charges	(4.65)	18.06	29.65
Operating charges	(0.18)	(0.35)	(0.30)
Return after operating charges	(4.83)	17.71	29.35
Distributions	n/a	(3.34)	(2.18)
Closing NAV	117.95	122.78	108.41
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.04	0.14	0.18
Dilution adjustments	0.00	0.00	(0.01)
Total direct transaction costs	0.04	0.14	0.17
Performance and charges	%	%	%
Direct portfolio transaction costs	0.03	0.12	0.17
Operating charges	0.30	0.30	0.30
Return after charges	-3.93	+16.34	+36.13
Other information			
Closing NAV (\$'000)	26	32	30
Number of shares	20,000	20,000	20,000
Highest share price (UK p)	126.62	126.32	110.53
Lowest share price (UK p)	111.88	108.60	77.75

Sterling Class 'I' Accumulation share performance

The share class was launched on 12 November 2019.

Change in NAV per share	Six months to 30.09.22 UK p	Year to 31.03.22 UK p	Year to 31.03.21 UK p
Opening NAV	130.03	111.78	82.12
Return before operating charges	(4.83)	18.61	29.96
Operating charges	(0.19)	(0.36)	(0.30)
Return after operating charges	(5.02)	18.25	29.66
Distributions	n/a	(3.12)	(1.94)
Retained distributions	n/a	3.12	1.94
Closing NAV	125.01	130.03	111.78
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.04	0.15	0.18
Dilution adjustments	0.00	0.00	(0.01)
Total direct transaction costs	0.04	0.15	0.17
Performance and charges	%	%	%
Direct portfolio transaction costs	0.03	0.12	0.17
Operating charges	0.30	0.30	0.30
Return after charges	-3.86	+16.33	+36.12
Other information			
Closing NAV (\$'000)	27	34	31
Number of shares	20,000	20,000	20,000
Highest share price (UK p)	134.20	130.23	111.72
Lowest share price (UK p)	118.51	111.96	78.59

Financial highlights

Sterling Class 'PP' Income share performance

The share class was launched on 12 November 2019.

Change in NAV per share	Six months to 30.09.22 UK p	Year to 31.03.22 UK p	Year to 31.03.21 UK p
Opening NAV	122.91	108.47	81.25
Return before operating charges	(4.68)	18.07	29.65
Operating charges	(0.15)	(0.29)	(0.25)
Return after operating charges	(4.83)	17.78	29.40
Distributions	n/a	(3.34)	(2.18)
Closing NAV	118.08	122.91	108.47
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.04	0.14	0.18
Dilution adjustments	0.00	0.00	(0.01)
Total direct transaction costs	0.04	0.14	0.17
Performance and charges	%	%	%
Direct portfolio transaction costs	0.03	0.12	0.17
Operating charges	0.25	0.25	0.25
Return after charges	-3.93	+16.39	+36.18
Other information			
Closing NAV (\$'000)	26	33	30
Number of shares	20,000	20,000	20,000
Highest share price (UK p)	126.75	126.44	110.59
Lowest share price (UK p)	112.00	108.66	77.77

Sterling Class 'PP' Accumulation share performance

The share class was launched on 12 November 2019.

Change in NAV per share	Six months to 30.09.22 UK p	Year to 31.03.22 UK p	Year to 31.03.21 UK p
Opening NAV	130.15	111.84	82.12
Return before operating charges	(4.84)	18.61	29.97
Operating charges	(0.16)	(0.30)	(0.25)
Return after operating charges	(5.00)	18.31	29.72
Distributions	n/a	(3.17)	(1.98)
Retained distributions	n/a	3.17	1.98
Closing NAV	125.15	130.15	111.84
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.04	0.15	0.18
Dilution adjustments	0.00	0.00	(0.01)
Total direct transaction costs	0.04	0.15	0.17
Performance and charges	%	%	%
Direct portfolio transaction costs	0.03	0.12	0.17
Operating charges	0.25	0.25	0.25
Return after charges	-3.84	+16.37	+36.19
Other information			
Closing NAV (\$'000)	28	34	31
Number of shares	20,000	20,000	20,000
Highest share price (UK p)	134.32	130.35	111.78
Lowest share price (UK p)	118.63	112.02	78.61

Financial highlights

Sterling Class 'Z' Accumulation share performance

The share class was launched on 12 November 2019.

Change in NAV per share	Six months to 30.09.22 UK p	Year to 31.03.22 UK p	Year to 31.03.21 UK p
Opening NAV	130.81	112.17	82.18
Return before operating charges	(4.95)	18.64	29.99
Operating charges	0.00	0.00	0.00
Return after operating charges	(4.95)	18.64	29.99
Distributions	n/a	(3.44)	(2.19)
Retained distributions	n/a	3.44	2.19
Closing NAV	125.86	130.81	112.17
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.04	0.15	0.18
Dilution adjustments	0.00	0.00	(0.01)
Total direct transaction costs	0.04	0.15	0.17
Performance and charges	%	%	%
Direct portfolio transaction costs	0.03	0.12	0.17
Operating charges	0.00	0.00	0.00
Return after charges	-3.78	+16.62	+36.49
Other information			
Closing NAV (\$'000)	81,519	98,635	91,800
Number of shares	58,529,326	57,450,326	59,461,000
Highest share price (UK p)	135.03	131.01	112.09
Lowest share price (UK p)	119.29	112.33	78.69

Financial statements and notes

Financial statements

Statement of total return

for the six months to 30 September	2022		2021	
	\$'000	\$'000	\$'000	\$'000
Income				
Net capital gains/(losses)		(20,207)		3,321
Revenue	1,650		1,985	
Expenses	0		0	
Interest payable and similar charges	0		0	
Net revenue/(expense) before taxation	1,650		1,985	
Taxation	(243)		(206)	
Net revenue/(expense) after taxation		1,407		1,779
Total return before equalisation		(18,800)		5,100
Equalisation		11		(46)
Change in net assets attributable to shareholders from investment activities		(18,789)		5,054

Statement of change in net assets attributable to shareholders

for the six months to 30 September	2022		2021	
	\$'000	\$'000	\$'000	\$'000
Opening net assets attributable to shareholders		98,768		91,922
Amounts received on issue of shares	1,645		0	
Amounts paid on cancellation of shares	0		(3,278)	
		1,645		(3,278)
Dilution adjustments		2		4
Change in net assets attributable to shareholders from investment activities (see above)		(18,789)		5,054
Closing net assets attributable to shareholders		81,626		93,702

Interest payable and similar charges of \$0 (2021: \$0) has been reclassified from 'Expenses' within the statement of total return.

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	30 September 2022 \$'000	31 March 2022 \$'000
Assets		
Fixed assets		
Investments	80,560	98,162
Current assets		
Debtors	235	364
Cash and bank balances	594	928
Cash equivalents	731	76
Total assets	82,120	99,530
Liabilities		
Creditors		
Bank overdrafts	(487)	(752)
Distribution payable	0	(2)
Other creditors	(7)	(8)
Total liabilities	(494)	(762)
Net assets attributable to shareholders	81,626	98,768

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 13 July 2022 has been used.

Investment objective

The fund has two aims:

- To deliver a higher total return (the combination of income and growth of capital), net of the ongoing charges figure, than that of the MSCI ACWI Index over any five-year period and;
- To deliver an income stream that increases every year in sterling terms.

Investment policy

At least 80% of the fund is invested in publicly-listed equity securities issued by infrastructure companies, investment trusts and real estate investment trusts across any market capitalisation that are domiciled in any country. The minimum 80% allocation may include ordinary shares, preference shares and convertible bonds (the fund may hold up to a maximum of 20% in convertibles bonds). Infrastructure companies include those involved in the following business activities: utilities, energy, transport, health, education, security, communications and transactions. The fund is expected to exhibit lower volatility and offer a higher dividend yield than the MSCI ACWI Index which is consistent with the characteristics of infrastructure securities. The fund usually holds fewer than 50 companies.

The fund manager seeks to invest in companies with excellent capital discipline and the potential for long-term dividend growth. The fund manager believes rising dividends create upward pressure on the value of shares.

Sustainability considerations play an important role in assessing business models. Companies that derive more than 30% of their revenue from coal-fired and nuclear power are excluded from the investment universe. Industries including tobacco, alcohol, adult entertainment, gambling, and controversial weapons

are also excluded. United Nations Global Compact principles on human rights, labour, environmental and anti-corruption are also considered in the analysis of companies.

The fund may also invest in collective investment schemes, other transferable securities, cash, near cash, other money market securities and warrants. Derivatives may be used for hedging and efficient portfolio management.

Investment approach

The fund employs a bottom-up stock picking approach, driven by the fundamental analysis of individual companies. Dividend yield is not the primary consideration for stock selection.

The fund manager aims to create a portfolio with exposure to a broad range of countries and sectors. Stocks with different drivers of dividend growth are selected to construct a portfolio that has the potential to cope in a variety of market conditions.

Sustainability considerations encompassing Environmental, Social and Governance issues are fully integrated into the investment process with a focus on risks specific to infrastructure companies. The monitoring of these risks involves regular engagement with company management.

Benchmark

Benchmark: MSCI ACWI 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.

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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.

Investment review

For the six months ended 30 September 2022

Distribution summary

Over the six-month review period to 30 September 2022, the fund distributed income of 2.57 pence per Sterling Class 'A' (Income) share. This is 14.2% higher than the distribution for the same period in the previous financial year.

The momentum in global dividends continued during the six-months under review as corporate cashflows recovered from the dark days of the pandemic. Despite the new challenges facing the world economy, namely persistent inflation and the need for higher interest rates to keep prices in check, the corporate world has remained resilient. Dividends continue to provide a strong signal of future confidence. (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.)

Against this backdrop, the fund benefited from higher dividends across the full spectrum of listed infrastructure, as well as a broad range of countries. The majority of holdings delivered dividend increases in the region of 5% to 10% in local currency, in line with previous years. There were no dividend cuts.

In the fund's 'economic' infrastructure category, utilities demonstrated the resilient nature of their business models, with our holdings continuing to deliver more impressive growth than the pedestrian progress more commonly associated with the sector. ContourGlobal, a transition company listed in the UK, raised its dividend by 10% before its eventual takeover, while American Water Works boosted its payment by 9%. Republic Services, a market leader in waste management and recycling in the US, delivered an 8% increase. NextEra Energy Partners, a pure renewables company, continued its policy of growing the dividend each quarter, with an annualised growth rate of 15%. Transurban, which owns and operates toll roads in Australia and North America, raised its dividend by 12%. Union Pacific, the US railroads company, also reported a double-digit increase in transportation infrastructure.

The fund's 'social' infrastructure category also provided a source of reliable dividends. SDCL Energy Efficiency Trust raised its dividend by 7%, while our new holding in Alexandria Real Estate delivered a 5% increase on an annualised basis.

The 'evolving' infrastructure category, which invests in the physical networks that support our increasingly digital economy, provided a more exciting source of growth. Vantage Towers remained true to its dividend commitment and raised its dividend by 13%, having made its maiden payment last year following its initial public offering (IPO). American Tower continued its sequence of raising the dividend each quarter with an annualised growth rate of 12%.

It was not all good news, however, as Keyera, ONEOK (both energy) and HICL Infrastructure (social) held their

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dividends flat. We expect all three companies to return to dividend growth at the appropriate time.

That said, static dividends were the exception rather than the rule. We are encouraged that the majority of the fund's holdings delivered solid, and in many cases impressive, dividend growth, which we believe is sustainable over the long term. We remain confident that the vast majority of our holdings can keep growing their dividends in the core 5-10% range. We are conscious that a rising income stream is important to many of our investors. We remain focused on meeting this objective.

The fund's distribution is shown in the 'Specific share class performance' tables in this report. The distribution is subject to a variety of influences, including changes in the market environment, movements in currency and changes in the fund's tax status. Consequently, there is no guarantee that the fund will increase the income stream in every reporting period.

Performance against objective

Between 1 April 2022 (the start of the review period) and 30 September 2022, the M&G Global Listed Infrastructure Fund delivered a negative total return (the combination of income and growth of capital) across all its share classes, but performance relative to its benchmark, the MSCI ACWI Index, was mixed. The fund's unhedged share classes outperformed the MSCI ACWI Index, which returned -7.1% in sterling, in contrast to the hedged share classes, which underperformed, hurt by the strength of the US dollar. The fund's distribution for the six-month review period rose compared to the same period last year.

The fund therefore did not meet the objective of outperforming its benchmark over this short timeframe across all its share classes, but delivered on the objective of increasing the income stream in sterling.

It is not possible to assess the fund's performance against its objective over five years because the fund was only launched on 5 October 2017.

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 fell during the six months under review, as investors took fright from a heady mix of rampant inflation, rising interest rates and the prospect of a recession. Europe led the declines, with Germany bearing the brunt of the region's economic woes. Asia Pacific ex Japan and emerging markets also featured prominently among the laggards. The US and Japan outperformed the MSCI ACWI Index, but ended the review period with negative returns.

Communication services claimed the mantle of worst-performing sector, closely followed by technology. Rising bond yields took their toll on the high multiples attached to new economy stocks: Meta Platforms, formerly Facebook, and Alphabet, the owner of Google, slumped in communication services, while NVIDIA weighed on the downturn in technology stocks. Amazon.com and Tesla underperformed in consumer discretionary. Materials struggled most among the economically sensitive sectors, in contrast to industrials and financials, where the losses were limited. Real estate suffered for its perceived interest-rate sensitivity. The defensive sectors of consumer staples, healthcare and utilities proved resilient as investors sought the comfort of safety, but energy was the standout performer as oil and gas prices remained elevated in the wake of Russia's ongoing military intervention in Ukraine.

Against this backdrop, the fund's unhedged share classes fell, but outperformed the MSCI ACWI Index.

US utilities dominated the list of top contributors as companies exposed to the energy transition benefited from the signing of the Inflation Reduction Act in the US. The historic legislation includes the country's largest ever commitment to tackle climate change. AES, NextEra Energy Partners and Sempra Energy outperformed.

ContourGlobal, based in the UK, added the most value after private equity group KKR offered a substantial

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premium to take full control of the transition company. The shares jumped more than 30%.

Elsewhere, PrairieSky Royalty outperformed in a resilient energy sector. The shares delivered a positive return in a falling market. In our opinion, the Canadian company, which receives royalties from oil & gas bearing landholdings, remains well placed for long-term growth following its recent acquisition, which is transformational and highly accretive. We continue to believe that the cashflows running into perpetuity with minimal operating costs, capital commitment or environmental liabilities present a compelling opportunity for long-term investors, with the added benefit of industry-leading credentials for sustainability and ESG.

Enel and A2A underperformed as sentiment weighed on European utilities, with the additional headwind of political uncertainty in Italy following Mario Draghi's resignation as prime minister. Fundamentals remain solid for both companies. Enel, Italy's largest utility, reiterated its guidance for the full year as well as its commitment to a dividend, which is expected to rise by 6% in 2022. A2A, a multi-utility with a significant presence in northern Italy, reported solid results for the first half of the year. To us, the long-term investment case for both companies remains intact. We added to the holdings on weakness.

Investment activities

The fund is usually managed with a low turnover, buy-and-hold strategy, but we see the current market conditions as presenting attractive entry points for unique infrastructure businesses generating reliable and growing cashflows. We are actively taking advantage of these opportunities by backing our conviction with a long-term investment horizon.

We made two new purchases and one complete sale during the period under review. The number of holdings rose to 46, compared to our typical range of 40-50.

We invested in Segro, which diversifies our data centre exposure following CoreSite's takeover in December 2021 and represents our first foray into e-commerce infrastructure, with its portfolio of strategically located

warehouses and fulfilment sites. The UK-listed company, which is structured as a real estate investment trust (REIT), has a presence across Europe and a broad tenant base including new economy businesses such as Amazon and Hello Fresh.

Alexandria Real Estate was our second new purchase during the review period. The US REIT provides exposure to life science infrastructure – the critical assets behind the research and development of drugs to address society's ongoing medical needs – and is now the biggest holding in the fund's 'social' segment of infrastructure.

We also added to our UK holdings, particularly those in 'social' infrastructure, towards the end of the review period. A spike in gilt yields, triggered by the UK government's proposal for debt-funded tax cuts and exacerbated by technical dynamics, presented a buying opportunity for companies with reliable long-term growth. We took advantage of the other side of a liquidity-driven panic to add to the likes of HICL Infrastructure, International Public Partnerships (INPP) and SDCL Energy Efficiency Income Trust. These stocks offer dividend yields in the region of 5-6% with long-term growth in the dividend stream – growth which we think is highly reliable given the critical nature of these infrastructure businesses.

We completed the sale of China Gas as the shares rallied from their lows in April. We originally invested in the gas distributor as a beneficiary of a long-term structural trend, namely China's shift away from coal towards gas in its attempts to combat climate change. While our view on this multi-decade theme remains unchanged, the investment thesis has been overshadowed by corporate governance issues and operational shortcomings specific to the company. We divested the holding as a source of cash for new ideas where we have greater conviction.

Outlook

We remain as optimistic as ever about the long-term growth opportunities in listed infrastructure. The asset class offers defensive qualities, combined with the ability to offer inflation protection by way of index-

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linked revenue, but the attractions of its reliable and growing cashflows have considerable appeal beyond the current environment. Listed infrastructure is a beneficiary of long-term structural trends, such as renewable energy, digital connectivity and demographics – powerful themes which we believe will endure for many decades to come.

Infrastructure is also uniquely positioned to provide long-term solutions for the pressing issue of energy security. The geopolitical situation arising from Russia's military intervention in Ukraine has highlighted Europe's heavy reliance on Russian gas, and the consequent surge in gas prices has underscored the importance of not just alternative sources of supply, but alternative sources of energy. We strongly believe that natural gas has a pivotal role to play as a key transition fuel in the displacement of coal to combat climate change, but it is also abundantly clear that renewables provide a more sustainable source of power generation over the long term. Infrastructure is at the forefront of the long journey towards net zero carbon.

The attractions of infrastructure, particularly in the listed sphere, have not gone unnoticed. We have seen increasing corporate activity across the asset class, the most recent example being the interest from private equity in Vantage Towers, the European communication towers company spun off by Vodafone. We believe that these symbolic events provide a clear indication that the reliable and growing cashflows from infrastructure assets are going cheap in the stockmarket. Investors with a long-term time horizon, such as those in the private sphere, are starting to take notice and act on their convictions.

Alex Araujo

Fund manager

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

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

Portfolio statement

Investments

Holding	as at 30.09.22 £'000	as at 30.09.22 %	as at 31.03.22 %
Equities	575,351	98.86	98.78
United Kingdom	77,562	13.33	15.50
7,885,136 HICL Infrastructure	12,837	2.21	
8,438,616 Home REIT	7,401	1.27	
8,500,480 International Public Partnerships	12,785	2.20	
1,026,685 National Grid	9,667	1.66	
14,209,690 SDCL Energy Efficiency Income Trust	14,295	2.46	
1,814,509 Segro REIT	13,340	2.29	
864,600 Unite REIT	7,237	1.24	
Belgium	5,202	0.89	1.04
48,976 Elia	5,202	0.89	
Denmark	11,968	2.06	1.58
164,940 Ørsted	11,968	2.06	
France	16,963	2.91	2.97
230,824 Vinci	16,963	2.91	
Germany	33,119	5.69	5.01
3,011,272 E.ON	21,077	3.62	
519,006 Vantage Towers	12,042	2.07	
Italy	49,394	8.49	8.61
16,407,848 A2A	14,426	2.48	
5,450,690 Enel	20,381	3.50	
1,848,260 Infrastrutture Wireless Italiane	14,587	2.51	
Spain	13,188	2.27	2.47
641,838 Ferrovial	13,188	2.27	
Switzerland	6,092	1.05	0.98
44,057 Flughafen Zurich	6,092	1.05	
United States	227,267	39.05	34.06
857,310 AES	17,757	3.05	
120,299 Alexandria Real Estate Equities REIT	15,137	2.60	
59,044 American Tower REIT	11,468	1.97	
50,105 American Water Works	6,058	1.04	
61,053 Atmos Energy	5,799	1.00	
71,922 CME	11,657	2.00	

Portfolio statement

Investments (continued)

Holding	as at 30.09.22 £'000	as at 30.09.22 %	as at 31.03.22 %
Equities (continued)			
United States (continued)			
130,403 Crown Castle International REIT	17,093	2.94	
335,086 CSX	8,317	1.43	
316,832 Edison International	16,629	2.86	
28,067 Equinix REIT	14,331	2.46	
161,163 Eversource Energy	11,631	2.00	
51,891 MasterCard	13,585	2.33	
117,787 NextEra Energy	8,560	1.47	
218,444 NextEra Energy Partners	14,577	2.50	
250,185 ONEOK	11,839	2.03	
46,646 Republic Services	5,821	1.00	
84,411 Sempra Energy	11,618	2.00	
65,787 Union Pacific	11,900	2.05	
82,352 Visa	13,490	2.32	
Canada	83,794	14.40	16.28
163,633 Franco-Nevada	17,460	3.00	
1,152,390 Gibson Energy	16,780	2.88	
774,734 Keyera	14,530	2.50	
1,504,101 PrairieSky Royalty	17,567	3.02	
466,752 TC Energy	17,457	3.00	
Brazil	10,904	1.87	2.06
5,235,809 CCR	10,904	1.87	
Australia	16,849	2.89	3.00
2,334,831 Transurban	16,849	2.89	
China	5,581	0.96	2.29
20,116,580 Xinyi Energy	5,581	0.96	
Hong Kong	5,860	1.01	0.98
1,412,124 MTR	5,860	1.01	
Singapore	11,608	1.99	1.95
20,374,300 NetLink NBN Trust	11,608	1.99	
Portfolio of investments	575,351	98.86	98.78

Portfolio statement

Investments (continued)

Holding	as at 30.09.22 £'000	as at 30.09.22 %	as at 31.03.22 %
Share class hedging	(131)	(0.02)	0.00
Forward currency contracts for share class hedging	(131)	(0.02)	0.00
AU\$27,673 Bought for £16,286 (expires 19.10.22)	0	0.00	
AU\$(393,023) Sold for £230,647 (expires 19.10.22)	1	0.00	
BRL103,243 Bought for £17,714 (expires 20.10.22)	(1)	0.00	
BRL(939,018) Sold for £155,541 (expires 20.10.22)	(1)	0.00	
CA\$142,342 Bought for £95,321 (expires 19.10.22)	(2)	0.00	
CA\$(1,405,736) Sold for £927,937 (expires 19.10.22)	2	0.00	
CHF7,420 Bought for £6,857 (expires 19.10.22)	0	0.00	
CHF(91,760) Sold for £83,781 (expires 19.10.22)	(1)	0.00	
DKK231,099 Bought for £27,515 (expires 19.10.22)	0	0.00	
DKK(1,411,682) Sold for £166,194 (expires 19.10.22)	(1)	0.00	
€203,155 Bought for £180,379 (expires 19.10.22)	(1)	0.00	
€(1,865,438) Sold for £1,633,381 (expires 19.10.22)	(14)	0.00	
HK\$217,105 Bought for £25,050 (expires 19.10.22)	0	0.00	
HK\$(1,397,555) Sold for £156,138 (expires 19.10.22)	(5)	0.00	
SG\$19,009 Bought for £12,132 (expires 19.10.22)	0	0.00	
SG\$(239,895) Sold for £149,286 (expires 19.10.22)	(2)	0.00	
US\$587,766 Bought for £531,369 (expires 19.10.22)	0	0.00	
US\$(3,931,455) Sold for £3,445,819 (expires 19.10.22)	(106)	0.02	
Total portfolio	575,220	98.84	98.78
Net other assets/(liabilities)	6,758	1.16	1.22
Net assets attributable to shareholders	581,978	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
30 September 2022

Largest purchases	£'000
Segro REIT	17,651
Alexandria Real Estate Equities REIT	14,037
E.ON	12,690
Enel	9,494
Franco-Nevada	8,452
AES	8,415
A2A	8,270
Ørsted	8,178
MasterCard	7,102
CME	7,019
Other purchases	134,537
Total purchases	235,845

Largest sales	£'000
ContourGlobal	14,131
PrairieSky Royalty	7,782
Franco-Nevada	6,943
China Gas	5,790
NextEra Energy Partners	4,310
Edison International	4,155
CCR	4,003
National Grid	3,960
Ferrovial	3,770
AES	3,759
Other sales	65,208
Total sales	123,811

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 www.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	-5.5	+5.0	n/a	n/a
Class 'A' Accumulation	-5.5	+5.0	n/a	n/a
Class 'I' Income	-5.3	+5.3	n/a	n/a
Class 'I' Accumulation	-5.3	+5.4	n/a	n/a
Class 'I-H' Income	-14.8	n/a	n/a	n/a
Class 'I-H' Accumulation	-14.8	n/a	n/a	n/a
Class 'L' Income	-5.2	+5.6	n/a	n/a
Class 'L' Accumulation	-5.2	+5.6	n/a	n/a
Class 'PP' Income	-5.3	+5.5	n/a	n/a
Class 'PP' Accumulation	-5.3	+5.5	n/a	n/a
Class 'PP-H' Income	-14.8	n/a	n/a	n/a
Class 'PP-H' Accumulation	-14.7	n/a	n/a	n/a
Benchmark	-7.1	+7.7	n/a	n/a

^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 5 October 2017.

Change in NAV per share	Six months to 30.09.22 UK p	Year to 31.03.22 UK p	Year to 31.03.21 UK p
Opening NAV	139.88	121.32	99.28
Return before operating charges	(6.83)	23.77	27.34
Operating charges	(0.77)	(1.42)	(1.28)
Return after operating charges	(7.60)	22.35	26.06
Distributions	(2.57)	(3.79)	(4.02)
Closing NAV	129.71	139.88	121.32
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.09	0.11	0.10
Dilution adjustments	(0.04)	(0.06)	(0.06)
Total direct transaction costs	0.05	0.05	0.04
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.03	0.04
Operating charges	1.10	1.10	1.10
Return after charges	-5.43	+18.42	+26.25
Other information			
Closing NAV (£'000)	1,021	1,034	605
Number of shares	787,866	739,098	498,513
Highest share price (UK p)	145.89	141.12	122.98
Lowest share price (UK p)	131.15	122.14	96.41

Sterling Class 'A' Accumulation share performance

The share class was launched on 5 October 2017.

Change in NAV per share	Six months to 30.09.22 UK p	Year to 31.03.22 UK p	Year to 31.03.21 UK p
Opening NAV	161.35	135.93	107.51
Return before operating charges	(7.91)	27.03	29.83
Operating charges	(0.89)	(1.61)	(1.41)
Return after operating charges	(8.80)	25.42	28.42
Distributions	(2.09)	(2.68)	(3.01)
Retained distributions	2.09	2.68	3.01
Closing NAV	152.55	161.35	135.93
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.10	0.12	0.11
Dilution adjustments	(0.04)	(0.07)	(0.07)
Total direct transaction costs	0.06	0.05	0.04
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.03	0.04
Operating charges	1.10	1.10	1.10
Return after charges	-5.45	+18.70	+26.43
Other information			
Closing NAV (£'000)	2,072	1,370	4,174
Number of shares	1,358,869	849,375	3,070,894
Highest share price (UK p)	170.18	161.93	136.68
Lowest share price (UK p)	152.66	136.87	104.41

Financial highlights

Sterling Class 'I' Income share performance

The share class was launched on 5 October 2017.

Change in NAV per share	Six months to 30.09.22 UK p	Year to 31.03.22 UK p	Year to 31.03.21 UK p
Opening NAV	141.56	122.27	99.81
Return before operating charges	(6.93)	24.03	27.48
Operating charges	(0.49)	(0.91)	(0.97)
Return after operating charges	(7.42)	23.12	26.51
Distributions	(2.61)	(3.83)	(4.05)
Closing NAV	131.53	141.56	122.27
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.09	0.11	0.10
Dilution adjustments	(0.04)	(0.07)	(0.06)
Total direct transaction costs	0.05	0.04	0.04
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.03	0.04
Operating charges	0.70	0.70	0.83
Return after charges	-5.24	+18.91	+26.56
Other information			
Closing NAV (£'000)	91,434	60,315	51,064
Number of shares	69,513,086	42,607,228	41,763,506
Highest share price (UK p)	147.87	142.82	123.84
Lowest share price (UK p)	133.00	123.11	96.92

Sterling Class 'I' Accumulation share performance

The share class was launched on 5 October 2017.

Change in NAV per share	Six months to 30.09.22 UK p	Year to 31.03.22 UK p	Year to 31.03.21 UK p
Opening NAV	163.30	137.02	108.09
Return before operating charges	(8.03)	27.32	30.00
Operating charges	(0.58)	(1.04)	(1.07)
Return after operating charges	(8.61)	26.28	28.93
Distributions	(2.44)	(3.30)	(3.37)
Retained distributions	2.44	3.30	3.37
Closing NAV	154.69	163.30	137.02
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.11	0.12	0.11
Dilution adjustments	(0.05)	(0.07)	(0.07)
Total direct transaction costs	0.06	0.05	0.04
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.03	0.04
Operating charges	0.70	0.70	0.83
Return after charges	-5.27	+19.18	+26.76
Other information			
Closing NAV (£'000)	306,228	283,195	168,388
Number of shares	197,967,642	173,420,348	122,888,688
Highest share price (UK p)	172.49	163.87	137.77
Lowest share price (UK p)	154.63	137.96	104.97

Financial highlights

Sterling Class 'I-H' Income share performance

The share class was launched on 24 January 2020.

Change in NAV per share	Six months to 30.09.22 UK p	Year to 31.03.22 UK p	Year to 31.03.21 UK p
Opening NAV	109.00	97.09	75.58
Return before operating charges	(15.55)	15.67	25.36
Operating charges	(0.38)	(0.76)	(0.77)
Return after operating charges	(15.93)	14.91	24.59
Distributions	(1.88)	(3.00)	(3.08)
Closing NAV	91.19	109.00	97.09
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.07	0.09	0.08
Dilution adjustments	(0.03)	(0.05)	(0.05)
Total direct transaction costs	0.04	0.04	0.03
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.03	0.04
Operating charges	0.73	0.73	0.87
Return after charges	-14.61	+15.36	+32.54
Other information			
Closing NAV (£'000)	4,323	4,973	67
Number of shares	4,741,110	4,562,636	69,461
Highest share price (UK p)	110.25	109.98	98.10
Lowest share price (UK p)	91.57	97.81	73.79

Sterling Class 'I-H' Accumulation share performance

The share class was launched on 24 January 2020.

Change in NAV per share	Six months to 30.09.22 UK p	Year to 31.03.22 UK p	Year to 31.03.21 UK p
Opening NAV	117.06	101.76	76.11
Return before operating charges	(16.86)	16.10	26.44
Operating charges	(0.41)	(0.80)	(0.79)
Return after operating charges	(17.27)	15.30	25.65
Distributions	(1.63)	(2.38)	(2.36)
Retained distributions	1.63	2.38	2.36
Closing NAV	99.79	117.06	101.76
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.07	0.09	0.08
Dilution adjustments	(0.03)	(0.05)	(0.05)
Total direct transaction costs	0.04	0.04	0.03
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.03	0.04
Operating charges	0.73	0.73	0.87
Return after charges	-14.75	+15.04	+33.70
Other information			
Closing NAV (£'000)	1,611	1,200	989
Number of shares	1,614,268	1,024,760	971,964
Highest share price (UK p)	118.40	117.47	102.26
Lowest share price (UK p)	99.40	102.52	74.25

Financial highlights

Sterling Class 'L' Income share performance

The share class was launched on 5 October 2017.

Change in NAV per share	Six months to 30.09.22 UK p	Year to 31.03.22 UK p	Year to 31.03.21 UK p
Opening NAV	143.08	123.33	100.43
Return before operating charges	(7.00)	24.27	27.66
Operating charges	(0.36)	(0.66)	(0.69)
Return after operating charges	(7.36)	23.61	26.97
Distributions	(2.64)	(3.86)	(4.07)
Closing NAV	133.08	143.08	123.33
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.09	0.11	0.10
Dilution adjustments	(0.04)	(0.07)	(0.06)
Total direct transaction costs	0.05	0.04	0.04
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.03	0.04
Operating charges	0.50	0.50	0.59
Return after charges	-5.14	+19.14	+26.85
Other information			
Closing NAV (£'000)	12,979	14,110	11,901
Number of shares	9,752,714	9,861,478	9,649,357
Highest share price (UK p)	149.57	144.35	124.83
Lowest share price (UK p)	134.56	124.18	97.52

Sterling Class 'L' Accumulation share performance

The share class was launched on 5 October 2017.

Change in NAV per share	Six months to 30.09.22 UK p	Year to 31.03.22 UK p	Year to 31.03.21 UK p
Opening NAV	165.04	138.21	108.76
Return before operating charges	(8.13)	27.58	30.21
Operating charges	(0.42)	(0.75)	(0.76)
Return after operating charges	(8.55)	26.83	29.45
Distributions	(2.64)	(3.63)	(3.71)
Retained distributions	2.64	3.63	3.71
Closing NAV	156.49	165.04	138.21
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.11	0.13	0.11
Dilution adjustments	(0.05)	(0.07)	(0.07)
Total direct transaction costs	0.06	0.06	0.04
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.03	0.04
Operating charges	0.50	0.50	0.59
Return after charges	-5.18	+19.41	+27.08
Other information			
Closing NAV (£'000)	49,411	60,169	59,029
Number of shares	31,573,703	36,457,874	42,709,953
Highest share price (UK p)	174.46	165.62	138.96
Lowest share price (UK p)	156.35	139.16	105.63

Financial highlights

Sterling Class 'PP' Income share performance

The share class was launched on 5 August 2019.

Change in NAV per share	Six months to 30.09.22 UK p	Year to 31.03.22 UK p	Year to 31.03.21 UK p
Opening NAV	117.07	101.02	82.30
Return before operating charges	(5.72)	19.86	22.68
Operating charges	(0.35)	(0.65)	(0.62)
Return after operating charges	(6.07)	19.21	22.06
Distributions	(2.16)	(3.16)	(3.34)
Closing NAV	108.84	117.07	101.02
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.07	0.09	0.09
Dilution adjustments	(0.03)	(0.05)	(0.05)
Total direct transaction costs	0.04	0.04	0.04
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.03	0.04
Operating charges	0.60	0.60	0.64
Return after charges	-5.18	+19.02	+26.80
Other information			
Closing NAV (£'000)	42,164	41,591	6,751
Number of shares	38,740,923	35,525,660	6,682,942
Highest share price (UK p)	122.34	118.11	102.26
Lowest share price (UK p)	110.05	101.71	79.92

Sterling Class 'PP' Accumulation share performance

The share class was launched on 8 April 2019.

Change in NAV per share	Six months to 30.09.22 UK p	Year to 31.03.22 UK p	Year to 31.03.21 UK p
Opening NAV	143.76	120.51	94.88
Return before operating charges	(7.08)	24.03	26.36
Operating charges	(0.43)	(0.78)	(0.73)
Return after operating charges	(7.51)	23.25	25.63
Distributions	(2.22)	(3.03)	(3.15)
Retained distributions	2.22	3.03	3.15
Closing NAV	136.25	143.76	120.51
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.09	0.11	0.10
Dilution adjustments	(0.04)	(0.07)	(0.06)
Total direct transaction costs	0.05	0.04	0.04
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.03	0.04
Operating charges	0.60	0.60	0.64
Return after charges	-5.22	+19.29	+27.01
Other information			
Closing NAV (£'000)	69,762	40,624	19,849
Number of shares	51,201,942	28,258,188	16,470,771
Highest share price (UK p)	151.91	144.27	121.17
Lowest share price (UK p)	136.17	121.34	92.15

Financial highlights

Sterling Class 'PP-H' Income share performance

The share class was launched on 24 January 2020.

Change in NAV per share	Six months to 30.09.22 UK p	Year to 31.03.22 UK p	Year to 31.03.21 UK p
Opening NAV	108.90	97.05	75.60
Return before operating charges	(15.64)	15.50	25.13
Operating charges	(0.33)	(0.65)	(0.60)
Return after operating charges	(15.97)	14.85	24.53
Distributions	(1.88)	(3.00)	(3.08)
Closing NAV	91.05	108.90	97.05
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.07	0.09	0.08
Dilution adjustments	(0.03)	(0.05)	(0.05)
Total direct transaction costs	0.04	0.04	0.03
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.03	0.04
Operating charges	0.63	0.63	0.67
Return after charges	-14.66	+15.30	+32.45
Other information			
Closing NAV (£'000)	21	22	19
Number of shares	22,641	20,030	20,030
Highest share price (UK p)	110.17	109.87	98.06
Lowest share price (UK p)	91.40	97.78	73.81

Sterling Class 'PP-H' Accumulation share performance

The share class was launched on 24 January 2020.

Change in NAV per share	Six months to 30.09.22 UK p	Year to 31.03.22 UK p	Year to 31.03.21 UK p
Opening NAV	116.52	100.90	76.10
Return before operating charges	(16.70)	16.30	25.42
Operating charges	(0.35)	(0.68)	(0.62)
Return after operating charges	(17.05)	15.62	24.80
Distributions	(1.68)	(2.48)	(2.52)
Retained distributions	1.68	2.48	2.52
Closing NAV	99.47	116.52	100.90
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.07	0.09	0.08
Dilution adjustments	(0.03)	(0.05)	(0.05)
Total direct transaction costs	0.04	0.04	0.03
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.03	0.04
Operating charges	0.63	0.63	0.67
Return after charges	-14.63	+15.48	+32.59
Other information			
Closing NAV (£'000)	952	892	95
Number of shares	956,772	765,785	93,740
Highest share price (UK p)	117.86	116.94	101.39
Lowest share price (UK p)	99.08	101.65	74.32

Financial statements and notes

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Statement of total return

for the six months to 30 September	2022		2021	
	£'000	£'000	£'000	£'000
Income				
Net capital gains/(losses)		(40,245)		17,386
Revenue	11,772		7,296	
Expenses	(1,921)		(1,229)	
Interest payable and similar charges	(7)		(2)	
Net revenue/(expense) before taxation	9,844		6,065	
Taxation	(1,140)		(633)	
Net revenue/(expense) after taxation		8,704		5,432
Total return before distributions		(31,541)		22,818
Distributions		(9,197)		(5,623)
Change in net assets attributable to shareholders from investment activities		(40,738)		17,195

Statement of change in net assets attributable to shareholders

for the six months to 30 September	2022		2021	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		509,495		322,931
Amounts received on issue of shares	138,717		74,897	
Amounts paid on cancellation of shares	(32,478)		(20,919)	
		106,239		53,978
Dilution adjustments		297		151
Change in net assets attributable to shareholders from investment activities (see above)		(40,738)		17,195
Retained distributions on Accumulation shares		6,685		4,405
Closing net assets attributable to shareholders		581,978		398,660

Interest payable and similar charges of £7,000 (2021: £2,000) has been reclassified from 'Expenses' within the statement of total return.

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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Financial statements

Balance sheet

as at	30 September 2022 £'000	31 March 2022 £'000
Assets		
Fixed assets		
Investments	575,354	503,285
Current assets		
Debtors	17,028	6,847
Cash and bank balances	4,458	1,392
Cash equivalents	360	2,407
Total assets	597,200	513,931
Liabilities		
Investment liabilities	(134)	(8)
Creditors		
Distribution payable	(1,240)	(653)
Other creditors	(13,848)	(3,775)
Total liabilities	(15,222)	(4,436)
Net assets attributable to shareholders	581,978	509,495

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 13 July 2022 has been used.

Investment objective

The fund has two aims:

- To provide a higher total return (the combination of capital growth and income), net of the ongoing charges figure, than the MSCI ACWI Index over any five-year period; and
- To invest in companies that aim to have a positive societal impact through addressing the world's major social and environmental challenges.

Investment policy

At least 80% of the fund is invested in the equity securities of companies across any sector and market capitalisation that are domiciled in any country, including emerging markets. The fund has a concentrated portfolio and usually holds fewer than 40 stocks.

Assessment and measurement of the ability to deliver positive social and/or environmental impact and generate financial returns will be conducted at a company level using M&G's impact assessment methodology. This focuses on three criteria:

- Investment credentials: the quality and durability of the company's business model and its ability to produce sustainable economic returns;
- Intention: the company's purpose as evidenced by the alignment of its mission statement with its corporate actions and strategy; and
- Impact: the scale of the net positive societal impact and the company's progress towards addressing specified social and environmental challenges.

Certain investments which are considered by M&G to conflict with the fund's aim to invest in companies with a positive societal impact are excluded from the investment universe. The following are excluded:

- Companies that are assessed to be in breach of the United Nations Global Compact principles on human rights, labour rights, the environment and anti-corruption; and
- Companies involved in the production of tobacco, alcohol, adult entertainment, controversial weapons, oil sands, nuclear power or coal-fired power, or the provision of gambling services.

The fund manager has discretion to invest in companies with limited exposure to fossil fuels but which are driving or significantly participating in the transition to a more sustainable economy.

The fund may also invest in other transferable securities, 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 is a concentrated portfolio of global stocks, investing over the long term in companies that make a positive social and/or environmental impact alongside a financial return, using a disciplined stock selection process. Sustainability and impact considerations are fundamental in determining the fund's investment universe and assessing business models. The fund embraces the United Nations Sustainable Development Goals framework and invests in companies focused on areas including climate action, pollution reduction, circular economy, health and wellbeing, education and innovation, and working conditions.

The fund invests in three categories of positive impact companies:

- "Pioneers", whose products or services have a transformational effect on society or the environment;
- "Enablers", which provide the tools for others to deliver positive social or environmental impact; and

Authorised Corporate Director's Report

- “Leaders”, which spearhead the development of sustainability in their industries.

Investing in these categories provides diversification across industries and maturity of business models.

Dialogue with the companies in which the fund invests is fundamental to the investment approach. The objective is to support and influence their contribution to the world's major social and environmental challenges.

Benchmark

Benchmark: MSCI ACWI 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 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.

An annual report is published to provide an assessment of the positive, societal and environmental impact of each holding in the fund.

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 30 September 2022

Performance against objective

Between 1 April 2022 (the start of the review period) and 30 September 2022, the M&G Positive Impact Fund delivered a negative total return (the combination of income and growth of capital) across all of its sterling share classes, but outperformed its benchmark, the MSCI ACWI Index, which returned -7.1% over the same period under review.

The fund was launched in November 2018, and thus cannot yet be measured on its performance objective to provide a higher total return (the combination of capital growth and income), net of the ongoing charges figure, than the MSCI ACWI 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.

The fund's second objective is to invest in companies that have a positive impact on society through addressing the world's major social and/or environmental challenges. Please see the fund's 2021 Annual Impact Report on the M&G website.

Performance review

Global stockmarkets fell in the reporting period. Persistently high inflation, central banks raising interest rates, concerns over economic slowdown and the ongoing war in Ukraine all negatively impacted investor sentiment, pushing the markets lower. Against this backdrop, the energy sector was the top relative performer, partly due to strong increases in the oil price in the first half of 2022, while the technology and communication services sectors fared worst.

The fund itself benefited from having a much larger exposure to healthcare companies than the benchmark. Stockpicking in the financial and materials sectors was also positive for performance.

The top individual contributor was onsemi (previously ON Semiconductor). As a semiconductor manufacturer, onsemi's share price responded positively to the

US Congress passing the CHIPS Act during the reporting period. The legislation is designed to bolster the US semiconductor industry, and promises \$52 billion of support for domestic semiconductor manufacturers. The company also upgraded its full-year earnings expectations in the period, which was well received by investors.

Other positive holdings included Georgian financial institution Bank of Georgia, and healthcare services provider UnitedHealth.

On the negative side, the lack of exposure to energy and consumer staples companies hampered fund performance relative to the benchmark. Stockpicking in the healthcare and consumer discretionary sectors also held back returns.

The fund's biggest individual detractor was Rockwool. The stonewall insulation producer's share price fell steadily in the period, as the company reduced its expected earnings margin for 2022, in the face of higher costs. Insulation production is an energy-intensive process, so Rockwool is particularly vulnerable to the rising energy costs we have seen since Russia's invasion of Ukraine.

Other detractors included childcare company and educational services provider Bright Horizons, and dialysis specialist Fresenius Medical Care.

Investment activities

We run a concentrated portfolio of usually fewer than 40 holdings, maintaining a watchlist of impactful companies – approved by M&G's Positive Impact team – that we would like to own when we believe the timing and price are right. We monitor our watchlist closely, waiting patiently for short-term issues to create buying opportunities. In the reporting period, we did not identify any such investment opportunities.

However, there were several other changes to the fund. As a shareholder of Becton Dickinson, in April we received a small number of shares of Embecta, which was spun out of the business. Embecta produces insulin delivery products, such as pen needles and syringes. These shares were later sold.

Authorised Corporate Director's Report

Outlook

Against a backdrop of market volatility and expectations for an economic recession, we have chosen not to make major changes to the fund. Instead, we spend our time preparing for more volatility ahead, so that we will be ready if fear spreads in markets. Meanwhile, we believe the companies we hold are robust and often supported by decade-long growth trends. They also tend to have defensive business models and strong pricing power, and they are companies we feel comfortable holding through economic cycles.

Furthermore, continued high energy prices should drive increased demand for products and services which provide efficiency gains and energy savings, and the fund holds companies offering these solutions. The relative price point of alternative energy has also become more attractive, while the move towards energy independence in the wake of the Ukraine conflict will also be supportive for renewable infrastructure and the companies enabling it.

Staying invested, balanced and prepared when the market offers some clearer longer-term relative deals, like it typically does in panic sell-offs or periods of exuberance, seems like a sensible option right now.

John William Olsen

Fund manager

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

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

Portfolio statement

Investments

Holding	as at 30.09.22 \$'000	as at 30.09.22 %	as at 31.03.22 %
Equities	201,243	94.51	97.86
Containers & packaging	3,642	1.71	2.10
1,291,369 DS Smith	3,642	1.71	
Building products	13,597	6.39	8.15
200,331 Johnson Controls International	9,989	4.69	
23,311 Rockwool	3,608	1.70	
Electrical equipment	8,803	4.13	5.50
315,631 Ceres Power ^a	1,245	0.58	
67,283 Schneider Electric	7,558	3.55	
Commercial services & supplies	18,834	8.85	7.25
762,794 Brambles	5,632	2.65	
63,738 Republic Services	8,803	4.13	
26,089 UniFirst	4,399	2.07	
Diversified consumer services	2,899	1.36	2.28
39,611 Bright Horizons Family Solutions	2,329	1.09	
1,079,988 Cogna Educação	570	0.27	
Health care equipment & supplies	7,464	3.51	3.36
32,866 Becton Dickinson	7,464	3.51	
Health care providers & services	22,510	10.57	10.47
85,455 Fresenius Medical Care	2,412	1.13	
64,716 Quest Diagnostics	8,102	3.81	
23,426 UnitedHealth	11,996	5.63	
Biotechnology	5,774	2.71	2.97
361,419 Grifols Preference Shares	2,308	1.08	
1,318,833 PureTech Health	3,466	1.63	
Pharmaceuticals	19,098	8.97	9.46
428,807 ALK-Abelló	6,665	3.13	
123,809 Novo Nordisk	12,433	5.84	
Life sciences tools & services	24,282	11.40	11.15
55,222 Agilent Technologies	6,838	3.21	
22,242 Illumina	4,357	2.04	
812,792 Oxford Nanopore Technologies	2,213	1.04	
20,924 Thermo Fisher Scientific	10,874	5.11	

Portfolio statement

Investments (continued)

Holding	as at 30.09.22 \$'000	as at 30.09.22 %	as at 31.03.22 %
Equities (continued)			
Banks	16,540	7.77	5.62
260,019 Bank of Georgia	5,669	2.66	
189,953 HDFC Bank ADR	10,871	5.11	
Insurance	4,096	1.92	1.67
86,976 AMERISAFE	4,096	1.92	
Software	6,438	3.02	3.41
27,984 Ansys	6,438	3.02	
Electronic equipment, instruments & components	7,417	3.48	3.85
102,200 Horiba	3,996	1.88	
39,508 IPG Photonics	3,421	1.60	
Semiconductors & semiconductor equipment	22,123	10.39	11.40
205,455 onsemi	13,065	6.14	
37,963 SolarEdge Technologies	9,058	4.25	
Diversified telecommunication services	3,381	1.59	1.62
2,777,531 Helios Towers	3,381	1.59	
Wireless telecommunication services	4,195	1.97	2.27
20,300,806 Safaricom	4,195	1.97	
Electric utilities	6,444	3.03	3.79
80,265 Ørsted	6,444	3.03	
Real estate management & development	3,706	1.74	1.54
165,600 KATITAS	3,706	1.74	
Total portfolio	201,243	94.51	97.86
Net other assets/(liabilities)	11,680	5.49	2.14
Net assets attributable to shareholders	212,923	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 30 September 2022

Largest purchases	\$'000
Oxford Nanopore Technologies	1,681
HDFC Bank ADR	1,401
Illumina	771
onsemi	677
Novo Nordisk	673
KATITAS	635
UnitedHealth	594
Thermo Fisher Scientific	551
Johnson Controls International	528
SolarEdge Technologies	510
Other purchases	6,034
Total purchases	14,055

Largest sales	\$'000
onsemi	6,788
Novo Nordisk	2,161
UnitedHealth	1,587
Thermo Fisher Scientific	1,024
SolarEdge Technologies	984
Johnson Controls International	954
HDFC Bank ADR	884
Schneider Electric	798
Quest Diagnostics	786
Ørsted	767
Other sales	10,521
Total sales	27,254

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 www.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	-4.8	+7.6	n/a	n/a
Class 'A' Accumulation	-4.8	+7.6	n/a	n/a
Class 'I' Income	-4.6	+8.1	n/a	n/a
Class 'I' Accumulation	-4.6	+8.1	n/a	n/a
Class 'L' Income	-4.5	+8.3	n/a	n/a
Class 'L' Accumulation	-4.5	+8.3	n/a	n/a
Class 'PP' Income	-4.5	+8.3	n/a	n/a
Class 'PP' Accumulation	-4.5	+8.3	n/a	n/a
Class 'R' Income	-4.7	+7.8	n/a	n/a
Class 'R' Accumulation	-4.7	+7.8	n/a	n/a
Benchmark	-7.1	+7.7	n/a	n/a

^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 20 November 2018.

Change in NAV per share	Six months to 30.09.22 UK p	Year to 31.03.22 UK p	Year to 31.03.21 UK p
Opening NAV	147.12	143.11	102.67
Return before operating charges	(6.21)	7.32	43.47
Operating charges	(0.78)	(1.66)	(1.75)
Return after operating charges	(6.99)	5.66	41.72
Distributions	n/a	(1.65)	(1.28)
Closing NAV	140.13	147.12	143.11
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.02	0.07	0.13
Dilution adjustments	(0.02)	(0.07)	(0.07)
Total direct transaction costs	0.00	0.00	0.06
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.04
Operating charges	1.10	1.10	1.30
Return after charges	-4.75	+3.95	+40.64
Other information			
Closing NAV (\$'000)	2,055	2,560	2,225
Number of shares	1,325,456	1,325,887	1,129,519
Highest share price (UK p)	152.13	163.15	151.77
Lowest share price (UK p)	128.87	134.30	99.59

Sterling Class 'A' Accumulation share performance

The share class was launched on 20 November 2018.

Change in NAV per share	Six months to 30.09.22 UK p	Year to 31.03.22 UK p	Year to 31.03.21 UK p
Opening NAV	153.21	147.38	104.75
Return before operating charges	(6.46)	7.52	44.42
Operating charges	(0.81)	(1.69)	(1.79)
Return after operating charges	(7.27)	5.83	42.63
Distributions	n/a	0.00	0.00
Retained distributions	n/a	0.00	0.00
Closing NAV	145.94	153.21	147.38
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.02	0.07	0.13
Dilution adjustments	(0.02)	(0.07)	(0.08)
Total direct transaction costs	0.00	0.00	0.05
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.04
Operating charges	1.10	1.10	1.30
Return after charges	-4.75	+3.96	+40.70
Other information			
Closing NAV (\$'000)	843	793	241
Number of shares	521,789	394,087	118,591
Highest share price (UK p)	158.43	168.02	154.93
Lowest share price (UK p)	134.21	138.31	101.67

Financial highlights

Sterling Class 'I' Income share performance

The share class was launched on 20 November 2018.

Change in NAV per share	Six months to 30.09.22 UK p	Year to 31.03.22 UK p	Year to 31.03.21 UK p
Opening NAV	149.71	145.03	103.56
Return before operating charges	(6.31)	7.42	43.88
Operating charges	(0.51)	(1.07)	(1.12)
Return after operating charges	(6.82)	6.35	42.76
Distributions	n/a	(1.67)	(1.29)
Closing NAV	142.89	149.71	145.03
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.02	0.07	0.13
Dilution adjustments	(0.02)	(0.07)	(0.07)
Total direct transaction costs	0.00	0.00	0.06
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.04
Operating charges	0.70	0.70	0.82
Return after charges	-4.56	+4.38	+41.29
Other information			
Closing NAV (\$'000)	15,535	17,150	13,753
Number of shares	9,825,555	8,727,773	6,889,460
Highest share price (UK p)	155.09	165.81	153.68
Lowest share price (UK p)	131.25	136.61	100.45

Sterling Class 'I' Accumulation share performance

The share class was launched on 20 November 2018.

Change in NAV per share	Six months to 30.09.22 UK p	Year to 31.03.22 UK p	Year to 31.03.21 UK p
Opening NAV	155.90	149.37	105.65
Return before operating charges	(6.57)	7.63	44.85
Operating charges	(0.53)	(1.10)	(1.13)
Return after operating charges	(7.10)	6.53	43.72
Distributions	n/a	(0.58)	(0.26)
Retained distributions	n/a	0.58	0.26
Closing NAV	148.80	155.90	149.37
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.02	0.08	0.13
Dilution adjustments	(0.02)	(0.08)	(0.07)
Total direct transaction costs	0.00	0.00	0.06
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.04
Operating charges	0.70	0.70	0.83
Return after charges	-4.55	+4.37	+41.38
Other information			
Closing NAV (\$'000)	87,514	108,737	89,274
Number of shares	53,147,458	53,140,180	43,423,623
Highest share price (UK p)	161.51	170.75	156.88
Lowest share price (UK p)	136.68	140.68	102.54

Financial highlights

Sterling Class 'L' Income share performance

The share class was launched on 20 November 2018.

Change in NAV per share	Six months to 30.09.22 UK p	Year to 31.03.22 UK p	Year to 31.03.21 UK p
Opening NAV	150.90	145.89	103.91
Return before operating charges	(6.37)	7.46	44.09
Operating charges	(0.37)	(0.77)	(0.81)
Return after operating charges	(6.74)	6.69	43.28
Distributions	n/a	(1.68)	(1.30)
Closing NAV	144.16	150.90	145.89
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.02	0.07	0.13
Dilution adjustments	(0.02)	(0.07)	(0.08)
Total direct transaction costs	0.00	0.00	0.05
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.04
Operating charges	0.50	0.50	0.58
Return after charges	-4.47	+4.59	+41.65
Other information			
Closing NAV (\$'000)	81,412	98,097	82,716
Number of shares	51,031,836	49,529,314	41,192,766
Highest share price (UK p)	156.46	167.02	154.51
Lowest share price (UK p)	132.35	137.66	100.80

Sterling Class 'L' Accumulation share performance

The share class was launched on 20 November 2018.

Change in NAV per share	Six months to 30.09.22 UK p	Year to 31.03.22 UK p	Year to 31.03.21 UK p
Opening NAV	157.12	150.24	106.02
Return before operating charges	(6.61)	7.67	45.02
Operating charges	(0.39)	(0.79)	(0.80)
Return after operating charges	(7.00)	6.88	44.22
Distributions	n/a	(0.91)	(0.57)
Retained distributions	n/a	0.91	0.57
Closing NAV	150.12	157.12	150.24
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.02	0.08	0.13
Dilution adjustments	(0.02)	(0.08)	(0.07)
Total direct transaction costs	0.00	0.00	0.06
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.04
Operating charges	0.50	0.50	0.59
Return after charges	-4.46	+4.58	+41.71
Other information			
Closing NAV (\$'000)	8,012	30,142	29,764
Number of shares	4,823,178	14,616,038	14,393,332
Highest share price (UK p)	162.92	171.99	157.71
Lowest share price (UK p)	137.81	141.76	102.89

Financial highlights

Sterling Class 'PP' Income share performance

The share class was launched on 5 August 2019.

Change in NAV per share	Six months to 30.09.22 UK p	Year to 31.03.22 UK p	Year to 31.03.21 UK p
Opening NAV	129.47	125.31	89.30
Return before operating charges	(5.47)	6.40	37.86
Operating charges	(0.37)	(0.79)	(0.73)
Return after operating charges	(5.84)	5.61	37.13
Distributions	n/a	(1.45)	(1.12)
Closing NAV	123.63	129.47	125.31
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.01	0.06	0.11
Dilution adjustments	(0.01)	(0.06)	(0.06)
Total direct transaction costs	0.00	0.00	0.05
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.04
Operating charges	0.60	0.60	0.64
Return after charges	-4.51	+4.48	+41.58
Other information			
Closing NAV (\$'000)	948	30	33
Number of shares	692,910	17,550	19,223
Highest share price (UK p)	134.19	143.35	132.73
Lowest share price (UK p)	113.54	118.13	86.63

Sterling Class 'PP' Accumulation share performance

The share class was launched on 8 April 2019.

Change in NAV per share	Six months to 30.09.22 UK p	Year to 31.03.22 UK p	Year to 31.03.21 UK p
Opening NAV	144.38	138.19	97.57
Return before operating charges	(6.08)	7.04	41.47
Operating charges	(0.42)	(0.85)	(0.85)
Return after operating charges	(6.50)	6.19	40.62
Distributions	n/a	(0.68)	(0.46)
Retained distributions	n/a	0.68	0.46
Closing NAV	137.88	144.38	138.19
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.02	0.07	0.13
Dilution adjustments	(0.02)	(0.07)	(0.07)
Total direct transaction costs	0.00	0.00	0.06
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.04
Operating charges	0.60	0.60	0.64
Return after charges	-4.50	+4.48	+41.63
Other information			
Closing NAV (\$'000)	12,831	11,869	1,103
Number of shares	8,409,712	6,262,820	579,929
Highest share price (UK p)	149.65	158.10	145.09
Lowest share price (UK p)	126.62	130.28	94.69

Financial highlights

Sterling Class 'R' Income share performance

The share class was launched on 20 November 2018.

Change in NAV per share	Six months to 30.09.22 UK p	Year to 31.03.22 UK p	Year to 31.03.21 UK p
Opening NAV	148.45	144.18	103.20
Return before operating charges	(6.26)	7.38	43.72
Operating charges	(0.68)	(1.45)	(1.45)
Return after operating charges	(6.94)	5.93	42.27
Distributions	n/a	(1.66)	(1.29)
Closing NAV	141.51	148.45	144.18
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.02	0.07	0.13
Dilution adjustments	(0.02)	(0.07)	(0.07)
Total direct transaction costs	0.00	0.00	0.06
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.04
Operating charges	0.95	0.95	1.07
Return after charges	-4.67	+4.11	+40.96
Other information			
Closing NAV (\$'000)	470	601	942
Number of shares	300,077	308,650	474,803
Highest share price (UK p)	153.61	164.55	152.86
Lowest share price (UK p)	130.08	135.50	100.11

Sterling Class 'R' Accumulation share performance

The share class was launched on 20 November 2018.

Change in NAV per share	Six months to 30.09.22 UK p	Year to 31.03.22 UK p	Year to 31.03.21 UK p
Opening NAV	154.59	148.50	105.30
Return before operating charges	(6.51)	7.57	44.71
Operating charges	(0.71)	(1.48)	(1.51)
Return after operating charges	(7.22)	6.09	43.20
Distributions	n/a	(0.16)	0.00
Retained distributions	n/a	0.16	0.00
Closing NAV	147.37	154.59	148.50
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.02	0.08	0.13
Dilution adjustments	(0.02)	(0.08)	(0.08)
Total direct transaction costs	0.00	0.00	0.05
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.04
Operating charges	0.95	0.95	1.06
Return after charges	-4.67	+4.10	+41.03
Other information			
Closing NAV (\$'000)	3,303	3,974	3,022
Number of shares	2,025,264	1,958,376	1,478,362
Highest share price (UK p)	159.97	169.47	156.04
Lowest share price (UK p)	135.47	139.54	102.19

Financial statements and notes

Financial statements

Statement of total return

for the six months to 30 September	2022		2021	
	\$'000	\$'000	\$'000	\$'000
Income				
Net capital gains/(losses)		(53,752)		8,748
Revenue	1,867		1,545	
Expenses	(741)		(784)	
Interest payable and similar charges	(1)		0	
Net revenue/(expense) before taxation	1,125		761	
Taxation	(169)		(153)	
Net revenue/(expense) after taxation		956		608
Total return before equalisation		(52,796)		9,356
Equalisation		(9)		151
Change in net assets attributable to shareholders from investment activities		(52,805)		9,507

Statement of change in net assets attributable to shareholders

for the six months to 30 September	2022		2021	
	\$'000	\$'000	\$'000	\$'000
Opening net assets attributable to shareholders		273,953		223,073
Amounts received on issue of shares	29,718		59,422	
Amounts paid on cancellation of shares	(38,019)		(10,360)	
		(8,301)		49,062
Dilution adjustments		76		117
Change in net assets attributable to shareholders from investment activities (see above)		(52,805)		9,507
Closing net assets attributable to shareholders		212,923		281,759

Interest payable and similar charges of \$1,000 (2021: \$0) has been reclassified from 'Expenses' within the statement of total return.

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	30 September 2022 \$'000	31 March 2022 \$'000
Assets		
Fixed assets		
Investments	201,243	268,095
Current assets		
Debtors	471	15,840
Cash and bank balances	11,380	20,129
Total assets	213,094	304,064
Liabilities		
Creditors		
Distribution payable	0	(1,322)
Other creditors	(171)	(28,789)
Total liabilities	(171)	(30,111)
Net assets attributable to shareholders	212,923	273,953

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 13 July 2022 has been used.

Investment objective

The fund aims to provide a higher total return (capital growth plus income), net of the ongoing charge figure, than the Bloomberg MSCI Global Corporate ESG BB+ Sustainable SRI Bond Index over any five-year period, while applying ESG criteria and sustainability criteria.

Investment policy

At least 80% of the fund is invested directly in investment grade corporate bonds including investment grade asset-backed securities. These securities may be issued by companies that are domiciled in any country, including emerging markets. The investment grade corporate bonds may be denominated in any currency and currency exposure is typically hedged back to GBP.

The fund may also invest in:

- Below investment grade and unrated corporate bonds;
- Bonds issued or guaranteed by governments and their agencies, public authorities, quasi-sovereigns and supranational bodies;
- 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.

The fund invests at least 10% of its assets into ESG themed bonds.

The fund invests in securities that meet the ESG criteria and sustainability criteria. This is achieved through the use of M&G's proprietary analysis and/or third party ESG information.

The following types of exclusions apply to the fund's direct investments:

- Norms-based exclusions: investments that are assessed to be in breach of commonly accepted standards of behaviour related to human rights, labour rights, environment and anti-corruption.
- Sector-based and/or values-based exclusions: investments and/or sectors exposed to business activities that are assessed to be damaging to human health, societal wellbeing, the environment, or otherwise assessed to be misaligned with the fund's sector-based and/or values-based criteria.
- Other exclusions: investments assessed to be otherwise in conflict with the ESG criteria and sustainability criteria.

References to "assessed" above mean assessment in accordance with the ESG criteria and sustainability criteria document.

The fund maintains a higher weighted average ESG score and lower weighted average carbon Intensity than the global corporate bond market, as represented by the Bloomberg Global Aggregate Corporate Index. The composition of this index does not constrain the fund's portfolio construction.

Further information on the fund's ESG criteria and sustainability criteria can be found in the ESG criteria and sustainability criteria document as disclosed in the ESG information section below.

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

As explained in the ESG criteria and sustainability criteria document, it may not be practicable to perform ESG analysis on cash, near cash, some derivatives and some collective investment schemes, to the same standards as for the other investments. The fund manager will assess the suitability of such instruments relative to the fund's investment objective.

Authorised Corporate Director's Report

Investment approach

The fund is globally diversified and seeks to provide exposure to a broad range of issuers across a variety of sectors.

The fund manager has the flexibility to adjust the fund's credit exposure, sector positioning and regional allocations based on the assessment of current market valuations and the macroeconomic environment.

Individual credit selection based on bottom-up analysis of the global corporate bond market by in-house credit analysts complements the fund manager's views.

Sustainability criteria are fully integrated into credit analysis and investment decisions, and play an important role in determining the investment universe and portfolio construction. Sustainability characteristics are assessed as part of the analysis of bond issuers, driving security selection through considering the ESG scores and carbon intensity of the investments made, where this is not detrimental to the pursuit of the investment objective. This process is expected to result in a portfolio positively tilted towards more sustainable issuers.

Further information can be found in the ESG criteria and sustainability criteria document.

ESG Information

Additional information is available to investors on the fund page of the M&G website:

- ESG criteria and sustainability criteria: in the document titled "M&G Sustainable Global Corporate Bond Fund – ESG criteria and sustainability criteria" which includes the fund's exclusions approach.
- Periodic reporting that outlines the non-financial outcomes of the fund.

Benchmark

Benchmark: Bloomberg MSCI Global Corporate ESG BB+ Sustainable SRI Bond Index

This 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. This benchmark is used solely to measure the fund's performance and does not constrain the fund's portfolio construction.

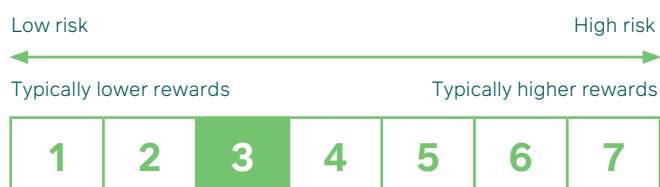
The fund is actively managed and the fund manager has freedom in choosing which investments to buy, hold and sell in the fund. The fund's holdings may deviate significantly from the benchmark's constituents

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

Risk profile

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

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 period ended 30 September 2022

Performance against objective

As the fund was launched less than 12 months ago, on 18 May 2022, this report does not include performance. Therefore, the report does not state whether the fund has met its objective, to provide a combination of capital growth and income, net of the ongoing charge figure, that is higher than the Bloomberg MSCI Global Corporate ESG BB+ Sustainable SRI Bond Index over any five-year period while applying ESG criteria and sustainability criteria.

Market overview

The period under review saw heightened volatility across global bond markets, with all fixed income assets (as bonds are also known) delivering negative returns over the period. Bond investors especially became increasingly concerned that interest rates would be raised more aggressively to tackle surging inflation – with the rising cost of energy and food the core drivers. A noteworthy move was by the European Central Bank, as it raised interest rates by a record margin in September. As the period under review came to a close, the rate of inflation was above 8% in the US, 10% in the UK and a similarly high rate across the eurozone. (An upward movement in interest rates typically causes bond prices to fall as the fixed payments or 'coupons' paid by bonds make them less competitive to buy unless the price is lower.) Factors such as a poor outlook for economic growth and the Russian war on Ukraine further dampened investor demand for risk assets during the period under review.

Against this uncertain backdrop for bond markets, core government bonds delivered negative returns across the board as yields (which move in the opposite direction to bond prices) rose sharply. Poor returns were very evident in UK sterling bond assets - UK government bonds (sometimes called 'gilts') and UK corporate bonds. Losses were magnified at the end of September as investors worried about the implications of proposals by the UK government to cut taxes without any details on how they would pay for this. In particular,

prices on gilts with a long time before they mature (eg, a so-called '2050' UK government bond) nosedived, as investors took flight, which caused their yield to rocket to very high levels. During the review period, corporate bonds of all ratings quality and from major markets, like the US and Europe, also experienced negative returns, held back by a combination of rising government bond yields and deteriorating investor sentiment.

Investment activities

The fund was launched on 18 May 2022 and its investment strategy is designed to optimise risk-reward throughout the economic cycle with a dynamic and value-based investment approach. The strategy is based on an analysis of corporate bonds and their company issuers, combined with an assessment of macroeconomic factors such as economic growth, interest rates and inflation. Spreading investments across issuers, industries and countries is essential to the strategy.

Sustainability considerations are fully integrated in the analysis of bond issuers, driving security selection through considering the ESG scores and carbon intensity of the investments made. This process is expected to result in a portfolio positively tilted towards more sustainable issuers (see ESG/stewardship involvement).

Over the review period, the majority of assets held by the fund were high-quality investment grade corporate bonds (88% by the end of the review period). Holdings of lower-quality high yield bonds accounted for 5.5% of fund assets by the end of the review period. There was a preference for bonds issued by US companies and the banking sector overall (eg Morgan Stanley, Bank of America and JP Morgan). The average credit rating of the fund was BBB+ by the close of the review period.

The strategy also uses portfolio sensitivity to changes in interest rates, otherwise known as 'duration', to try and both benefit and protect investment value from relative changes in interest rates over time. The longer the duration, the more sensitive a bond/bond fund is to movements in interest rates. Throughout the review period, duration was kept between 5.6 years and

Authorised Corporate Director's Report

6 years. This is slightly shorter in sensitivity compared to the funds with which we are benchmarked.

ESG/stewardship involvement

The fund will not finance companies that do considerable harm to the environment or society, while a systematic focus is laid on issuers with adequate and sustainable ESG standards. The fund invests in securities that meet certain ESG and sustainability criteria. Some companies that we have invested in during the review period that score well in terms of ESG criteria include Société Générale, Microsoft and Massachusetts Electric. As at the end of the review period, the fund held around 23% in ESG-themed bonds (including Green bonds). The fund also had around 13.5% exposure to M&G's climate transition 'leaders' and 21% of fund assets in companies with at least 10% of their revenues linked to sustainable impact solutions.

Outlook

It remains a challenging time for global corporate bonds in an environment of strong inflation and central banks raising interest rates urgently and by relatively large margins in order to try and stem escalating prices. We are of the view that recession is coming soon in Europe and UK, so we are careful to not add too much corporate bond exposure in these markets, unless valuations look very compelling. As we head into the final months of a tough year, we maintain a preference for solid companies and sectors, those that in our view have the potential to outperform in a downturn, eg utilities. Meanwhile, we will of course continue to put sustainability factors at the core of the investment proposition, measured by a number of sustainability indicators.

Ben Lord

Fund manager

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

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

Portfolio statement

Investments

Holding	as at 30.09.22 £'000	as at 30.09.22 %
Fixed income	12,966	91.01
Debt securities	12,865	90.30
'AAA' credit rated bonds	129	0.91
US\$150,000 Microsoft 2.525% 01/06/2050	90	0.63
US\$50,000 Microsoft 3.45% 08/08/2036	39	0.28
'AA' credit rated bonds	579	4.06
US\$120,000 Apple 2.4% 20/08/2050	68	0.48
US\$90,000 Apple 4.65% 23/02/2046	76	0.53
US\$150,000 Metropolitan Life Global Funding I 4.3% 25/08/2029	127	0.89
US\$400,000 US Treasury 0.5% 31/05/2027	308	2.16
'A' credit rated bonds	2,590	18.18
US\$190,000 Amgen 3% 22/02/2029	150	1.05
US\$120,000 Bank of America Var. Rate 1.53% 06/12/2025	99	0.69
US\$200,000 Bank of America Var. Rate 1.922% 24/10/2031	134	0.94
US\$140,000 Bank of America Var. Rate 3.974% 07/02/2030	112	0.79
US\$120,000 Bank of America Var. Rate 4.271% 23/07/2029	99	0.69
US\$180,000 Comcast 2.8% 15/01/2051	100	0.70
US\$150,000 Comcast 3.25% 01/11/2039	101	0.71
US\$90,000 Comcast 3.4% 01/04/2030	72	0.51
US\$190,000 DTE Electric 3.65% 01/03/2052	131	0.92
US\$100,000 Duke Energy Progress 3.4% 01/04/2032	78	0.55
US\$70,000 JPMorgan Chase Var. Rate 2.522% 22/04/2031	50	0.35
US\$110,000 JPMorgan Chase Var. Rate 2.739% 15/10/2030	81	0.57
US\$180,000 JPMorgan Chase Var. Rate 2.963% 25/01/2033	128	0.90
US\$90,000 JPMorgan Chase Var. Rate 3.782% 01/02/2028	75	0.53
US\$15,000 MetLife 5% 15/07/2052	12	0.08
US\$160,000 Morgan Stanley Var. Rate 0.864% 21/10/2025	131	0.92
US\$125,000 Morgan Stanley Var. Rate 0.985% 10/12/2026	97	0.68
US\$110,000 Morgan Stanley Var. Rate 1.794% 13/02/2032	73	0.51
US\$230,000 Morgan Stanley Var. Rate 2.943% 21/01/2033	164	1.15
US\$90,000 Oncor Electric Delivery 3.75% 01/04/2045	64	0.45
€200,000 Prologis International Funding II 3.125% 01/06/2031	158	1.11
US\$190,000 Public Service Electric and Gas 3.1% 15/03/2032	148	1.04

Portfolio statement

Investments (continued)

Holding	as at 30.09.22 £'000	as at 30.09.22 %
Fixed income (continued)		
Debt securities (continued)		
'A' credit rated bonds (continued)		
US\$220,000 Southern California Edison 2.75% 01/02/2032	158	1.11
US\$180,000 State Street Var. Rate 4.421% 13/05/2033	152	1.07
US\$27,000 US Bancorp Var. Rate 4.967% 22/07/2033	23	0.16
'BBB' credit rated bonds		
	8,816	61.88
US\$190,000 AbbVie 3.2% 21/11/2029	150	1.05
€120,000 Acef 1.25% 26/04/2030	78	0.55
US\$32,000 American Express Var. Rate 4.989% 26/05/2033	27	0.19
US\$160,000 American Water Capital 2.3% 01/06/2031	115	0.81
€200,000 Anglo American Capital 4.75% 21/09/2032	171	1.20
US\$70,000 Aptiv 3.1% 01/12/2051	36	0.25
US\$140,000 Aptiv 3.25% 01/03/2032	101	0.71
£100,000 Banco Santander 1.5% 14/04/2026	82	0.58
£100,000 Banco Santander Var. Rate 2.25% 04/10/2032	74	0.52
€100,000 Bankinter Var. Rate 1.25% 23/12/2032	67	0.47
€200,000 Banque Fédérative du Crédit Mutuel Var. Rate 3.875% 16/06/2032	160	1.12
US\$200,000 Barclays Var. Rate 5.501% 09/08/2028	170	1.19
€100,000 Bayerische Landesbank Var. Rate 1% 23/09/2031	70	0.49
£100,000 BNP Paribas Var. Rate 2% 24/05/2031	80	0.56
US\$100,000 Boston Scientific 2.65% 01/06/2030	75	0.53
£100,000 BPCE Var. Rate 2.5% 30/11/2032	75	0.53
US\$135,000 Broadcom 2.45% 15/02/2031	92	0.65
US\$210,000 Broadcom 2.6% 15/02/2033	136	0.95
US\$210,000 Bunge Finance 2.75% 14/05/2031	149	1.05
€200,000 CaixaBank Var. Rate 0.75% 26/05/2028	145	1.02
€110,000 CBRE Global Investors 0.9% 12/10/2029	73	0.51
US\$250,000 Celanese 6.165% 15/07/2027	213	1.49
US\$100,000 Cigna 2.375% 15/03/2031	72	0.51
US\$240,000 Citigroup Var. Rate 2.572% 03/06/2031	171	1.20
US\$60,000 Citigroup Var. Rate 3.785% 17/03/2033	45	0.32
US\$273,000 CVS Health 5.05% 25/03/2048	218	1.53

Portfolio statement

Investments (continued)

Holding	as at 30.09.22 £'000	as at 30.09.22 %
Fixed income (continued)		
Debt securities (continued)		
'BBB' credit rated bonds (continued)		
£100,000 Deutsche Bank Var. Rate 4% 24/06/2026	90	0.63
€110,000 Digital Dutch Finco 1.5% 15/03/2030	74	0.52
US\$190,000 Equinix 3.9% 15/04/2032	146	1.02
US\$200,000 Eversource Energy 3.375% 01/03/2032	153	1.07
€83,000 Goldman Sachs 4% 21/09/2029	71	0.50
£100,000 Hammerson 3.5% 27/10/2025	83	0.58
US\$100,000 HP 2.65% 17/06/2031	67	0.47
US\$210,000 Intesa Sanpaolo 4% 23/09/2029	155	1.09
US\$140,000 JPMorgan Chase Var. Rate 2.956% 13/05/2031	101	0.71
US\$350,000 Lloyds Banking Var. Rate 1.627% 11/05/2027	269	1.89
€100,000 Logikor Financing 2% 17/01/2034	58	0.41
US\$120,000 Lowe's 3% 15/10/2050	67	0.47
US\$40,000 Lowe's 3.75% 01/04/2032	31	0.22
US\$150,000 Lowe's 4.25% 01/04/2052	104	0.73
US\$60,000 Magallanes 5.141% 15/03/2052	39	0.27
US\$60,000 Magallanes 5.391% 15/03/2062	39	0.27
US\$90,000 Massachusetts Electric 4.004% 15/08/2046	62	0.43
US\$90,000 McDonald's 4.875% 09/12/2045	72	0.51
€110,000 Mondi Finance Europe 2.375% 01/04/2028	86	0.60
US\$350,000 Nationwide Building Society FRN 4.0048% 16/02/2028	296	2.08
US\$220,000 NatWest Var. Rate 4.892% 18/05/2029	181	1.27
US\$250,000 NextEra Energy Capital 1.9% 15/06/2028	188	1.32
US\$280,000 Oracle 3.6% 01/04/2050	159	1.12
£110,000 Pearson Funding 3.75% 04/06/2030	90	0.63
US\$190,000 Pennsylvania Electric 3.6% 01/06/2029	153	1.07
€140,000 Prosus 1.288% 13/07/2029	87	0.61
€100,000 Raiffeisen Bank International Var. Rate 7.375% 20/12/2032	85	0.60
US\$195,000 Rogers Communications 3.8% 15/03/2032	152	1.07
US\$300,000 Santander Var. Rate 1.089% 15/03/2025	251	1.76
€200,000 SELP Finance 0.875% 27/05/2029	130	0.91

Portfolio statement

Investments (continued)

Holding	as at 30.09.22 £'000	as at 30.09.22 %
Fixed income (continued)		
Debt securities (continued)		
'BBB' credit rated bonds (continued)		
€100,000 Signify 2.375% 11/05/2027	80	0.56
US\$210,000 Société Générale Var. Rate (non-public offering) 3.653% 08/07/2035	145	1.02
£100,000 Southern Water Services Finance 1.625% 30/03/2027	82	0.58
£100,000 Tesco Corporate Treasury Services 1.875% 02/11/2028	75	0.53
£115,000 Tesco IL 3.322% 05/11/2025	236	1.66
€110,000 Upjohn Finance 1.362% 23/06/2027	82	0.58
US\$210,000 Verizon Communications 2.55% 21/03/2031	152	1.07
US\$160,000 Verizon Communications 3.15% 22/03/2030	124	0.87
€200,000 Volkswagen International Finance 3.75% 28/09/2027	173	1.21
€200,000 Vonovia 2.375% 25/03/2032	140	0.98
US\$100,000 Walt Disney 2% 01/09/2029	74	0.52
US\$120,000 Warnermedia 4.279% 15/03/2032	89	0.62
US\$100,000 Warnermedia 5.05% 15/03/2042	67	0.47
US\$335,000 Waste Connections 2.2% 15/01/2032	239	1.68
US\$150,000 Waste Management 4.15% 15/04/2032	126	0.88
US\$130,000 Wells Fargo Var. Rate 2.572% 11/02/2031	94	0.66
US\$160,000 Wells Fargo Var. Rate 3.35% 02/03/2033	117	0.82
US\$40,000 Wells Fargo Var. Rate 4.478% 04/04/2031	33	0.23
US\$80,000 Westpac Banking Var. Rate 3.02% 18/11/2036	54	0.38
US\$100,000 Weyerhaeuser 3.375% 09/03/2033	74	0.52
£100,000 Whitbread 2.375% 31/05/2027	80	0.56
£140,000 Yorkshire Water Finance 1.75% 27/10/2032	96	0.67
'BB' credit rated bonds	751	5.27
€200,000 Banco de Sabadell Var. Rate 0.875% 16/06/2028	138	0.97
US\$130,000 HCA 4.375% 15/03/2042	88	0.62
US\$40,000 HCA 4.625% 15/03/2052	27	0.19
£200,000 Intesa Sanpaolo 8.505% 20/09/2032	181	1.27
£100,000 NatWest Var. Rate 2.105% 28/11/2031	78	0.55
€100,000 Triodos Bank Var. Rate 2.25% 05/02/2032	72	0.50

Portfolio statement

Investments (continued)

Holding	as at 30.09.22 £'000	as at 30.09.22 %
Fixed income (continued)		
Debt securities (continued)		
'BB' credit rated bonds (continued)		
£110,000 Vattenfall Var. Rate 2.5% 29/06/2083	82	0.57
€100,000 Vodafone Var. Rate 3.1% 03/01/2079	85	0.60
Debt derivatives	101	0.71
Credit default swaps	12	0.08
€(100,000) Wendel Jun 2027	12	0.08
Interest rate swaps	55	0.39
£485,000 Pay 2.0792% Receive VAR May 2027	55	0.39
€180,000 Pay 3.2492% Receive VAR May 2027	0	0.00
Interest rate futures	34	0.24
3 10 Year Canada Treasury Note Dec 2022	(2)	(0.01)
(3) 10 Year US Treasury Note Dec 2022	3	0.02
12 2 Year US Treasury Note Dec 2022	(19)	(0.13)
8 5 Year US Treasury Note Dec 2022	(18)	(0.13)
(2) Euro-Bobl Dec 2022	2	0.02
(3) Euro-Schatz Dec 2022	3	0.02
(4) Long Gilt Dec 2022	29	0.20
(14) US 10 Year Ultra Dec 2022	73	0.51
5 US Long Bond Dec 2022	(37)	(0.26)
Currency	(606)	(4.25)
Forward currency contracts	(606)	(4.25)
€985,961 Bought for £864,142 (expires 12.10.22)	6	0.04
€(3,836,862) Sold for £3,345,767 (expires 12.10.22)	(40)	(0.28)
¥14,077,109 Bought for £85,239 (expires 12.10.22)	3	0.02
¥(14,077,109) Sold for £84,566 (expires 12.10.22)	(4)	(0.03)
US\$845,601 Bought for £759,879 (expires 12.10.22)	4	0.03
US\$(12,124,082) Sold for £10,379,500 (expires 12.10.22)	(575)	(4.03)
Total portfolio	12,360	86.76
Net other assets/(liabilities)	1,887	13.24
Net assets attributable to shareholders	14,247	100.00

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

Portfolio statement

Top ten portfolio transactions for the period to 30 September 2022

Largest purchases	£'000
KFW	666
Germany (Federal Republic of) IL 0.1% 15/04/2023	499
Germany (Federal Republic of) IL 0.1% 15/04/2026	393
US Treasury 0.5% 31/05/2027	298
Rogers Communications 3.8% 15/03/2032	275
Nationwide Building Society FRN 4.0048% 16/02/2028	255
Tesco IL 3.322% 05/11/2025	252
Lloyds Banking Var. Rate 1.627% 11/05/2027	228
Santander Var. Rate 1.089% 15/03/2025	226
Waste Connections 2.2% 15/01/2032	226
Other purchases	14,297
Total purchases	17,615

Largest sales	£'000
KFW	681
Germany (Federal Republic of) IL 0.1% 15/04/2023	509
Germany (Federal Republic of) IL 0.1% 15/04/2026	397
Anglo American Capital 4.75% 16/03/2052	188
Germany (Federal Republic of) 0.01% 15/08/2026	183
SEB 1.375% 16/06/2025	165
Deutsche Bank 4.162% 13/05/2025	162
Estee Lauder 2.6% 15/04/2030	157
Rogers Communications 3.8% 15/03/2032	156
Nationwide Building Society 1.5% 07/12/2027	150
Other sales	2,000
Total sales	4,748

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 www.mandg.com/investments

Long-term performance by share class

As the fund has not yet operated for a 12-month period, the long-term performance figures have not been calculated. Please refer to 'Specific share class performance' tables for the share class launch dates.

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 18 May 2022.

Change in NAV per share	Period to 30.09.22 UK p
Opening NAV	100.00
Return before operating charges	(6.04)
Operating charges	(0.32)
Return after operating charges	(6.36)
Distributions	(1.57)
Closing NAV	92.07
Direct transaction costs	UK p
Costs before dilution adjustments	0.01
Dilution adjustments	0.00
Total direct transaction costs	0.01
Performance and charges	%
Direct portfolio transaction costs	0.00
Operating charges	0.85
Return after charges	-6.36
Other information	
Closing NAV (£'000)	18
Number of shares	20,010
Highest share price (UK p)	102.19
Lowest share price (UK p)	93.35

Sterling Class 'A' Accumulation share performance

The share class was launched on 18 May 2022.

Change in NAV per share	Period to 30.09.22 UK p
Opening NAV	100.00
Return before operating charges	(6.06)
Operating charges	(0.32)
Return after operating charges	(6.38)
Distributions	(1.26)
Retained distributions	1.26
Closing NAV	93.62
Direct transaction costs	UK p
Costs before dilution adjustments	0.01
Dilution adjustments	0.00
Total direct transaction costs	0.01
Performance and charges	%
Direct portfolio transaction costs	0.00
Operating charges	0.85
Return after charges	-6.38
Other information	
Closing NAV (£'000)	19
Number of shares	20,000
Highest share price (UK p)	102.61
Lowest share price (UK p)	93.74

Financial highlights

Sterling Class 'I' Income share performance

The share class was launched on 18 May 2022.

Change in NAV per share	Period to 30.09.22 UK p
Opening NAV	100.00
Return before operating charges	(6.05)
Operating charges	(0.17)
Return after operating charges	(6.22)
Distributions	(1.57)
Closing NAV	92.21
Direct transaction costs	UK p
Costs before dilution adjustments	0.01
Dilution adjustments	0.00
Total direct transaction costs	0.01
Performance and charges	%
Direct portfolio transaction costs	0.00
Operating charges	0.45
Return after charges	-6.22
Other information	
Closing NAV (£'000)	19
Number of shares	20,030
Highest share price (UK p)	102.28
Lowest share price (UK p)	93.49

Sterling Class 'I' Accumulation share performance

The share class was launched on 18 May 2022.

Change in NAV per share	Period to 30.09.22 UK p
Opening NAV	100.00
Return before operating charges	(6.07)
Operating charges	(0.17)
Return after operating charges	(6.24)
Distributions	(1.41)
Retained distributions	1.41
Closing NAV	93.76
Direct transaction costs	UK p
Costs before dilution adjustments	0.01
Dilution adjustments	0.00
Total direct transaction costs	0.01
Performance and charges	%
Direct portfolio transaction costs	0.00
Operating charges	0.45
Return after charges	-6.24
Other information	
Closing NAV (£'000)	19
Number of shares	20,020
Highest share price (UK p)	102.70
Lowest share price (UK p)	93.87

Financial highlights

Sterling Class 'L' Income share performance

The share class was launched on 18 May 2022.

Change in NAV per share	Period to 30.09.22 UK p
Opening NAV	100.00
Return before operating charges	(6.06)
Operating charges	(0.09)
Return after operating charges	(6.15)
Distributions	(1.57)
Closing NAV	92.28
Direct transaction costs	UK p
Costs before dilution adjustments	0.01
Dilution adjustments	0.00
Total direct transaction costs	0.01
Performance and charges	%
Direct portfolio transaction costs	0.00
Operating charges	0.25
Return after charges	-6.15
Other information	
Closing NAV (£'000)	18
Number of shares	20,040
Highest share price (UK p)	102.32
Lowest share price (UK p)	93.55

Sterling Class 'L' Accumulation share performance

The share class was launched on 18 May 2022.

Change in NAV per share	Period to 30.09.22 UK p
Opening NAV	100.00
Return before operating charges	(6.08)
Operating charges	(0.09)
Return after operating charges	(6.17)
Distributions	(1.49)
Retained distributions	1.49
Closing NAV	93.83
Direct transaction costs	UK p
Costs before dilution adjustments	0.01
Dilution adjustments	0.00
Total direct transaction costs	0.01
Performance and charges	%
Direct portfolio transaction costs	0.00
Operating charges	0.25
Return after charges	-6.17
Other information	
Closing NAV (£'000)	14,079
Number of shares	15,005,000
Highest share price (UK p)	102.74
Lowest share price (UK p)	93.94

Financial highlights

Sterling Class 'PP' Income share performance

The share class was launched on 18 May 2022.

Change in NAV per share	Period to 30.09.22 UK p
Opening NAV	100.00
Return before operating charges	(6.05)
Operating charges	(0.13)
Return after operating charges	(6.18)
Distributions	(1.57)
Closing NAV	92.25
Direct transaction costs	UK p
Costs before dilution adjustments	0.01
Dilution adjustments	0.00
Total direct transaction costs	0.01
Performance and charges	%
Direct portfolio transaction costs	0.00
Operating charges	0.35
Return after charges	-6.18
Other information	
Closing NAV (£'000)	19
Number of shares	20,060
Highest share price (UK p)	102.30
Lowest share price (UK p)	93.52

Sterling Class 'PP' Accumulation share performance

The share class was launched on 18 May 2022.

Change in NAV per share	Period to 30.09.22 UK p
Opening NAV	100.00
Return before operating charges	(6.07)
Operating charges	(0.13)
Return after operating charges	(6.20)
Distributions	(1.45)
Retained distributions	1.45
Closing NAV	93.80
Direct transaction costs	UK p
Costs before dilution adjustments	0.01
Dilution adjustments	0.00
Total direct transaction costs	0.01
Performance and charges	%
Direct portfolio transaction costs	0.00
Operating charges	0.35
Return after charges	-6.20
Other information	
Closing NAV (£'000)	19
Number of shares	20,050
Highest share price (UK p)	102.72
Lowest share price (UK p)	93.91

Financial highlights

Sterling Class 'R' Income share performance

The share class was launched on 18 May 2022.

Change in NAV per share	Period to 30.09.22 UK p
Opening NAV	100.00
Return before operating charges	(6.04)
Operating charges	(0.26)
Return after operating charges	(6.30)
Distributions	(1.57)
Closing NAV	92.13
Direct transaction costs	UK p
Costs before dilution adjustments	0.01
Dilution adjustments	0.00
Total direct transaction costs	0.01
Performance and charges	%
Direct portfolio transaction costs	0.00
Operating charges	0.70
Return after charges	-6.30
Other information	
Closing NAV (£'000)	18
Number of shares	20,080
Highest share price (UK p)	102.22
Lowest share price (UK p)	93.40

Sterling Class 'R' Accumulation share performance

The share class was launched on 18 May 2022.

Change in NAV per share	Period to 30.09.22 UK p
Opening NAV	100.00
Return before operating charges	(6.06)
Operating charges	(0.26)
Return after operating charges	(6.32)
Distributions	(1.32)
Retained distributions	1.32
Closing NAV	93.68
Direct transaction costs	UK p
Costs before dilution adjustments	0.01
Dilution adjustments	0.00
Total direct transaction costs	0.01
Performance and charges	%
Direct portfolio transaction costs	0.00
Operating charges	0.70
Return after charges	-6.32
Other information	
Closing NAV (£'000)	19
Number of shares	20,070
Highest share price (UK p)	102.64
Lowest share price (UK p)	93.79

Financial statements and notes

Financial statements

Statement of total return

for the period to 30 September	2022	
	£'000	£'000
Income		
Net capital gains/(losses)		(1,161)
Revenue	239	
Expenses	(14)	
Interest payable and similar charges	0	
Net revenue/(expense) before taxation	225	
Taxation	0	
Net revenue/(expense) after taxation		225
Total return before distributions		(936)
Distributions		(226)
Change in net assets attributable to shareholders from investment activities		(1,162)

Statement of change in net assets attributable to shareholders

for the period to 30 September	2022	
	£'000	£'000
Opening net assets attributable to shareholders		0
Amounts received on issue of shares	15,185	
Amounts paid on cancellation of shares	0	
		15,185
Change in net assets attributable to shareholders from investment activities (see above)		(1,162)
Retained distributions on Accumulation shares		224
Closing net assets attributable to shareholders		14,247

Financial statements and notes

Financial statements

Balance sheet

as at	30 September 2022
	£'000
Assets	
Fixed assets	
Investments	13,055
Current assets	
Debtors	708
Cash and bank balances	1,383
Total assets	15,146
Liabilities	
Investment liabilities	(695)
Creditors	
Overdrawn positions at futures clearing houses and collateral manager	(1)
Distribution payable	(1)
Other creditors	(202)
Total liabilities	(899)
Net assets attributable to shareholders	14,247

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 13 July 2022 has been used.

Investment objective

The fund aims to provide a higher total return (capital growth plus income), net of the ongoing charge figure, than the Bloomberg MSCI Global HY Corporate ESG BB+ Sustainable SRI Bond Index over any five-year period while applying ESG criteria and sustainability criteria.

Investment policy

At least 80% of the fund is invested directly in high yield bonds issued by companies that are domiciled in any country, including emerging markets. These bonds may be denominated in any currency and currency exposure is typically hedged back to US dollar.

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

The fund invests in securities that meet the ESG criteria and sustainability criteria. This is achieved through the use of M&G's proprietary analysis and/or third party ESG information. However, some securities which meet the ESG and sustainability criteria may not provide as good an ESG outcome as others.

The following types of exclusions apply to the fund's direct investments:

- Norms-based exclusions: investments that are assessed to be in breach of commonly accepted standards of behaviour related to human rights, labour rights, environment and anti-corruption.
- Sector-based and/or values-based exclusions: investments and/or sectors exposed to business activities that are assessed to be damaging to human health, societal wellbeing, the environment, or otherwise assessed to be misaligned with the fund's sector-based and/or values-based criteria.

- Other exclusions: investments assessed to be otherwise in conflict with the ESG criteria and sustainability criteria.

References to "assessed" above mean assessment in accordance with the ESG criteria and sustainability criteria document.

The fund maintains a higher weighted average ESG score and lower weighted average carbon intensity than the global high yield bond market, as represented by the ICE BofA Global High Yield Index (USD Hedged). This index does not constrain the fund's portfolio construction.

Further information on the fund's ESG criteria and sustainability criteria can be found in the ESG criteria and sustainability criteria document as disclosed in the ESG information section below.

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

As explained in the ESG criteria and sustainability criteria document, it may not be practicable to perform ESG analysis on cash, near cash, some derivatives and some collective investment schemes, to the same standards as for the other investments. The fund manager will assess the suitability of such instruments relative to the fund's investment objective.

Investment approach

The fund is globally diversified and seeks to provide exposure to a broad range of issuers across a variety of sectors.

The fund manager has the flexibility to adjust the fund's credit exposure, sector positioning and regional allocations based on the assessment of current market valuations and the macroeconomic environment.

Individual credit selection based on bottom-up analysis of the global high yield bond markets by in-house credit analysts complements the investment manager's views.

Sustainability considerations are fully integrated into credit analysis and investment decisions, and play an important role in determining the investment universe

Authorised Corporate Director’s Report

and portfolio construction. Sustainability characteristics are assessed as part of the analysis of bond issuers, driving security selection through considering the ESG scores and carbon intensity of the investments made, where this is not detrimental to the pursuit of the investment objective. This process is expected to result in a more sustainable portfolio positively tilted towards more sustainable issuers.

Further information can be found in the ESG criteria and sustainability criteria document.

ESG Information

Additional information is available to investors on the M&G website:

- ESG criteria and sustainability criteria: in the document titled “M&G Sustainable Global High Yield Bond Fund – ESG criteria and sustainability criteria” which includes the fund’s exclusions approach.
- Periodic reporting that outlines the non-financial outcomes of the fund.

Benchmark

Benchmark: Bloomberg MSCI Global HY Corporate ESG BB+ Sustainable SRI Bond Index.

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

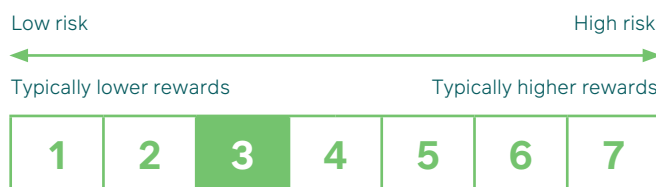
The fund is actively managed. The fund manager has complete freedom in choosing which investments to buy, hold and sell in the fund. The fund’s holdings may deviate significantly from the benchmark’s constituents.

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

Risk profile

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

The following table shows the risk number associated with the fund and is based on Sterling Class ‘A-H’ shares.



The above number:

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

Authorised Corporate Director's Report

Investment review

For the six months ended 30 September 2022

Performance against objective

Between 1 April 2022 (the start of the review period) and 30 September 2022, the M&G Sustainable Global High Yield Bond Fund delivered a negative total return (the combination of income and growth of capital) across all its share classes. Fund performance was also behind the fund's benchmark, the Bloomberg MSCI Global HY Corporate ESG BB+ Sustainable SRI Bond Index, which declined by 11.8% over the same period under review.

The fund was launched on 25 February 2020, so it is too early to say whether it has met its objective over that time period.

The fund changed its name, investment objective, investment strategy and benchmark on 10 May 2022. Prior to that date, the fund was named M&G Global High Yield ESG Bond Fund and it aimed to provide a combination of capital growth and income, net of the ongoing charge figure, that is higher than the ICE BofAML Global High Yield Index (USD hedged) over any five-year period.

After 10 May 2022, the fund changed its name to the M&G Sustainable Global High Yield Bond Fund and its objective became to provide a combination of capital growth and income, net of the ongoing charge figure, that is higher than the Bloomberg MSCI Global HY Corporate ESG BB+ Sustainable SRI Bond Index over any five-year period while applying ESG criteria and sustainability criteria.

Fund performance before this date was therefore achieved under different circumstances

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 saw heightened volatility across global bond markets as concerns about persistently high inflation and rising interest rates led to

a surge in yields (which move in the opposite direction to bond prices). UK government bonds (gilts) came under particular pressure, most notably following the UK government's poorly received mini-budget announcement at the end of September. This triggered extreme turbulence in gilt markets, as investors took fright from the prospect of a raft of unfunded tax cuts and additional government borrowing.

The Bank of England's subsequent decision to step in and launch a temporary bond-buying programme helped ease pressure in the final days of the month. Nevertheless, as at the end of September, 10-year gilt yields stood at 4.1% (having risen above 4.5% just before the Bank's intervention), which compares with 1.6% at the end of March.

Other developed market government bonds also came under pressure, with US Treasuries and German bunds both experiencing steep losses. UK corporate bonds also experienced sharp declines over the period, with rising gilt yields and concerns about an economic slowdown weighing on sentiment. US and European corporate bonds also performed poorly although they held up somewhat better than UK bonds. It was also a poor period for emerging market bonds, especially those markets more closely connected to the ongoing Russia-Ukraine conflict.

High yield bonds (which have a low credit rating and are therefore considered riskier) also lost ground over the period due to concerns about slowing global growth and a potential rise in corporate defaults as companies grapple with higher borrowing costs.

The fund delivered a negative return across all its share classes. Our bias towards European high yield debt, which underperformed US high yield debt over the period, drove the relative underperformance.

Investment activities

The fund has broadly maintained a cautious stance towards cyclical sectors during the period, with a continued preference for more defensive areas of the market. Our bottom-up investment process ensures we seek a higher level of compensation when investing in more cyclical (meaning, more sensitive to changes in

Authorised Corporate Director's Report

the broader economy) and lower-rated (in terms of credit ratings) parts of the market. In many cases, we haven't felt sufficiently compensated for the level of risk present among many cyclical corporate bonds, which is why we have sought to focus our cyclical exposure on issuers with healthy balance sheets, or on new debt issues with a stronger overall security package.

Throughout 2021, we saw high levels of activity in the primary market, as the market for newly-issued bonds is known, although this has quietened considerably in 2022. We remained selective in this area, although we will participate in new deals where we see value, a recent example being a new issue from Swiss-based security company Verisure.

In the secondary market, we topped up a number of positions, such as Charter Communications and Burger King. In terms of sales, we reduced or closed a number of positions where we saw less upside potential, including Iceland and Casino Guichard-Perrachon.

ESG engagement

As investors who embed ESG considerations into our investment processes, it is important for us to understand the various unique risks involved across all of the different industries we invest in. As such, as part of our ongoing assessment of our holdings' ESG credentials, we seek to engage with companies in order to gain granular insight into how these firms are adapting to various ESG criteria. This exercise enables us to compare and contrast different approaches to ESG and sustainability, to better seek to identify ESG leaders, and also to ultimately encourage best practice in the companies in which we invest.

Outlook

Financial markets remain very volatile as we enter the final months of 2022. Investors' appetite for bonds had already been poor because of accelerating inflation and central bank interest rate hikes. International political developments continue to press further on market sentiment. Still, given the scale of this year's sell-off, we think there are areas of value in high yield markets, and

we believe investors who take a long-term view are being well compensated for taking credit risk.

However, we maintain our view of not taking on excessive levels of credit risk, particularly given the prospect of higher interest rates over the coming years. In this environment, we believe that an active and selective investment approach to the asset class remains crucial.

James Tomlins and Stefan Isaacs

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 30.09.22 \$'000	as at 30.09.22 %	as at 31.03.22 %
Debt securities	35,936	90.49	95.97
Corporate bonds	35,494	89.38	93.54
Investment grade corporate bonds	1,536	3.87	3.69
US\$81,000 Dell International 8.1% 15/07/2036	86	0.22	
€300,000 Kraft Heinz Foods 2.25% 25/05/2028	263	0.66	
€100,000 Merck Var. Rate 1.625% 25/06/2079	90	0.23	
US\$300,000 PVH 4.625% 10/07/2025	287	0.72	
€100,000 Smurfit Kappa Treasury ULC 1.5% 15/09/2027	86	0.22	
US\$225,000 Stora Enso 7.25% 15/04/2036	238	0.60	
US\$200,000 T-Mobile USA 2.625% 15/02/2029	164	0.41	
US\$400,000 T-Mobile USA 2.875% 15/02/2031	322	0.81	
Below investment grade corporate bonds	33,958	85.51	89.85
€200,000 ABN AMRO Bank Var. Rate 4.75% Perpetual	151	0.38	
US\$328,000 AdaptHealth 5.125% 01/03/2030	267	0.67	
€100,000 ADLER 1.875% 14/01/2026	50	0.13	
€350,000 Avantor Funding 3.875% 15/07/2028	294	0.74	
US\$100,000 Avantor Funding 3.875% 01/11/2029	82	0.21	
€200,000 Axalta Coating Systems Dutch 3.75% 15/01/2025	178	0.45	
£100,000 B&M European Value Retail 3.625% 15/07/2025	93	0.23	
£200,000 B&M European Value Retail 4% 15/11/2028	168	0.42	
€250,000 Ball 1.5% 15/03/2027	203	0.51	
€109,000 Banca Monte dei Paschi di Siena Var. Rate 8.5% 10/09/2030	59	0.15	
€400,000 Banco Bilbao Vizcaya Argentaria Var. Rate 6% Perpetual	354	0.89	
€300,000 Banco de Sabadell Var. Rate 0.875% 16/06/2028	230	0.58	
US\$400,000 Barclays Var. Rate 8% Perpetual	370	0.93	
US\$215,000 Bath & Body Works 6.625% 01/10/2030	186	0.47	
US\$200,000 Bath & Body Works 6.75% 01/07/2036	161	0.41	
US\$250,000 Bausch Health 4.875% 01/06/2028	165	0.42	
US\$200,000 Bausch Health 5% 30/01/2028	76	0.19	
US\$200,000 Bausch Health 5% 15/02/2029	76	0.19	
€206,000 Belden 3.375% 15/07/2027	176	0.44	
€200,000 Belden 3.375% 15/07/2031	138	0.35	
US\$500,000 Berry Global 4.875% 15/07/2026	468	1.18	

Portfolio statement

Investments (continued)

Holding	as at 30.09.22 \$'000	as at 30.09.22 %	as at 31.03.22 %
Debt securities (continued)			
Corporate bonds (continued)			
Below investment grade corporate bonds (continued)			
€240,000	Burger King FRN 5.017% 01/11/2026	223	0.56
€100,000	Casino Guichard Perrachon 5.25% 15/04/2027	47	0.12
€216,000	Casino Guichard Perrachon 6.625% 15/01/2026	109	0.27
€150,000	Castle FRN 5.571% 15/05/2028	115	0.29
£224,000	Castle 7% 15/05/2029	166	0.42
US\$300,000	CCO 5.125% 01/05/2027	270	0.68
€100,000	Cellnex Finance 1% 15/09/2027	78	0.20
€100,000	Cellnex Finance 2% 15/02/2033	64	0.16
US\$250,000	Cellnex Finance 3.875% 07/07/2041	160	0.40
US\$300,000	Cemex 5.45% 19/11/2029	267	0.67
US\$200,000	Centene 2.5% 01/03/2031	150	0.38
US\$500,000	Centene 3.375% 15/02/2030	407	1.02
US\$1,000,000	Charter Communications Operating 6.384% 23/10/2035	918	2.31
US\$200,000	CHS 4.75% 15/02/2031	136	0.34
US\$300,000	CHS 6.875% 15/04/2029	156	0.39
€221,000	Citycon Var. Rate 3.625% Perpetual	124	0.31
€200,000	Commerzbank Var. Rate 6.125% Perpetual	164	0.41
US\$300,000	CommScope 8.25% 01/03/2027	246	0.62
€300,000	CPI Property Var. Rate 4.875% Perpetual	191	0.48
£300,000	CPUK Finance 6.5% 28/08/2026	301	0.76
US\$350,000	Crown Americas Capital 4.25% 30/09/2026	316	0.80
US\$300,000	CSC 4.5% 15/11/2031	225	0.57
US\$400,000	CSC 5.5% 15/04/2027	354	0.89
€144,000	Cullinan 4.625% 15/10/2026	118	0.30
€250,000	Dana Financing Luxembourg 3% 15/07/2029	176	0.44
US\$215,000	DaVita 3.75% 15/02/2031	151	0.38
€116,000	Derichebourg 2.25% 15/07/2028	88	0.22
£220,000	Deuce Finco 5.5% 15/06/2027	182	0.46
€600,000	Deutsche Bank Var. Rate 4% 24/06/2032	498	1.25
€184,000	Dometic 2% 29/09/2028	131	0.33

Portfolio statement

Investments (continued)

Holding	as at 30.09.22 \$'000	as at 30.09.22 %	as at 31.03.22 %
Debt securities (continued)			
Corporate bonds (continued)			
Below investment grade corporate bonds (continued)			
€100,000 Drax Finco 2.625% 01/11/2025	86	0.22	
US\$200,000 Drax Finco 6.625% 01/11/2025	193	0.49	
€200,000 Eagle Intermediate Global 5.375% 01/05/2023	145	0.37	
US\$324,000 Glatfelter 4.75% 15/11/2029	187	0.47	
US\$400,000 Greenko Solar Mauritius 5.55% 29/01/2025	355	0.89	
€312,000 Grifols 2.25% 15/11/2027	236	0.59	
€200,000 Grifols Escrow Issuer 3.875% 15/10/2028	143	0.36	
US\$200,000 Hanesbrands 4.875% 15/05/2026	178	0.45	
€200,000 Hanesbrands Finance 3.5% 15/06/2024	180	0.45	
US\$400,000 HCA 3.5% 01/09/2030	331	0.83	
US\$100,000 HCA 5.375% 01/09/2026	97	0.24	
US\$100,000 HCA 5.625% 01/09/2028	96	0.24	
£400,000 Heathrow Finance 3.875% 01/03/2027	354	0.89	
US\$250,000 Hilton Worldwide Finance 4.875% 01/04/2027	229	0.58	
€100,000 Huhtamaki 4.25% 09/06/2027	91	0.23	
£200,000 Iceland Bondco 4.375% 15/05/2028	143	0.36	
US\$200,000 iHeartCommunications 8.375% 01/05/2027	167	0.42	
€300,000 Iliad 5.125% 15/10/2026	264	0.66	
€200,000 Infineon Technologies Var. Rate 3.625% Perpetual	170	0.43	
€100,000 Infrastrutture Wireless Italiane 1.875% 08/07/2026	87	0.22	
€200,000 Intertrust 3.375% 15/11/2025	190	0.48	
€200,000 Intesa Sanpaolo Var. Rate 5.875% 04/03/2029	195	0.49	
€412,000 Intesa Sanpaolo Var. Rate 6.25% Perpetual	367	0.92	
€250,000 Intrum 3% 15/09/2027	180	0.45	
€100,000 Intrum 3.5% 15/07/2026	78	0.20	
US\$600,000 Jazz Securities 4.375% 15/01/2029	516	1.30	
US\$100,000 KB Home 4% 15/06/2031	73	0.18	
US\$325,000 KB Home 4.8% 15/11/2029	261	0.66	
€400,000 KBC Var. Rate 4.25% Perpetual	310	0.78	
US\$412,000 KUO 5.75% 07/07/2027	376	0.95	

Portfolio statement

Investments (continued)

Holding	as at 30.09.22 \$'000	as at 30.09.22 %	as at 31.03.22 %
Debt securities (continued)			
Corporate bonds (continued)			
Below investment grade corporate bonds (continued)			
US\$200,000 LCPR Senior Secured Financing 6.75% 15/10/2027	166	0.42	
€500,000 Levi Strauss 3.375% 15/03/2027	443	1.12	
US\$200,000 Levi Strauss 3.5% 01/03/2031	157	0.40	
US\$200,000 Liquid Telecommunications Financing 5.5% 04/09/2026	156	0.39	
€200,000 Lloyds Banking Var. Rate 4.947% Perpetual	173	0.44	
US\$750,000 Macy's Retail 5.875% 01/04/2029	599	1.51	
US\$5,000 Macy's Retail 5.875% 15/03/2030	4	0.01	
US\$237,000 Marriott Ownership Resorts 6.125% 15/09/2025	232	0.58	
US\$61,000 McGraw-Hill Education 5.75% 01/08/2028	51	0.13	
US\$289,000 McGraw-Hill Education 8% 01/08/2029	237	0.60	
US\$120,000 Medline Borrower 5.25% 01/10/2029	89	0.22	
US\$130,000 Meritage Homes 3.875% 15/04/2029	104	0.26	
US\$600,000 Millicom International Cellular 4.5% 27/04/2031	426	1.07	
US\$300,000 NCR 5% 01/10/2028	237	0.60	
US\$200,000 Netflix 3.625% 15/06/2025	189	0.48	
€600,000 Netflix 3.625% 15/06/2030	500	1.26	
US\$500,000 Network i2i Var. Rate 3.975% Perpetual	408	1.03	
US\$303,000 New Red Finance 3.875% 15/01/2028	261	0.66	
US\$450,000 Nielsen Finance 5.625% 01/10/2028	447	1.13	
€300,000 Nobian Finance 3.625% 15/07/2026	215	0.54	
€100,000 Novo Banco Var. Rate 8.5% 06/07/2028	89	0.22	
£339,000 Ocado 3.875% 08/10/2026	273	0.69	
€100,000 OI European 2.875% 15/02/2025	87	0.22	
US\$300,000 Owens & Minor 4.5% 31/03/2029	236	0.59	
US\$112,000 Owens & Minor 6.625% 01/04/2030	97	0.24	
US\$100,000 Owens-Brockway Glass Container 6.375% 15/08/2025	94	0.24	
US\$150,000 Owens-Brockway Glass Container 6.625% 13/05/2027	136	0.34	
US\$214,000 Pilgrim's Pride 3.5% 01/03/2032	168	0.42	
US\$300,000 Pilgrim's Pride 4.25% 15/04/2031	241	0.61	
US\$200,000 PRA Health Sciences 2.875% 15/07/2026	176	0.44	

Portfolio statement

Investments (continued)

Holding	as at 30.09.22 \$'000	as at 30.09.22 %	as at 31.03.22 %
Debt securities (continued)			
Corporate bonds (continued)			
Below investment grade corporate bonds (continued)			
£165,000 Premier Foods Finance 3.5% 15/10/2026	145	0.37	
US\$383,000 Prestige Brands 3.75% 01/04/2031	292	0.74	
€300,000 Renault 2.5% 02/06/2027	232	0.58	
€400,000 Rexel 2.125% 15/12/2028	298	0.75	
US\$238,000 Royal Caribbean Cruises 5.375% 15/07/2027	179	0.45	
US\$200,000 Royal Caribbean Cruises 5.5% 01/04/2028	146	0.37	
US\$209,000 Sally Capital 5.625% 01/12/2025	197	0.50	
€424,000 Sappi Papier 3.625% 15/03/2028	318	0.80	
€300,000 Schaeffler 2.75% 12/10/2025	265	0.67	
€254,111 Selecta 8% 01/04/2026	214	0.54	
€52,261 Selecta 10% 01/07/2026	44	0.11	
US\$108,000 Service Corporation International 3.375% 15/08/2030	84	0.21	
US\$85,000 Service Corporation International 5.125% 01/06/2029	76	0.19	
£150,000 Sherwood Financing 6% 15/11/2026	124	0.31	
US\$400,000 Simpar Europe 5.2% 26/01/2031	279	0.70	
US\$400,000 Sirius XM Radio 4.125% 01/07/2030	321	0.81	
US\$400,000 Sirius XM Radio 5% 01/08/2027	366	0.92	
€300,000 SoftBank 3.875% 06/07/2032	194	0.49	
US\$700,000 Sprint 7.875% 15/09/2023	713	1.80	
US\$200,000 Stagwell Global 5.625% 15/08/2029	164	0.41	
US\$200,000 Taylor Morrison Communities 5.875% 15/06/2027	185	0.47	
US\$265,000 TEGNA 4.625% 15/03/2028	242	0.61	
€200,000 Telecom Italia 3.625% 25/05/2026	179	0.45	
US\$200,000 Telecom Italia 5.303% 30/05/2024	188	0.47	
€400,000 Telefónica Europe Var. Rate 4.375% Perpetual	368	0.93	
US\$100,000 Tenet Healthcare 5.125% 01/11/2027	91	0.23	
US\$800,000 Tenet Healthcare 6.125% 01/10/2028	699	1.76	
€300,000 TI Automotive Finance 3.75% 15/04/2029	197	0.50	
US\$400,000 Triton Water 6.25% 01/04/2029	307	0.77	
€100,000 Trivium Packaging Finance 3.75% 15/08/2026	87	0.22	

Portfolio statement

Investments (continued)

Holding	as at 30.09.22 \$'000	as at 30.09.22 %	as at 31.03.22 %
Debt securities (continued)			
Corporate bonds (continued)			
Below investment grade corporate bonds (continued)			
US\$250,000 Uber Technologies 7.5% 15/05/2025	248	0.62	
€350,000 UniCredit Var. Rate 7.5% Perpetual	300	0.76	
€400,000 Verisure 5.25% 15/02/2029	287	0.72	
US\$334,000 Vertiv 4.125% 15/11/2028	269	0.68	
£100,000 Virgin Media Secured Finance 4.125% 15/08/2030	78	0.20	
£300,000 Virgin Media Vendor Financing Notes III 4.875% 15/07/2028	247	0.62	
€200,000 Vodafone Var. Rate 2.625% 27/08/2080	167	0.42	
US\$600,000 Vodafone Var. Rate 7% 04/04/2079	568	1.43	
£150,000 Voyage Care BondCo 5.875% 15/02/2027	144	0.36	
€500,000 WMG Acquisition 2.25% 15/08/2031	346	0.87	
€400,000 WP/AP Telecom III 5.5% 15/01/2030	291	0.73	
US\$150,000 Yum! Brands 4.625% 31/01/2032	124	0.31	
US\$246,000 Yum! Brands 5.375% 01/04/2032	214	0.54	
US\$200,000 Yuzhou 6.35% 13/01/2027 ^a	12	0.03	
US\$200,000 Yuzhou 7.85% 12/08/2026 ^a	12	0.03	
US\$200,000 Yuzhou 8.3% 27/05/2025 ^a	12	0.03	
Corporate bonds with no credit rating	0	0.00	0.00
US\$34,000 JC Penney 6.375% 15/10/2036 ^a	0	0.00	
Government bonds	442	1.11	2.43
Investment grade government bonds	442	1.11	2.43
US\$500,000 US Treasury 0.5% 28/02/2026	442	1.11	
Debt derivatives	(29)	(0.08)	0.05
Interest rate futures	(29)	(0.08)	0.05
22 5 Year US Treasury Note Dec 2022	(77)	(0.20)	
(17) Euro-Bobl Dec 2022	48	0.12	
Currency	678	1.71	(0.56)
Forward currency contracts	678	1.71	(0.56)
€790,083 Bought for \$777,072 (expires 12.10.22)	(5)	(0.01)	
€(13,839,083) Sold for \$14,053,107 (expires 12.10.22)	535	1.35	
£146,314 Bought for \$161,497 (expires 12.10.22)	1	0.00	

Portfolio statement

Investments (continued)

Holding	as at 30.09.22 \$'000	as at 30.09.22 %	as at 31.03.22 %
Currency (continued)			
Forward currency contracts (continued)			
£(2,421,740) Sold for \$2,827,701 (expires 12.10.22)	147	0.37	
Portfolio of investments	36,585	92.12	95.46
Share class hedging	(1,320)	(3.32)	(0.27)
Forward currency contracts for share class hedging	(1,320)	(3.32)	(0.27)
£39,565,047 Bought for \$45,136,931 (expires 19.10.22)	(1,341)	(3.37)	
£(2,858,667) Sold for \$3,184,880 (expires 19.10.22)	21	0.05	
Total portfolio	35,265	88.80	95.19
Net other assets/(liabilities)	4,449	11.20	4.81
Net assets attributable to shareholders	39,714	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
30 September 2022

Largest purchases	\$'000
Charter Communications Operating 6.384% 23/10/2035	1,030
Deutsche Bank Var. Rate 4% 24/06/2032	478
CSC 5.5% 15/04/2027	392
NCR 5% 01/10/2028	379
Schaeffler 2.75% 12/10/2025	308
Pilgrim's Pride 4.25% 15/04/2031	298
CCO 5.125% 01/05/2027	297
Banco de Sabadell Var. Rate 0.875% 16/06/2028	259
Owens & Minor 4.5% 31/03/2029	256
Deuce Finco 5.5% 15/06/2027	225
Other purchases	5,431
Total purchases	9,353

Largest sales	\$'000
US Treasury 0.5% 28/02/2026	609
Ashton Woods 4.625% 01/08/2029	440
Pilgrim's Pride 4.25% 15/04/2031	427
Lenovo 5.875% 24/04/2025	415
Del Monte Foods 11.875% 15/05/2025	296
Repsol International Finance Var. Rate 4.5% 25/03/2075	280
Renewable Energy 5.875% 01/06/2028	267
Network i2i Var. Rate 5.65% Perpetual	261
Delta Air Lines 3.75% 28/10/2029	261
Southwestern Energy 8.375% 15/09/2028	216
Other sales	4,123
Total sales	7,595

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 www.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-H' Income	-13.4	n/a	n/a	n/a
Class 'A-H' Accumulation	-13.4	n/a	n/a	n/a
Class 'I-H' Income	-13.3	n/a	n/a	n/a
Class 'I-H' Accumulation	-13.2	n/a	n/a	n/a
Class 'L-H' Accumulation	-13.2	n/a	n/a	n/a
Class 'PP-H' Income	-13.3	n/a	n/a	n/a
Class 'PP-H' Accumulation	-13.2	n/a	n/a	n/a
Class 'R-H' Income	-13.4	n/a	n/a	n/a
Class 'R-H' Accumulation	-13.4	n/a	n/a	n/a
Benchmark	-11.8	n/a	n/a	n/a

^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-H' Income share performance

The share class was launched on 25 February 2020.

Change in NAV per share	Six months to 30.09.22 UK p	Year to 31.03.22 UK p	Year to 31.03.21 UK p
Opening NAV	87.75	95.71	82.93
Return before operating charges	(10.62)	(3.01)	18.19
Operating charges	(0.43)	(0.96)	(1.13)
Return after operating charges	(11.05)	(3.97)	17.06
Distributions	(1.79)	(3.99)	(4.28)
Closing NAV	74.91	87.75	95.71
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	1.03	1.03	1.20
Return after charges	-12.59	-4.15	+20.57
Other information			
Closing NAV (\$'000)	37	49	26
Number of shares	44,662	42,536	20,010
Highest share price (UK p)	88.45	97.54	98.20
Lowest share price (UK p)	75.83	87.91	83.89

Sterling Class 'A-H' Accumulation share performance

The share class was launched on 25 February 2020.

Change in NAV per share	Six months to 30.09.22 UK p	Year to 31.03.22 UK p	Year to 31.03.21 UK p
Opening NAV	96.16	100.60	83.37
Return before operating charges	(11.74)	(3.41)	18.39
Operating charges	(0.47)	(1.03)	(1.16)
Return after operating charges	(12.21)	(4.44)	17.23
Distributions	(1.50)	(3.21)	(3.21)
Retained distributions	1.50	3.21	3.21
Closing NAV	83.95	96.16	100.60
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	1.03	1.03	1.20
Return after charges	-12.70	-4.41	+20.67
Other information			
Closing NAV (\$'000)	71	44	28
Number of shares	76,863	34,930	20,000
Highest share price (UK p)	96.92	103.47	102.04
Lowest share price (UK p)	83.95	95.27	84.34

Financial highlights

Sterling Class 'I-H' Income share performance

The share class was launched on 25 February 2020.

Change in NAV per share	Six months to 30.09.22 UK p	Year to 31.03.22 UK p	Year to 31.03.21 UK p
Opening NAV	88.55	96.19	82.97
Return before operating charges	(10.83)	(3.03)	18.19
Operating charges	(0.26)	(0.60)	(0.68)
Return after operating charges	(11.09)	(3.63)	17.51
Distributions	(1.80)	(4.01)	(4.29)
Closing NAV	75.66	88.55	96.19
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	0.63	0.63	0.71
Return after charges	-12.52	-3.77	+21.10
Other information			
Closing NAV (\$'000)	5,428	6,519	3,612
Number of shares	6,482,914	5,608,602	2,728,144
Highest share price (UK p)	89.25	98.15	98.63
Lowest share price (UK p)	76.59	88.69	83.94

Sterling Class 'I-H' Accumulation share performance

The share class was launched on 25 February 2020.

Change in NAV per share	Six months to 30.09.22 UK p	Year to 31.03.22 UK p	Year to 31.03.21 UK p
Opening NAV	97.26	101.31	83.56
Return before operating charges	(11.87)	(3.41)	18.45
Operating charges	(0.29)	(0.64)	(0.70)
Return after operating charges	(12.16)	(4.05)	17.75
Distributions	(1.70)	(3.65)	(3.69)
Retained distributions	1.70	3.65	3.69
Closing NAV	85.10	97.26	101.31
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	0.63	0.63	0.71
Return after charges	-12.50	-4.00	+21.24
Other information			
Closing NAV (\$'000)	17,497	16,983	12,530
Number of shares	18,579,170	13,303,324	8,986,142
Highest share price (UK p)	98.03	104.44	102.71
Lowest share price (UK p)	85.10	96.34	84.54

Financial highlights

Sterling Class 'L-H' Accumulation share performance

The share class was launched on 25 February 2020.

Change in NAV per share	Six months to 30.09.22 UK p	Year to 31.03.22 UK p	Year to 31.03.21 UK p
Opening NAV	97.44	101.29	83.42
Return before operating charges	(11.92)	(3.41)	18.41
Operating charges	(0.20)	(0.44)	(0.54)
Return after operating charges	(12.12)	(3.85)	17.87
Distributions	(1.80)	(3.86)	(3.84)
Retained distributions	1.80	3.86	3.84
Closing NAV	85.32	97.44	101.29
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	0.43	0.43	0.56
Return after charges	-12.44	-3.80	+21.42
Other information			
Closing NAV (\$'000)	14,189	19,221	20,941
Number of shares	15,028,159	15,028,159	15,020,000
Highest share price (UK p)	98.21	104.47	102.67
Lowest share price (UK p)	85.32	96.51	84.40

Financial highlights

Sterling Class 'PP-H' Income share performance

The share class was launched on 25 February 2020.

Change in NAV per share	Six months to 30.09.22 UK p	Year to 31.03.22 UK p	Year to 31.03.21 UK p
Opening NAV	88.82	96.38	82.98
Return before operating charges	(10.89)	(3.03)	18.23
Operating charges	(0.21)	(0.51)	(0.54)
Return after operating charges	(11.10)	(3.54)	17.69
Distributions	(1.81)	(4.02)	(4.29)
Closing NAV	75.91	88.82	96.38
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	0.53	0.53	0.57
Return after charges	-12.50	-3.67	+21.32
Other information			
Closing NAV (\$'000)	873	23	27
Number of shares	1,039,581	20,070	20,070
Highest share price (UK p)	89.53	98.39	98.82
Lowest share price (UK p)	76.85	88.96	83.95

Sterling Class 'PP-H' Accumulation share performance

The share class was launched on 25 February 2020.

Change in NAV per share	Six months to 30.09.22 UK p	Year to 31.03.22 UK p	Year to 31.03.21 UK p
Opening NAV	97.38	101.29	83.42
Return before operating charges	(11.92)	(3.37)	18.45
Operating charges	(0.24)	(0.54)	(0.58)
Return after operating charges	(12.16)	(3.91)	17.87
Distributions	(1.75)	(3.75)	(3.83)
Retained distributions	1.75	3.75	3.83
Closing NAV	85.22	97.38	101.29
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	0.53	0.53	0.56
Return after charges	-12.49	-3.86	+21.42
Other information			
Closing NAV (\$'000)	1,392	1,374	516
Number of shares	1,476,391	1,075,275	370,397
Highest share price (UK p)	98.15	104.46	102.68
Lowest share price (UK p)	85.22	96.45	84.40

Financial highlights

Sterling Class 'R-H' Income share performance

The share class was launched on 25 February 2020.

Change in NAV per share	Six months to 30.09.22 UK p	Year to 31.03.22 UK p	Year to 31.03.21 UK p
Opening NAV	88.10	95.95	82.95
Return before operating charges	(10.77)	(3.02)	18.19
Operating charges	(0.36)	(0.83)	(0.91)
Return after operating charges	(11.13)	(3.85)	17.28
Distributions	(1.79)	(4.00)	(4.28)
Closing NAV	75.18	88.10	95.95
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	0.88	0.88	0.96
Return after charges	-12.63	-4.01	+20.83
Other information			
Closing NAV (\$'000)	77	82	64
Number of shares	92,921	71,301	48,350
Highest share price (UK p)	88.81	97.81	98.42
Lowest share price (UK p)	76.11	88.26	83.92

Sterling Class 'R-H' Accumulation share performance

The share class was launched on 25 February 2020.

Change in NAV per share	Six months to 30.09.22 UK p	Year to 31.03.22 UK p	Year to 31.03.21 UK p
Opening NAV	96.63	100.85	83.39
Return before operating charges	(11.91)	(3.34)	18.41
Operating charges	(0.40)	(0.88)	(0.95)
Return after operating charges	(12.31)	(4.22)	17.46
Distributions	(1.57)	(3.37)	(3.44)
Retained distributions	1.57	3.37	3.44
Closing NAV	84.32	96.63	100.85
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	0.88	0.88	0.96
Return after charges	-12.74	-4.18	+20.94
Other information			
Closing NAV (\$'000)	150	182	74
Number of shares	161,279	143,088	53,273
Highest share price (UK p)	97.34	103.84	102.28
Lowest share price (UK p)	84.32	95.66	84.36

Financial statements and notes

Financial statements

Statement of total return

for the six months to 30 September	2022		2021	
	\$'000	\$'000	\$'000	\$'000
Income				
Net capital gains/(losses)		(13,690)		(1,235)
Revenue	888		873	
Expenses	(118)		(115)	
Interest payable and similar charges	(1)		0	
Net revenue/(expense) before taxation	769		758	
Taxation	0		0	
Net revenue/(expense) after taxation		769		758
Total return before distributions		(12,921)		(477)
Distributions		(791)		(763)
Change in net assets attributable to shareholders from investment activities		(13,712)		(1,240)

Statement of change in net assets attributable to shareholders

for the six months to 30 September	2022		2021	
	\$'000	\$'000	\$'000	\$'000
Opening net assets attributable to shareholders		44,477		37,818
Amounts received on issue of shares	10,343		8,806	
Amounts paid on cancellation of shares	(2,108)		(1,772)	
		8,235		7,034
Dilution adjustments		50		28
Change in net assets attributable to shareholders from investment activities (see above)		(13,712)		(1,240)
Retained distributions on Accumulation shares		664		686
Closing net assets attributable to shareholders		39,714		44,326

Interest payable and similar charges of \$1,000 (2021: \$0) has been reclassified from 'Expenses' within the statement of total return.

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	30 September 2022 \$'000	31 March 2022 \$'000
Assets		
Fixed assets		
Investments	36,688	42,801
Current assets		
Debtors	1,596	1,021
Cash and bank balances	3,109	1,688
Total assets	41,393	45,510
Liabilities		
Investment liabilities	(1,423)	(462)
Creditors		
Distribution payable	(79)	(76)
Other creditors	(177)	(495)
Total liabilities	(1,679)	(1,033)
Net assets attributable to shareholders	39,714	44,477

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 13 July 2022 has been used.

Investment objective

The fund aims to protect the value of capital and income from inflation by providing a total return (the combination of capital growth and income), net of the ongoing charge figure, that is consistent with or higher than UK inflation (as measured by the UK Consumer Prices Index), over any three-year period. There is no guarantee that the fund will achieve its objective over this, or any other, period. The income distributions and the value of your investment may rise and fall, and investors may not recoup the original amount they invested.

Investment policy

At least 70% of the fund is invested, directly or indirectly, in investment grade corporate debt securities (typically inflation-linked corporate bonds and floating rate notes), denominated in sterling or hedged back to sterling. These securities can be issued by companies from anywhere in the world, including emerging markets.

The fund's indirect exposure to inflation-linked corporate bonds is achieved by investing through a combination of instruments. These include a combination of inflation-linked government bonds with credit derivatives, such as credit default swaps (CDS) to create synthetic positions.

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

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

Investment approach

The fund typically seeks to maintain a low sensitivity to movements in interest rates to help mitigate the negative impact of rising bond yields which are common during periods of rising inflation.

The fund manager believes that "synthetic" inflation-linked corporate bonds can offer a similar return profile to physical inflation-linked corporate bonds while benefiting from enhanced market depth and liquidity.

The fund's investment style combines top-down and bottom-up analysis, and the fund manager is assisted in the selection of individual bonds by a team of credit analysts.

Benchmark

Benchmark: UK Consumer Prices Index.

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

The fund is actively managed. The fund manager has complete freedom in choosing which investments to buy, hold and sell in the fund.

For unhedged 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 30 September 2022

Performance against objective

Between 1 April 2022 (the start of the review period) and 30 September 2022, the M&G UK Inflation Linked Corporate Bond Fund delivered a negative total return (the combination of income and growth of capital) across all its share classes. The fund aims to protect the value of capital and income from inflation by providing combined income and capital growth, net of the ongoing charge figure, that is consistent with or higher than UK inflation (as measured by the UK Consumer Prices Index), over any three-year period. Over a three-year period, the fund's annualised returns were behind the change in the CPI, which stood at 4.4% pa. The fund is therefore not meeting its investment 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

The fund invests in a range of instruments that can potentially help to mitigate the damaging effects of inflation. It is mainly invested in inflation-linked bonds issued by high-quality companies, where both the value of the loan and the interest payments are adjusted in line with inflation until they mature. Bonds are loans that are extended by an investor to an issuing entity – such as a company or government – in exchange for regular interest payments. Bonds issued by companies are referred to as 'corporate bonds', while those issued by governments are called 'government bonds'. Inflation-linked bonds are those whose regular interest payments fluctuate with the rate of inflation.

The six-month period under review saw heightened volatility across global bond markets as concerns about persistently high inflation and rising interest rates led to a surge in yields (which move in the opposite direction to bond prices). UK government bonds (gilts) came under particular pressure, most notably following the UK government's poorly received mini-budget announcement at the end of September. This triggered extreme turbulence in gilt markets, as investors took fright from the prospect of a raft of unfunded tax cuts and additional government borrowing.

The Bank of England's subsequent decision to step in and launch a temporary bond-buying programme helped ease pressure in the final days of the month. Nevertheless, as at the end of September, 10-year gilt yields stood at 4.1% (having risen above 4.5% just before the Bank's intervention), which compares with 1.6% at the end of March.

Other developed market government bonds also came under pressure, with US Treasuries and German bunds both experiencing steep losses. UK corporate bonds also posted sharp declines over the period, with rising gilt yields and concerns about an economic slowdown weighing on sentiment. US and European corporate bonds also performed poorly, although they held up somewhat better than UK bonds. It was also a poor period for emerging market bonds, especially those markets more closely connected to the ongoing Russia-Ukraine conflict.

Authorised Corporate Director's Report

In currencies, the US dollar once again performed strongly, benefiting from its perceived safe-haven credentials amid heightened geopolitical uncertainty, while sterling and the euro performed poorly.

The fund generated a negative return over the period, with performance adversely affected by a combination of widening credit spreads, falling inflation expectations (due to the government's cap on energy prices) and rising government bond yields. Losses were partly mitigated as a result of the fund's overall defensive duration and credit positioning.

Investment activities

The fund maintains a relatively low sensitivity to movements in interest rates (known as duration and representing the number of years it would take an investor to be repaid the bond's current price by all the bond's cashflows discounted at the bond's yield; the longer the duration of a bond, the more sensitive the bond price is to changes in interest rates). Interest rates tend to rise in an inflationary environment, and keeping a short duration stance helps to mitigate the negative impact of higher interest rates. However, given the very sharp rise in government bond yields in recent months, we have been adding a small amount of duration as we think government bond valuations are now starting to offer some value.

Similarly, we have been selectively increasing our corporate bond exposure as we think valuations look appealing on a long-term view. A key focus has been on US dollar and sterling-denominated bonds with a short time until maturity. However, given the uncertain economic outlook, we continue to focus on higher-quality, more defensive names carrying low levels of debt.

Outlook

In terms of our outlook for UK inflation, we think the energy price cap is likely to take pressure off the Consumer Prices Index (CPI) in the near-term, since the year-on-year contribution from energy is now likely to be very low. On the other hand, we think the price cap could result in CPI staying elevated for longer, since it is likely to reduce the severity of any future economic

slowdown and therefore demand would still put upward pressure on consumer prices.

In the US, the labour market remains very tight, which is likely to put further upward pressure on wages. The potential for elevated wage increases is probably the main factor that prompted the US Federal Reserve to start aggressively tightening monetary policy - meaning, interest rate hikes and a stop to bond purchases from the markets. It is worth noting that wage cycles tend to last for years, rather than months, so we think central banks are right to be mindful of this risk.

Against this, we need to acknowledge some of the longer-term factors that could see inflationary pressures subside, such as the potential long-term economic damage caused by the pandemic. However, with the emergence of several forces that are likely to put sustained upward pressure on inflation, we think it prudent to include at least some inflation-linked protection within a well-balanced portfolio.

Ben Lord

Fund manager

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

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

Portfolio statement

Investments

Holding	as at 30.09.22 £'000	as at 30.09.22 %	as at 31.03.22 %
Fixed income	1,102,053	98.23	95.83
Debt securities	1,100,162	98.06	95.32
'AAA' credit rated bonds	25,322	2.26	4.16
£3,079,682 European Investment Bank 2.9516% 31/03/2034	6,976	0.62	
£148,000 European Investment Bank IL 2.1% 22/11/2022	247	0.02	
£934,407 Gemgarto 2021-1 FRN 2.7115% 16/12/2067	917	0.08	
£763,127 Hops Hill No. 1 FRN 3.1063% 27/05/2054	758	0.07	
US\$7,500,000 International Bank for Reconstruction & Development FRN 3.0099% 11/02/2031	6,721	0.60	
£4,878,206 Polaris 2022-1 FRN 2.8933% 23/10/2059	4,777	0.43	
£5,000,000 Towd Point Mortgage Funding 2019 - Granite4 FRN 2.3581% 20/10/2051	4,926	0.44	
'AA' credit rated bonds	603,662	53.81	57.39
£3,333,000 DNB Bank Var. Rate 1.375% 02/12/2025	3,016	0.27	
£2,486,000 Metropolitan Life Global Funding I 4.125% 02/09/2025	2,366	0.21	
£5,134,000 New York Life Global Funding 0.75% 14/12/2028	3,774	0.34	
£3,036,000 New York Life Global Funding 1.25% 17/12/2026	2,486	0.22	
€1,500,000 SNCF Réseau 2.45% 28/02/2023	1,932	0.17	
£614,477 Telereal Securitisation 1.3657% 10/12/2031	517	0.05	
£109,699,125 UK Treasury IL 0.125% 22/03/2024	158,599	14.14	
£96,182,517 UK Treasury IL 0.125% 22/03/2026	128,944	11.49	
£50,000 UK Treasury IL 0.125% 10/08/2028	61	0.01	
£25,000 UK Treasury IL 0.125% 22/03/2029	36	0.00	
£59,182,517 UK Treasury IL 1.25% 22/11/2027	111,215	9.91	
£51,200,000 UK Treasury IL 2.5% 17/07/2024	185,709	16.55	
US\$6,500,000 US Treasury 0.5% 31/05/2027	5,007	0.45	
'A' credit rated bonds	122,822	10.95	4.68
£4,350,000 Anglian Water Services Financing IL 3.666% 30/07/2024	8,872	0.79	
£13,232 Baglan Moor Healthcare IL 3.92% 30/04/2029	29	0.00	
£7,800,000 Banco Santander 1.375% 31/07/2024	7,162	0.64	
US\$5,000,000 Bank of America Var. Rate 1.319% 19/06/2026	4,007	0.36	
£2,495,000 Bank of America Var. Rate 1.667% 02/06/2029	1,911	0.17	
£6,660,000 Bank of America Var. Rate 3.584% 27/04/2031	5,434	0.48	
US\$5,000,000 Bank of America Var. Rate 4.376% 27/04/2028	4,245	0.38	

Portfolio statement

Investments (continued)

Holding	as at 30.09.22 £'000	as at 30.09.22 %	as at 31.03.22 %
Fixed income (continued)			
Debt securities (continued)			
'A' credit rated bonds (continued)			
US\$2,500,000 Bank of America Var. Rate 4.948% 22/07/2028	2,177	0.19	
€1,800,000 Banque Fédérative du Crédit Mutuel 3.125% 14/09/2027	1,534	0.14	
US\$5,000,000 Banque Fédérative du Crédit Mutuel 4.753% 13/07/2027	4,334	0.39	
€2,980,000 Comcast 0% 14/09/2026	2,306	0.21	
£5,276,000 Cooperatieve Rabobank IL 2.25% 22/11/2022	8,828	0.79	
US\$2,737,000 Deutsche Bank 4.162% 13/05/2025	2,379	0.21	
£4,129,000 JPMorgan Chase Var. Rate 0.991% 28/04/2026	3,576	0.32	
US\$15,000,000 JPMorgan Chase Var. Rate 4.323% 26/04/2028	12,740	1.14	
US\$5,000,000 JPMorgan Chase Var. Rate 4.851% 25/07/2028	4,338	0.39	
€7,002,000 Morgan Stanley Var. Rate 0.406% 29/10/2027	5,320	0.47	
US\$10,000,000 Morgan Stanley Var. Rate 0.985% 10/12/2026	7,803	0.70	
US\$5,000,000 Morgan Stanley FRN 3.1501% 24/01/2025	4,428	0.39	
US\$2,500,000 Morgan Stanley Var. Rate 4.679% 17/07/2026	2,201	0.20	
€6,059,000 Nationwide Building Society 2% 28/04/2027	4,912	0.44	
£598,898 Nationwide Building Society 4.25% 23/02/2024	1,971	0.18	
US\$2,500,000 Nationwide Building Society 4.85% 27/07/2027	2,154	0.19	
US\$2,439,000 NatWest Markets FRN 4.485% 22/03/2025	2,197	0.20	
US\$2,728,357 Project Silver 3.967% 15/07/2044	2,033	0.18	
£2,712,000 Realty Income 1.125% 13/07/2027	2,125	0.19	
US\$1,481,000 Société Générale 4.677% 15/06/2027	1,280	0.11	
€2,737,000 Svenska Handelsbanken Var. Rate 3.25% 01/06/2033	2,191	0.19	
£2,936,000 Toronto-Dominion Bank 2.875% 05/04/2027	2,508	0.22	
£2,212,000 Toyota Motor Credit 0.75% 19/11/2026	1,793	0.16	
US\$2,538,000 UBS FRN 3.1072% 09/08/2024	2,273	0.20	
US\$1,852,000 UBS Var. Rate 4.751% 12/05/2028	1,572	0.14	
US\$2,500,000 US Bancorp Var. Rate 4.548% 22/07/2028	2,189	0.19	
'BBB' credit rated bonds	311,497	27.76	24.47
US\$2,273,000 AerCap Ireland Capital DAC 2.45% 29/10/2026	1,734	0.15	
US\$2,000,000 AerCap Ireland Capital DAC 3% 29/10/2028	1,447	0.13	
£2,923,000 Australia & New Zealand Banking Var. Rate 1.809% 16/09/2031	2,280	0.20	

Portfolio statement

Investments (continued)

Holding		as at 30.09.22 £'000	as at 30.09.22 %	as at 31.03.22 %
Fixed income (continued)				
Debt securities (continued)				
'BBB' credit rated bonds (continued)				
US\$5,000,000	Banco Bilbao Vizcaya Argentaria Var. Rate 6.138% 14/09/2028	4,376	0.39	
£3,800,000	Banco Santander 1.5% 14/04/2026	3,107	0.28	
£7,100,000	Banco Santander Var. Rate 2.25% 04/10/2032	5,269	0.47	
£1,400,000	Banco Santander Var. Rate 3.125% 06/10/2026	1,240	0.11	
€2,300,000	Bankinter Var. Rate 1.25% 23/12/2032	1,551	0.14	
€3,400,000	Banque Fédérative du Crédit Mutuel Var. Rate 3.875% 16/06/2032	2,727	0.24	
€2,890,000	Barclays FRN 1.325% 12/05/2026	2,516	0.22	
US\$1,800,000	Barclays Var. Rate 5.501% 09/08/2028	1,528	0.14	
€3,000,000	BAT Netherlands Finance 2.375% 07/10/2024	2,560	0.23	
€1,300,000	Bayerische Landesbank Var. Rate 1% 23/09/2031	910	0.08	
£3,000,000	BNP Paribas Var. Rate 2% 24/05/2031	2,404	0.21	
US\$1,220,000	Boeing 2.196% 04/02/2026	980	0.09	
US\$2,500,000	Boeing 2.75% 01/02/2026	2,048	0.18	
£2,800,000	BPCE Var. Rate 2.5% 30/11/2032	2,110	0.19	
£2,200,000	CaixaBank Var. Rate 3.5% 06/04/2028	1,837	0.16	
€2,500,000	Celanese 4.777% 19/07/2026	2,090	0.19	
US\$5,000,000	Celanese 6.165% 15/07/2027	4,263	0.38	
€2,948,000	Citigroup Var. Rate 1.25% 06/07/2026	2,417	0.22	
US\$5,000,000	Citigroup Var. Rate 3.29% 17/03/2026	4,268	0.38	
US\$2,752,000	Citigroup Var. Rate 4.658% 24/05/2028	2,365	0.21	
£1,290,000	Cooperatieve Rabobank 4.625% 23/05/2029	1,085	0.10	
£1,300,000	Crédit Agricole Var. Rate 1.874% 09/12/2031	1,012	0.09	
€3,000,000	Davide Campari-Milano 1.25% 06/10/2027	2,307	0.21	
£4,600,000	Deutsche Bank Var. Rate 4% 24/06/2026	4,145	0.37	
£10,000,000	Deutsche Pfandbriefbank 1.75% 21/11/2022	9,959	0.89	
US\$9,126,000	Energy Transfer 4.05% 15/03/2025	7,951	0.71	
€3,191,000	Fraport Frankfurt Airport Services Worldwide 1.625% 09/07/2024	2,703	0.24	
€4,000,000	Goldman Sachs Var. Rate 0.01% 30/04/2024	3,459	0.31	

Portfolio statement

Investments (continued)

Holding	as at 30.09.22 £'000	as at 30.09.22 %	as at 31.03.22 %
Fixed income (continued)			
Debt securities (continued)			
'BBB' credit rated bonds (continued)			
£3,819,000	Goldman Sachs 1.5% 07/12/2027	2,945	0.26
£3,287,000	Goldman Sachs Var. Rate 3.625% 29/10/2029	2,732	0.24
US\$5,000,000	Goldman Sachs FRN 3.7521% 10/09/2027	4,298	0.38
US\$3,077,000	Goldman Sachs FRN 3.911% 24/02/2028	2,649	0.24
US\$3,712,000	Goldman Sachs FRN 4.8247% 15/03/2028	3,301	0.29
£1,524,000	GSK Consumer Healthcare Capital UK 2.875% 29/10/2028	1,267	0.11
£3,816,000	Hammerson 3.5% 27/10/2025	3,161	0.28
£1,261,000	Hiscox 6% 22/09/2027	1,176	0.10
€1,333,000	Holding d'Infrastructures et des Metiers de l'Environnement 0.125% 16/09/2025	1,031	0.09
£10,000,000	Imperial Brands Finance 5.5% 28/09/2026	9,209	0.82
£5,000,000	ING Var. Rate 5% 30/08/2026	4,714	0.42
€5,000,000	InterContinental Hotels 1.625% 08/10/2024	4,174	0.37
US\$8,500,000	JBS 5.125% 01/02/2028	7,214	0.64
£3,000,000	KBC Var. Rate 1.25% 21/09/2027	2,411	0.21
£4,259,000	Leeds Building Society Var. Rate 1.5% 16/03/2027	3,513	0.31
£10,000,000	Lloyds Banking Var. Rate 1.875% 15/01/2026	8,863	0.79
£2,359,000	Lloyds Banking Var. Rate 1.985% 15/12/2031	1,844	0.16
£2,562,000	Lloyds Banking Var. Rate 2% 12/04/2028	2,036	0.18
US\$5,000,000	Lloyds Banking Var. Rate 3.511% 18/03/2026	4,247	0.38
€1,000,000	Logicor Financing 0.625% 17/11/2025	775	0.07
€1,440,000	Logicor Financing 1.5% 13/07/2026	1,110	0.10
US\$4,000,000	Magallanes 3.638% 15/03/2025	3,421	0.30
US\$6,250,000	Magallanes FRN 4.7547% 15/03/2024	5,641	0.50
US\$5,000,000	Nationwide Building Society FRN 4.0048% 16/02/2028	4,229	0.38
£7,500,000	NatWest Var. Rate 2.875% 19/09/2026	6,609	0.59
£2,829,000	NatWest Var. Rate 3.125% 28/03/2027	2,455	0.22
£2,150,000	NatWest Var. Rate 3.619% 29/03/2029	1,757	0.16
£2,072,000	Nordea Bank Var. Rate 1.625% 09/12/2032	1,537	0.14
£9,103,000	Ørsted 0.375% 16/05/2034	8,530	0.76
US\$1,366,000	Pacific Gas and Electric 1.7% 15/11/2023	1,176	0.10

Portfolio statement

Investments (continued)

Holding		as at 30.09.22 £'000	as at 30.09.22 %	as at 31.03.22 %
Fixed income (continued)				
Debt securities (continued)				
'BBB' credit rated bonds (continued)				
US\$5,000,000	Pacific Gas and Electric 2.95% 01/03/2026	4,005	0.36	
US\$685,000	Pacific Gas and Electric FRN 3.8404% 14/11/2022	619	0.06	
US\$2,917,000	Pacific Gas and Electric 4.95% 08/06/2025	2,563	0.23	
€5,737,000	Prosus 1.288% 13/07/2029	3,560	0.32	
€1,646,000	Ryanair 0.875% 25/05/2026	1,267	0.11	
€5,000,000	Ryanair 2.875% 15/09/2025	4,237	0.38	
US\$1,527,000	Ryder System 4.3% 15/06/2027	1,306	0.12	
€1,808,000	SELP Finance 3.75% 10/08/2027	1,474	0.13	
US\$3,175,000	Southern California Edison 4.7% 01/06/2027	2,791	0.25	
£3,517,000	Southern Water Services Finance 1.625% 30/03/2027	2,876	0.26	
£4,038,000	Southern Water Services Finance IL 3.816% 31/03/2023	7,867	0.70	
£3,722,000	Swedbank Var. Rate 1.375% 08/12/2027	2,969	0.26	
€7,500,000	Terna - Rete Elettrica Nazionale 2.731% 15/09/2023	8,616	0.77	
£15,913,000	Tesco IL 3.322% 05/11/2025	32,676	2.91	
€992,000	Tritax EuroBox 0.95% 02/06/2026	736	0.07	
€8,900,000	Upjohn Finance 1.023% 23/06/2024	7,470	0.67	
€800,000	Vier Gas Transport 4% 26/09/2027	693	0.06	
€2,042,000	Volkswagen Financial Services 0% 12/02/2025	1,646	0.15	
£2,100,000	Volkswagen Financial Services 1.125% 18/09/2023	1,997	0.18	
€3,509,000	Volkswagen Financial Services 3% 06/04/2025	3,041	0.27	
€1,700,000	Volkswagen International Finance Var. Rate 3.748% Perpetual	1,262	0.11	
€1,714,000	Volkswagen Leasing 0.25% 12/01/2026	1,348	0.12	
€2,582,000	Volkswagen Leasing 0.375% 20/07/2026	1,991	0.18	
US\$5,000,000	Wells Fargo Var. Rate 2.188% 30/04/2026	4,122	0.37	
£11,262,000	Wells Fargo Var. Rate 3.473% 26/04/2028	9,703	0.86	
£5,000,000	Whitbread 2.375% 31/05/2027	3,989	0.36	
	'BB' credit rated bonds	32,217	2.87	4.20
€4,200,000	Banco de Sabadell Var. Rate 0.875% 16/06/2028	2,906	0.26	
€1,400,000	Cellnex Finance 0.75% 15/11/2026	1,026	0.09	
€3,300,000	Cellnex Finance 1% 15/09/2027	2,317	0.21	

Portfolio statement

Investments (continued)

Holding	as at 30.09.22 £'000	as at 30.09.22 %	as at 31.03.22 %
Fixed income (continued)			
Debt securities (continued)			
'BB' credit rated bonds (continued)			
€2,500,000 Faurecia 3.75% 15/06/2028	1,666	0.15	
£7,495,000 Ford Motor Credit 4.535% 06/03/2025	6,676	0.59	
€1,868,000 GTC Aurora Luxembourg 2.25% 23/06/2026	1,218	0.11	
US\$4,000,000 HCA 3.125% 15/03/2027	3,209	0.29	
€4,000,000 Iliad 0.75% 11/02/2024	3,308	0.29	
€925,000 KPN Var. Rate 6% Perpetual	796	0.07	
€1,447,000 NatWest Var. Rate 1.043% 14/09/2032	989	0.09	
£2,496,000 NatWest Var. Rate 2.105% 28/11/2031	1,949	0.17	
€3,000,000 Rolls-Royce 1.625% 09/05/2028	1,870	0.17	
£5,000,000 Vodafone Var. Rate 4.875% 03/10/2078	4,287	0.38	
'B' credit rated bonds	4,642	0.41	0.20
€2,766,000 Iliad 5.125% 15/10/2026	2,198	0.19	
£3,000,000 Petroleos Mexicanos 3.75% 16/11/2025	2,444	0.22	
Bonds with no credit rating	0	0.00	0.22
Debt derivatives	1,891	0.17	0.51
Credit default swaps	3,894	0.35	1.20
US\$(17,500,000) America Movil Dec 2023	37	0.00	
€(7,500,000) Anglo American Capital Jun 2024	444	0.04	
€(3,100,000) Anglo American Capital Dec 2025	277	0.02	
€(2,500,000) Anglo American Capital Jun 2026	236	0.02	
€(5,000,000) Anglo American Dec 2025	447	0.04	
€(13,500,000) Anheuser-Busch InBev Dec 2023	81	0.01	
€(5,000,000) Anheuser-Busch InBev Dec 2025	42	0.00	
€(5,000,000) Aaroundtown Dec 2022	4	0.00	
US\$(5,000,000) AT&T Dec 2025	(31)	0.00	
€(5,000,000) Bayer Jun 2024	21	0.00	
€(5,000,000) Bayer Dec 2024	17	0.00	
€(7,500,000) BNP Paribas Dec 2025	10	0.00	
US\$(3,000,000) Boeing Jun 2025	(52)	(0.01)	
US\$(3,700,000) Boeing Jun 2026	(103)	(0.01)	

Portfolio statement

Investments (continued)

Holding	as at 30.09.22 £'000	as at 30.09.22 %	as at 31.03.22 %
Fixed income (continued)			
Debt derivatives (continued)			
Credit default swaps (continued)			
€(10,000,000) BP Capital Markets Jun 2025	1	0.00	
US\$(15,000,000) Comcast Dec 2026	108	0.01	
€(7,500,000) Credit Agricole Dec 2025	22	0.00	
US\$(5,000,000) CVS Health Dec 2025	71	0.01	
US\$(7,500,000) CVS Health Dec 2027	71	0.01	
US\$(5,000,000) Daimler Dec 2025	(114)	(0.01)	
€(12,500,000) Electricite De France Dec 2025	(69)	(0.01)	
€(10,000,000) Enel Societa Per Azioni Dec 2025	(38)	0.00	
US\$(5,000,000) Energy Transfer Operating Dec 2024	14	0.00	
US\$(5,000,000) Energy Transfer Operating Dec 2025	(7)	0.00	
US\$(10,500,000) Fedex Jun 2026	3	0.00	
US\$(5,000,000) General Electric Dec 2023	18	0.00	
US\$(5,000,000) General Electric Dec 2025	(16)	0.00	
US\$(7,500,000) General Electric Dec 2028	(274)	(0.03)	
US\$(5,000,000) General Motors Dec 2024	328	0.03	
US\$(5,000,000) General Motors Dec 2025	402	0.04	
US\$(51,500,000) Markit CDX North American High Yield Series 38 5 Year Jun 2027	10	0.00	
US\$(176,000,000) Markit CDX North American Investment Grade Series 37 3 Year Dec 2024	1,127	0.10	
US\$(32,000,000) Markit CDX North American Investment Grade Series 37 5 Year Dec 2026	78	0.01	
US\$(95,000,000) Markit CDX North American Investment Grade Series 38 3 Year Jun 2025	564	0.05	
€(40,000,000) Markit iTraxx Europe Series 37 V1 3 Year Jun 2025	(43)	0.00	
€(80,000,000) Markit iTraxx Europe Series 37 V1 5 Year Jun 2027	(854)	(0.08)	
€(6,000,000) Next Group Jun 2026	(266)	(0.02)	
US\$(5,000,000) Omnicom Group Dec 2025	68	0.01	
€(5,000,000) Orange Dec 2025	69	0.01	
€(1,736,111) Unibail-Rodamco-Westfield Jun 2027	(149)	(0.01)	
US\$(5,000,000) Verizon Communications Dec 2025	(25)	0.00	

Portfolio statement

Investments (continued)

Holding	as at 30.09.22 £'000	as at 30.09.22 %	as at 31.03.22 %
Fixed income (continued)			
Debt derivatives (continued)			
Credit default swaps (continued)			
€(7,500,000) Vodafone Dec 2024	65	0.00	
€(13,100,000) Wendel Dec 2025	1,300	0.12	
Interest rate swaps	(1,694)	(0.15)	(0.72)
£100,000,000 Pay 0.3776% Receive VAR May 2025	12,072	1.07	
£5,000,000 Pay 0.457% Receive VAR Feb 2070	3,255	0.29	
€8,000,000 Pay 3.2492% Receive VAR May 2027	(20)	0.00	
€35,000,000 Pay VAR Receive 2.5622% Mar 2027	1,530	0.14	
£5,000,000 Pay VAR Receive 3.281% Jun 2071	(651)	(0.06)	
£25,000,000 Pay VAR Receive 3.9% Sep 2031	(3,335)	(0.30)	
£50,000,000 Pay VAR Receive 3.953% Sep 2031	(6,414)	(0.57)	
£25,000,000 Pay VAR Receive 3.974% Sep 2031	(3,156)	(0.28)	
£25,000,000 Pay VAR Receive 4.01% Oct 2031	(3,038)	(0.27)	
£50,000,000 Pay VAR Receive 4.525% May 2032	(1,457)	(0.13)	
£25,000,000 Pay VAR Receive 4.7173% Mar 2032	(480)	(0.04)	
Interest rate futures	(309)	(0.03)	0.03
(215) Long Gilt Dec 2022	(309)	(0.03)	
Currency	(10,300)	(0.92)	(0.31)
Forward currency contracts	(10,300)	(0.92)	(0.31)
€3,920,505 Bought for £3,467,111 (expires 12.10.22)	(7)	0.00	
€(138,004,323) Sold for £120,330,745 (expires 12.10.22)	(1,465)	(0.13)	
US\$4,274,045 Bought for £3,803,589 (expires 12.10.22)	58	0.00	
US\$(184,482,036) Sold for £157,798,089 (expires 12.10.22)	(8,886)	(0.79)	
Total portfolio	1,091,753	97.31	95.52
Net other assets/(liabilities)	30,171	2.69	4.48
Net assets attributable to shareholders	1,121,924	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 30 September 2022

Largest purchases	£'000
UK Treasury IL 1.25% 22/11/2027	119,133
UK Treasury IL 0.125% 22/03/2026	27,979
JPMorgan Chase Var. Rate 4.323% 26/04/2028	11,514
Wells Fargo Var. Rate 3.473% 26/04/2028	11,262
Deutschland IL Bond 0.1% 15/04/2026	10,530
UK Treasury IL 2.5% 17/07/2024	9,972
UK Treasury IL 0.125% 22/03/2024	9,513
Morgan Stanley Var. Rate 0.985% 10/12/2026	7,191
JBS 5.125% 02/01/2028	6,918
Bank of America Var. Rate 3.584% 27/04/2031	6,660
Other purchases	108,523
Total purchases	329,195

Largest sales	£'000
UK Treasury IL 0.125% 22/03/2024	140,391
UK Treasury IL 2.5% 17/07/2024	101,693
Deutschland IL Bond 0.1% 15/04/2026	10,731
NGG Finance 1% 18/06/2073	7,219
Totalenergies 1% 29/12/2049	6,074
Taurus 1% 17/08/2031	5,991
Bank of America 1% 22/09/2026	5,891
BP Capital Markets 1% 31/12/2099	4,644
Orange 1% 29/09/2049	4,432
Goldman Sachs 1% 23/09/2027	4,398
Other sales	48,355
Total sales	339,819

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 www.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	-4.7	-0.5	+0.2	+1.1
Class 'A' Accumulation	-4.7	-0.5	+0.2	+1.1
Class 'I' Income	-4.5	-0.0	+0.7	+1.5
Class 'I' Accumulation	-4.5	-0.0	+0.7	+1.5
Class 'PP' Income	-4.5	+0.1	n/a	n/a
Class 'PP' Accumulation	-4.5	+0.1	n/a	n/a
Class 'R' Income	-4.6	-0.3	+0.4	+1.3
Class 'R' Accumulation	-4.6	-0.3	+0.4	+1.3
Benchmark	+5.5	+4.4	+3.5	+2.5

^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 16 September 2010.

Change in NAV per share	Six months to 30.09.22 UK p	Year to 31.03.22 UK p	Year to 31.03.21 UK p
Opening NAV	118.95	118.31	112.29
Return before operating charges	(4.80)	1.76	7.35
Operating charges	(0.49)	(1.00)	(1.30)
Return after operating charges	(5.29)	0.76	6.05
Distributions	(0.36)	(0.12)	(0.03)
Closing NAV	113.30	118.95	118.31
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	0.84	1.11
Return after charges	-4.45	+0.64	+5.39
Other information			
Closing NAV (£'000)	2,085	2,147	2,268
Number of shares	1,839,880	1,805,283	1,916,807
Highest share price (UK p)	120.94	120.42	118.66
Lowest share price (UK p)	113.64	117.96	111.99

Sterling Class 'A' Accumulation share performance

The share class was launched on 16 September 2010.

Change in NAV per share	Six months to 30.09.22 UK p	Year to 31.03.22 UK p	Year to 31.03.21 UK p
Opening NAV	125.26	124.46	118.09
Return before operating charges	(5.05)	1.85	7.74
Operating charges	(0.52)	(1.05)	(1.37)
Return after operating charges	(5.57)	0.80	6.37
Distributions	0.00	0.00	0.00
Retained distributions	0.00	0.00	0.00
Closing NAV	119.69	125.26	124.46
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	0.84	1.11
Return after charges	-4.45	+0.64	+5.39
Other information			
Closing NAV (£'000)	17,543	23,807	18,545
Number of shares	14,657,779	19,006,714	14,900,129
Highest share price (UK p)	127.35	126.81	124.83
Lowest share price (UK p)	119.67	124.22	117.77

Financial highlights

Sterling Class 'I' Income share performance

The share class was launched on 16 September 2010.

Change in NAV per share	Six months to 30.09.22 UK p	Year to 31.03.22 UK p	Year to 31.03.21 UK p
Opening NAV	123.50	122.35	115.55
Return before operating charges	(4.98)	1.82	7.58
Operating charges	(0.27)	(0.54)	(0.75)
Return after operating charges	(5.25)	1.28	6.83
Distributions	(0.37)	(0.13)	(0.03)
Closing NAV	117.88	123.50	122.35
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	0.43	0.44	0.62
Return after charges	-4.25	+1.05	+5.91
Other information			
Closing NAV (£'000)	445,709	585,158	629,862
Number of shares	378,110,775	473,800,438	514,805,754
Highest share price (UK p)	125.76	124.89	122.71
Lowest share price (UK p)	118.23	122.45	115.25

Sterling Class 'I' Accumulation share performance

The share class was launched on 16 September 2010.

Change in NAV per share	Six months to 30.09.22 UK p	Year to 31.03.22 UK p	Year to 31.03.21 UK p
Opening NAV	131.98	130.62	123.33
Return before operating charges	(5.34)	1.94	8.09
Operating charges	(0.28)	(0.58)	(0.80)
Return after operating charges	(5.62)	1.36	7.29
Distributions	(0.11)	0.00	0.00
Retained distributions	0.11	0.00	0.00
Closing NAV	126.36	131.98	130.62
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	0.43	0.44	0.62
Return after charges	-4.26	+1.04	+5.91
Other information			
Closing NAV (£'000)	335,457	279,381	310,375
Number of shares	265,468,063	211,680,724	237,625,417
Highest share price (UK p)	134.39	133.46	130.99
Lowest share price (UK p)	126.34	130.86	123.01

Financial highlights

Sterling Class 'PP' Income share performance

The share class was launched on 5 August 2019.

Change in NAV per share	Six months to 30.09.22 UK p	Year to 31.03.22 UK p	Year to 31.03.21 UK p
Opening NAV	104.27	103.20	97.31
Return before operating charges	(4.22)	1.51	6.36
Operating charges	(0.17)	(0.34)	(0.44)
Return after operating charges	(4.39)	1.17	5.92
Distributions	(0.31)	(0.10)	(0.03)
Closing NAV	99.57	104.27	103.20
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	0.33	0.33	0.47
Return after charges	-4.21	+1.13	+6.08
Other information			
Closing NAV (£'000)	230,170	216,447	2,281
Number of shares	231,152,910	207,574,823	2,210,648
Highest share price (UK p)	106.22	105.41	103.49
Lowest share price (UK p)	99.87	103.38	97.06

Sterling Class 'PP' Accumulation share performance

The share class was launched on 8 April 2019.

Change in NAV per share	Six months to 30.09.22 UK p	Year to 31.03.22 UK p	Year to 31.03.21 UK p
Opening NAV	106.67	105.46	99.44
Return before operating charges	(4.30)	1.56	6.52
Operating charges	(0.18)	(0.35)	(0.50)
Return after operating charges	(4.48)	1.21	6.02
Distributions	(0.14)	0.00	0.00
Retained distributions	0.14	0.00	0.00
Closing NAV	102.19	106.67	105.46
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	0.33	0.33	0.47
Return after charges	-4.20	+1.15	+6.05
Other information			
Closing NAV (£'000)	89,880	99,319	12,946
Number of shares	87,957,223	93,105,141	12,275,516
Highest share price (UK p)	108.66	107.84	105.77
Lowest share price (UK p)	102.17	105.76	99.18

Financial highlights

Sterling Class 'R' Income share performance

The share class was launched on 3 August 2012.

Change in NAV per share	Six months to 30.09.22 UK p	Year to 31.03.22 UK p	Year to 31.03.21 UK p
Opening NAV	115.67	114.88	108.77
Return before operating charges	(4.67)	1.70	7.14
Operating charges	(0.39)	(0.79)	(1.00)
Return after operating charges	(5.06)	0.91	6.14
Distributions	(0.35)	(0.12)	(0.03)
Closing NAV	110.26	115.67	114.88
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	0.69	0.88
Return after charges	-4.37	+0.79	+5.64
Other information			
Closing NAV (£'000)	215	209	208
Number of shares	194,775	181,092	180,942
Highest share price (UK p)	117.67	117.05	115.21
Lowest share price (UK p)	110.59	114.70	108.48

Sterling Class 'R' Accumulation share performance

The share class was launched on 3 August 2012.

Change in NAV per share	Six months to 30.09.22 UK p	Year to 31.03.22 UK p	Year to 31.03.21 UK p
Opening NAV	120.50	119.55	113.17
Return before operating charges	(4.86)	1.77	7.41
Operating charges	(0.41)	(0.82)	(1.03)
Return after operating charges	(5.27)	0.95	6.38
Distributions	0.00	0.00	0.00
Retained distributions	0.00	0.00	0.00
Closing NAV	115.23	120.50	119.55
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	0.68	0.68	0.87
Return after charges	-4.37	+0.79	+5.64
Other information			
Closing NAV (£'000)	865	860	548
Number of shares	750,444	713,634	458,449
Highest share price (UK p)	122.59	121.94	119.90
Lowest share price (UK p)	115.21	119.49	112.87

Financial statements and notes

Financial statements

Statement of total return

for the six months to 30 September	2022		2021	
	£'000	£'000	£'000	£'000
Income				
Net capital gains/(losses)		(99,541)		(4,526)
Revenue	51,761		22,038	
Expenses	(2,450)		(2,315)	
Interest payable and similar charges	(12)		(20)	
Net revenue/(expense) before taxation	49,299		19,703	
Taxation	0		(1)	
Net revenue/(expense) after taxation		49,299		19,702
Total return before distributions		(50,242)		15,176
Distributions		(2,649)		(607)
Change in net assets attributable to shareholders from investment activities		(52,891)		14,569

Statement of change in net assets attributable to shareholders

for the six months to 30 September	2022		2021	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		1,207,328		977,033
Amounts received on issue of shares	117,984		447,312	
Amounts paid on cancellation of shares	(151,178)		(271,771)	
		(33,194)		175,541
Dilution adjustments		258		287
Change in net assets attributable to shareholders from investment activities (see above)		(52,891)		14,569
Retained distributions on Accumulation shares		423		0
Closing net assets attributable to shareholders		1,121,924		1,167,430

Interest payable and similar charges of £12,000 (2021: £20,000) has been reclassified from 'Expenses' within the statement of total return. 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	30 September 2022 £'000	31 March 2022 £'000
Assets		
Fixed assets		
Investments	1,123,012	1,183,208
Current assets		
Debtors	17,028	9,340
Cash and bank balances	24,812	18,637
Cash equivalents	5,188	46,177
Total assets	1,170,040	1,257,362
Liabilities		
Investment liabilities	(31,259)	(30,008)
Creditors		
Overdrawn positions at futures clearing houses and collateral manager	(10,243)	(7,836)
Distribution payable	(2,132)	(0)
Other creditors	(4,482)	(12,190)
Total liabilities	(48,116)	(50,034)
Net assets attributable to shareholders	1,121,924	1,207,328

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

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

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

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, i.e. 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.

