

# M&G Strategic Corporate Bond Fund

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

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# Authorised Corporate Director's Report

The Authorised Corporate Director (ACD) of M&G Strategic Corporate Bond Fund presents its annual report and audited financial statements for the year ended 31 August 2023.

The audited financial statements of M&G Strategic Corporate Bond Fund, the Authorised Corporate Director's Reports including the portfolio statement, financial highlights and the audited financial statements and notes are presented in their individual sections of this report as set out in the contents page.

Please note that an explanation of key investment terminology is available on our website at [mandg.com/private-investor/glossary](http://mandg.com/private-investor/glossary)

A printed copy of the glossary is available upon request by calling customer services and administration as shown within the 'Investor information' section of this report.

## Company information

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

The Company was authorised on 12 June 2009 and the fund was launched on 1 September 2009.

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

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

## Co-fund managers

Richard Woolnough & Ben Lord are employed by M&G FA Limited which is an associate of M&G Securities Limited.

## ACD

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

## Directors of the ACD

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

## Investment manager

M&G Investment Management Limited,  
10 Fenchurch Avenue, London EC3M 5AG, UK  
(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

# Authorised Corporate Director's Report

## Annual value assessment

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

## Climate-related Financial Disclosures (TCFD)

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

These reports are available via the Sustainability Disclosures page on our website at [mandg.com/footer/sustainability-disclosures](http://mandg.com/footer/sustainability-disclosures)

## Important information

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

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

With effect from 6 March 2023, the benchmark changed from the IA Sterling Corporate Bond sector to the iBoxx Sterling Corporates GBP Index.

At the shareholder meeting on 17 May 2023, the merger of the M&G European Corporate Bond Fund into the M&G Strategic Corporate Bond Fund was approved by shareholders. The effective date of the merger was 9th June 2023.

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

## Investor information

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

### Customer services and administration for UK clients:

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

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

Telephone: 0800 390 390 (UK only)

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

# Authorised Corporate Director's Report

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

M&G Securities Limited,  
c/o CACEIS Investor Services Bank S.A,  
14 Porte de France,  
L-4360 Esch-sur-Alzette,  
Luxembourg

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

Telephone: +352 2605 9944  
Email: [csmang@caceis.com](mailto:csmang@caceis.com)

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

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

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

# Authorised Corporate Director's Report

## Authorised Corporate Director's Responsibilities

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

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

## Directors' statement

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

M&G Securities Limited  
26 October 2023

# Depository's Responsibilities and Report

## Statement of the Depository's Responsibilities and Report of the Depository to the Shareholders of M&G Strategic Corporate Bond Fund ('the Company') for the year ended 31 August 2023

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

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

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

The Depository must ensure that:

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

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

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

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

Edinburgh  
26 October 2023

NatWest Trustee and  
Depository Services Limited

# Independent Auditor's Report

## Independent Auditor's Report to the shareholders of M&G Strategic Corporate Bond Fund

### Opinion

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

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Company as at 31 August 2023 and of the net revenue and the net capital losses on the scheme property of the Company for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the "FRC") Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Authorised Corporate Director's ("the ACD") use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the ACD with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

### Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The ACD is responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.



# Independent Auditor's Report

We have nothing to report in this regard.

## Opinions on other matters prescribed by the rules of the Collective Investment Schemes Sourcebook of the Financial Conduct Authority (the "FCA")

In our opinion:

- the financial statements have been properly prepared in accordance with the Statement of Recommended Practice relating to Authorised Funds, the rules of the Collective Investment Schemes sourcebook of the FCA and the Instrument of Incorporation; and
- there is nothing to indicate that adequate accounting records have not been kept or that the financial statements are not in agreement with those records; and
- the information given in the ACD's report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## Matters on which we are required to report by exception

We have nothing to report in respect of the following matter in relation to which the rules of the Collective Investment Schemes Sourcebook of the FCA require us to report to you if, in our opinion:

- we have not received all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

## Responsibilities of the ACD

As explained more fully in the ACD's responsibilities statement set out on page 4, the ACD is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the ACD determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the ACD is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the ACD either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

## Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

# Independent Auditor's Report

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are United Kingdom Accepted Accounting Practice (UK GAAP), the Investment Association's Statement of Recommended Practice (IA SORP), the FCA Collective Investment Schemes Sourcebook, the OEIC Regulations, the Company's Instrument of Incorporation and the Prospectus.
- We understood how the Company is complying with those frameworks through discussions with the ACD and the Company's administrators and a review of the Company's documented policies and procedures.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by considering the risk of management override, specifically management's propensity to influence revenue and amounts available for distribution.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved review of the reporting to the ACD with respect to the application of the documented policies and procedures and review of the financial statements to test compliance with the reporting requirements of the Company.
- Due to the regulated nature of the Company, the Statutory Auditor considered the experience and expertise of the engagement team to ensure that the team had the appropriate competence and capabilities, which included the use of specialists where appropriate, to identify non-compliance with the applicable laws and regulations.

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

## Use of our report

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

Edinburgh  
26 October 2023

Ernst & Young LLP  
Statutory Auditor

# Authorised Corporate Director's Report

For the purposes of these financial statements, the Prospectus dated 6 March 2023 has been used.

## Investment objective

The fund aims to provide a higher total return (the combination of capital growth and income), net of the ongoing charge figure, than the average return of the iBoxx Sterling Corporates GBP Index, over any five-year period.

## Investment policy

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

Other investments may include:

- below investment grade and unrated corporate debt securities;
- debt securities issued or guaranteed by governments and their agencies, public authorities, quasi-sovereigns and supranational bodies;
- below investment grade and unrated ABS; 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 aims to hedge any non-sterling assets to sterling.

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

## Investment approach

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

The fund manager has the freedom to take a high-conviction approach when selecting credits for the fund. Individual credit selection is carried out with the assistance of an in-house team of credit analysts to complement the fund manager's views.

## Benchmark

Benchmark: iBoxx Sterling Corporates GBP Index.

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

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

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. For details of the risk management policies, please refer to pages 33 to 35.

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 31 August 2023

### Performance against objective

Between 1 September 2022 and 31 August 2023 (the period under review), the M&G Strategic Corporate Bond Fund delivered a positive total return (the combination of income and capital growth) across all its sterling share classes. The fund comfortably outperformed its benchmark, which changed in March from the IA Sterling Corporate Bond sector to the iBoxx Sterling Corporates GBP Index.

The fund has achieved its objective to provide a combination of capital growth and income, net of the ongoing charge figure, higher than the average return of the benchmark over any five-year period, for all sterling share classes.

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 period under review was volatile for fixed income (bond) markets, marked by ongoing concerns over persistent inflation and the pace of interest rate hikes. (Inflation reduces the real value of bonds' fixed payments, while rising rates make fixed income investments less attractive, particularly those with long maturity dates).

Inflation did start trending down as the period progressed raising hopes that major central banks might be nearing the end of the interest rate tightening cycle. However, inflation remains above target and some components – like wage growth – have proved sticky. The period ended with expectations of a higher-for-longer interest rate environment, which brings a risk of recession as the hikes start to bite.

Against this backdrop, corporate bonds delivered mixed performance. Despite some dips, the global investment grade market (for corporate bonds with a low risk of default) performed positively overall, although UK bonds lagged their US and European counterparts. Given that investment grade bonds make up the bulk of our holdings (84.2% at period end), their performance was beneficial for the fund. High yield bonds (which compensate investors for greater risk) performed more strongly, further contributing to the performance of the fund.

Core government bonds generally posted negative returns over the year, as yields (which move in the opposite direction to bond prices) rose.

Fund performance was driven by the underlying performance of holdings in quality corporate bonds issued by banks, utility companies, insurers, and consumer goods companies. At the sector level, investment grade bonds from non-financial companies made the biggest relative contribution, followed by those from financial companies. Our off-benchmark holdings in euros and US dollars also contributed positively.

# Authorised Corporate Director's Report

One of the key drivers of a bond fund's performance is its ability to adjust the portfolio's sensitivity to changes in interest rates, known as 'duration' and it is measured in years. Being shorter duration means a fund is relatively less sensitive to interest rate changes than longer-duration funds. In September 2022, we increased the fund's duration to 6.8 years by adding long-dated UK government bonds (gilts), whose price had dropped following the government's mini-Budget announcement. This made the fund marginally overweight the wider market for the first time since 2008. We returned duration to neutral as interest rate concerns grew, before ending the period slightly above the benchmark at 6.7 years. Our duration positioning has been a positive contributor to relative performance over the period under review.

## Investment activities

Given the uncertain conditions, we maintained a cautious approach to credit risk, favouring high quality names. We bought various bonds issued by banks, which typically profit from higher interest rates: these included Lloyds, Barclays and Nationwide in the UK and Crédit Agricole, Santander, Zurich and ING in Europe. In non-financials, we added utilities including EDF, NW Electric, Yorkshire Water, Wessex Water, Severn Trent and National Gas. We also held Thames Water, but reduced exposure following its sewage spill fine.

Over the period, we reduced exposure to energy companies BP and Total, telecommunications firm AT&T and real estate developer Hammerson. We also reduced exposure to bonds issued by Goldman Sachs, AXA, tobacco company Altria, pharmacy chain Walgreens and fashion retailer Next.

Towards the end of the period, as credit spreads tightened (signalling more positive market conditions), we sold some long-dated bonds from SSE (energy), Gatwick Funding and a long-dated Mexican bond, and trimmed exposure to Ørsted (renewable energy), Broadcom (semiconductors) and some water companies. To further reduce credit risk, we sold some strong performers including Boeing, Ford and several tobacco companies.

## Outlook

While inflation and growth may be normalising, interest rates remain comparatively elevated. In this environment of high real rates, overtightening by central banks is a key risk that could tip the economy into recession. However, tightening spreads this year suggest markets are not overly concerned about this.

We believe credit investors should be more selective in this environment and avoid taking excessive risk as valuations are back towards fair value, leaving little room for error. For investment grade investors, however, the current higher rates can offset rises in spreads should the situation deteriorate.

## Richard Woolnough & Ben Lord

Co-fund managers

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

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

# Portfolio statement

## Investments

Holding	as at 31.08.23 £'000	as at 31.08.23 %	as at 31.08.22 %
<b>Fixed income</b>	<b>1,012,116</b>	<b>93.19</b>	<b>94.19</b>
<b>Debt securities</b>	<b>1,009,099</b>	<b>92.91</b>	<b>93.53</b>
<b>'AAA' credit rated bonds</b>	<b>25,276</b>	<b>2.33</b>	<b>3.78</b>
£10,000,000 KfW 4.875% 03/02/2031	10,100	0.93	
£6,000,000 Lloyds Bank 6% 08/02/2029	6,211	0.57	
£5,000,000 Santander 5.25% 16/02/2029	5,009	0.46	
£4,000,000 TSB Bank FRN 5.4117% 22/06/2028	3,956	0.37	
<b>'AA' credit rated bonds</b>	<b>89,936</b>	<b>8.28</b>	<b>3.97</b>
£5,000,000 Land Securities Capital Markets 2.399% 08/02/2029	4,247	0.39	
£5,000,000 Metropolitan Life Global Funding I 1.625% 12/10/2028	4,094	0.38	
£7,000,000 Metropolitan Life Global Funding I 5% 10/01/2030	6,730	0.62	
£110,000,000 UK Treasury 0.625% 22/10/2050	43,025	3.96	
£10,000,000 UK Treasury 3.75% 22/07/2052	8,642	0.79	
£15,000,000 UK Treasury 4.25% 07/12/2046	14,120	1.30	
£3,865,000 Walmart 5.25% 28/09/2035	3,878	0.36	
£5,000,000 Walmart 5.625% 27/03/2034	5,200	0.48	
<b>'A' credit rated bonds</b>	<b>135,674</b>	<b>12.49</b>	<b>12.90</b>
£4,000,000 Anglian Water Services Financing 2.75% 26/10/2029	3,376	0.31	
£1,425,000 Anglian Water Services Financing 6% 20/06/2039	1,418	0.13	
€5,000,000 AXA Var. Rate 5.5% 11/07/2043	4,285	0.39	
£1,900,000 Banco Santander Var. Rate 4.75% 30/08/2028	1,795	0.17	
£15,000,000 Bank of America Var. Rate 1.667% 02/06/2029	12,251	1.13	
US\$2,500,000 Bank of America Var. Rate 2.572% 20/10/2032	1,577	0.15	
£3,000,000 Bank of America Var. Rate 3.584% 27/04/2031	2,574	0.24	
£5,000,000 Crédit Agricole Var. Rate 6.375% 14/06/2031	4,994	0.46	
€4,000,000 Hannover Rueck Var. Rate 5.875% 26/08/2043	3,574	0.33	
£2,100,000 Housing Finance 5% 30/09/2027	2,002	0.18	
£2,000,000 HSBC Var. Rate 3% 29/05/2030	1,675	0.15	
£5,000,000 International Business Machines 4.875% 06/02/2038	4,446	0.41	
£15,000,000 JPMorgan Chase Var. Rate 1.895% 28/04/2033	11,008	1.01	
US\$5,000,000 JPMorgan Chase Var. Rate 2.739% 15/10/2030	3,372	0.31	
£4,000,000 Jt Intl Fin Services Bv 2.75% 28/09/2033	2,992	0.28	
£2,790,000 Leeds Building Society 1.375% 06/10/2027	2,307	0.21	

# Portfolio statement

## Investments (continued)

Holding	as at 31.08.23 £'000	as at 31.08.23 %	as at 31.08.22 %
<b>Fixed income (continued)</b>			
<b>Debt securities (continued)</b>			
<b>'A' credit rated bonds (continued)</b>			
£11,000,000 Morgan Stanley Var. Rate 5.789% 18/11/2033	10,651	0.98	
€1,700,000 Münchener Rückversicherungs-Gesellschaft Var. Rate 1% 26/05/2042	1,061	0.10	
£3,000,000 Notting Hill Genesis 3.75% 20/12/2032	2,576	0.24	
€4,000,000 Philip Morris International 1.45% 01/08/2039	2,068	0.19	
€12,000,000 Philip Morris International 1.875% 06/11/2037	7,005	0.64	
€6,700,000 Philip Morris International 2% 09/05/2036	4,107	0.38	
£7,000,000 Royal Bank of Canada 5% 24/01/2028	6,706	0.62	
£2,500,000 Society of Lloyd's Var. Rate 4.875% 07/02/2047	2,306	0.21	
£2,731,000 Southern Housing 3.5% 19/10/2047	1,853	0.17	
£5,500,000 Toronto-Dominion Bank 2.875% 05/04/2027	4,931	0.45	
€6,000,000 TotalEnergies Var. Rate 2.125% Perpetual	3,752	0.35	
£8,000,000 UBS Var. Rate 1.875% 03/11/2029	6,512	0.60	
£5,000,000 UBS Var. Rate 2.25% 09/06/2028	4,307	0.40	
£3,500,000 Wales & West Utilities Finance 5.75% 29/03/2030	3,468	0.32	
US\$2,000,000 Willow No. 2 Var. Rate 4.25% 01/10/2045	1,457	0.13	
£10,500,000 Zurich Finance Ireland Designated Activity Var. Rate 5.125% 23/11/2052	9,268	0.85	
<b>'BBB' credit rated bonds</b>	<b>728,803</b>	<b>67.11</b>	<b>67.08</b>
£3,000,000 3i 5.75% 03/12/2032	2,953	0.27	
£6,000,000 ABN AMRO Bank 5.125% 22/02/2028	5,713	0.53	
US\$4,000,000 AerCap Ireland Capital 3.3% 30/01/2032	2,554	0.23	
€6,000,000 Altria 3.125% 15/06/2031	4,414	0.41	
US\$6,981,000 Altria 3.4% 04/02/2041	3,730	0.34	
£4,000,000 América Móvil 4.948% 22/07/2033	3,765	0.35	
£2,569,000 Annington Funding 2.308% 06/10/2032	1,830	0.17	
£2,910,000 Annington Funding 2.924% 06/10/2051	1,578	0.15	
£4,436,000 Annington Funding 3.685% 12/07/2034	3,412	0.31	
£2,500,000 Annington Funding 3.935% 12/07/2047	1,738	0.16	
£2,000,000 APA Infrastructure 2.5% 15/03/2036	1,314	0.12	
£2,000,000 APA Infrastructure 3.125% 18/07/2031	1,587	0.15	



# Portfolio statement

## Investments (continued)

Holding	as at 31.08.23 £'000	as at 31.08.23 %	as at 31.08.22 %
<b>Fixed income (continued)</b>			
<b>Debt securities (continued)</b>			
<b>'BBB' credit rated bonds (continued)</b>			
£3,000,000 Aroundtown 3% 16/10/2029	1,953	0.18	
US\$2,000,000 Aroundtown 5.375% 21/03/2029	1,191	0.11	
£12,000,000 AT&T 4.375% 14/09/2029	10,931	1.01	
£5,000,000 AT&T 5.2% 18/11/2033	4,650	0.43	
£2,000,000 AT&T 7% 30/04/2040	2,086	0.19	
£7,000,000 Australia & New Zealand Banking Var. Rate 1.809% 16/09/2031	5,916	0.54	
£5,000,000 Aviva Var. Rate 4% 03/06/2055	3,786	0.35	
£7,000,000 Aviva Var. Rate 4.375% 12/09/2049	6,041	0.56	
£7,000,000 Aviva Var. Rate 5.125% 04/06/2050	6,171	0.57	
£5,000,000 Aviva Var. Rate 6.125% 14/11/2036	4,934	0.45	
£3,000,000 Banco Bilbao Vizcaya Argentaria Var. Rate 3.104% 15/07/2031	2,640	0.24	
US\$1,000,000 Banco Santander 2.958% 25/03/2031	648	0.06	
£15,000,000 Banco Santander Var. Rate 2.25% 04/10/2032	12,185	1.12	
£2,300,000 Banco Santander Var. Rate 3.125% 06/10/2026	2,127	0.20	
US\$1,400,000 Banco Santander Var. Rate 3.225% 22/11/2032	862	0.08	
£10,000,000 Barclays Var. Rate 6.369% 31/01/2031	9,712	0.89	
£3,000,000 Barclays Var. Rate 8.407% 14/11/2032	3,032	0.28	
£10,000,000 BAT International Finance 2.25% 09/09/2052	4,025	0.37	
£11,908,000 BAT International Finance 4% 23/11/2055	6,701	0.62	
£5,805,000 BAT International Finance 5.75% 05/07/2040	4,722	0.43	
£6,334,000 BAT International Finance 6% 24/11/2034	5,706	0.53	
£5,000,000 BNP Paribas 1.25% 13/07/2031	3,502	0.32	
£4,400,000 BNP Paribas 2.875% 24/02/2029	3,705	0.34	
£9,000,000 BNP Paribas 5.75% 13/06/2032	8,580	0.79	
US\$4,000,000 Boeing 5.93% 01/05/2060	3,036	0.28	
£10,000,000 BP Capital Markets Var. Rate 4.25% Perpetual	8,839	0.81	
£4,100,000 BPCE Var. Rate 2.5% 30/11/2032	3,338	0.31	
£9,000,000 BPCE 5.25% 16/04/2029	8,198	0.75	
£10,000,000 British Telecommunications 3.125% 21/11/2031	8,214	0.76	
£8,368,000 British Telecommunications 6.375% 23/06/2037	8,244	0.76	



# Portfolio statement

## Investments (continued)

Holding	as at 31.08.23 £'000	as at 31.08.23 %	as at 31.08.22 %
<b>Fixed income (continued)</b>			
<b>Debt securities (continued)</b>			
<b>'BBB' credit rated bonds (continued)</b>			
£3,000,000 BUPA Finance 4.125% 14/06/2035	2,243	0.21	
£3,000,000 BUPA Finance 5% 08/12/2026	2,847	0.26	
£10,000,000 Cadent Finance 2.125% 22/09/2028	8,373	0.77	
£4,400,000 CaixaBank Var. Rate 3.5% 06/04/2028	3,931	0.36	
US\$941,000 Celanese 6.379% 15/07/2032	733	0.07	
£1,000,000 Centrica 4.375% 13/03/2029	928	0.09	
£7,000,000 Centrica 7% 19/09/2033	7,566	0.70	
£5,000,000 Channel Link Enterprises Finance Var. Rate 3.043% 30/06/2050	4,176	0.38	
£3,000,000 Citigroup 4.5% 03/03/2031	2,652	0.24	
£7,000,000 Cooperatieve Rabobank 4.625% 23/05/2029	6,301	0.58	
£4,301,000 Coventry Building Society 2% 20/12/2030	3,216	0.30	
£3,500,000 CPUK Finance 3.69% 28/08/2028	3,036	0.28	
£2,000,000 Crédit Agricole Var. Rate 1.874% 09/12/2031	1,681	0.15	
£1,000,000 Crédit Agricole Var. Rate 7.5% Perpetual	945	0.09	
£5,000,000 Danske Bank Var. Rate 2.25% 14/01/2028	4,307	0.40	
£860,125 Delamare Finance 5.5457% 19/02/2029	828	0.08	
€4,000,000 Deutsche Bahn Finance Var. Rate 1.6% Perpetual	2,729	0.25	
£2,500,000 Deutsche Bank Var. Rate 6.125% 12/12/2030	2,322	0.21	
US\$8,724,000 Deutsche Telekom International Finance 8.75% 15/06/2030	8,055	0.74	
US\$843,000 Deutsche Telekom International Finance 9.25% 01/06/2032	835	0.08	
£2,500,000 DWR Cymru Financing 2.375% 31/03/2034	1,716	0.16	
£600,000 E.ON International Finance 4.75% 31/01/2034	544	0.05	
£3,000,000 E.ON International Finance 5.875% 30/10/2037	2,942	0.27	
£2,000,000 E.ON International Finance 6.25% 03/06/2030	2,060	0.19	
£3,000,000 E.ON International Finance 6.375% 07/06/2032	3,113	0.29	
£4,050,000 EDF 5.125% 22/09/2050	3,305	0.30	
£4,500,000 EDF 5.5% 25/01/2035	4,108	0.38	
£2,000,000 EDF 5.5% 27/03/2037	1,790	0.16	
£4,500,000 EDF 5.5% 17/10/2041	3,938	0.36	
US\$6,000,000 EDF 6% 22/01/2114	4,147	0.38	

# Portfolio statement

## Investments (continued)

Holding	as at 31.08.23 £'000	as at 31.08.23 %	as at 31.08.22 %
<b>Fixed income (continued)</b>			
<b>Debt securities (continued)</b>			
<b>'BBB' credit rated bonds (continued)</b>			
£6,000,000 EDF 6.125% 02/06/2034	5,815	0.54	
US\$5,000,000 Enel Finance International 5.5% 15/06/2052	3,444	0.32	
US\$3,000,000 Enel Finance International 7.75% 14/10/2052	2,699	0.25	
€14,630,000 Engie 5.95% 16/03/2111	14,929	1.37	
€356,000 Eni Var. Rate 3.375% Perpetual	257	0.02	
US\$2,000,000 Eni 4.75% 12/09/2028	1,535	0.14	
£1,865,000 ENW Finance 4.893% 24/11/2032	1,745	0.16	
£2,000,000 Eversholt Funding 3.529% 07/08/2042	1,433	0.13	
£19,000,000 Gatwick Funding 3.125% 28/09/2039	12,911	1.19	
£2,000,000 Gatwick Funding 4.625% 27/03/2034	1,769	0.16	
£1,000,000 Gatwick Funding 5.75% 23/01/2037	949	0.09	
£5,000,000 Goldman Sachs Var. Rate 3.625% 29/10/2029	4,414	0.41	
£3,500,000 Grainger 3% 03/07/2030	2,726	0.25	
£1,720,012 Greene King Finance 4.0643% 15/03/2035	1,449	0.13	
£1,629,167 Greene King Finance 5.318% 15/09/2031	1,493	0.14	
£8,000,000 H.J. Heinz Finance 6.25% 18/02/2030	7,941	0.73	
£4,344,000 Hammerson 6% 23/02/2026	4,088	0.38	
£5,252,000 Hammerson 7.25% 21/04/2028	4,918	0.45	
€870,000 Hammerson Ireland Finance 1.75% 03/06/2027	623	0.06	
£10,000,000 Heathrow Funding 2.75% 13/10/2029	8,319	0.77	
£8,000,000 Heathrow Funding 7.075% 04/08/2028	8,251	0.76	
£5,000,000 Holcim Sterling Finance (Netherlands) 3% 12/05/2032	3,963	0.36	
£7,632,000 HSBC Var. Rate 8.201% 16/11/2034	7,845	0.72	
€4,000,000 Iberdrola International Var. Rate 2.25% Perpetual	2,836	0.26	
£23,750,000 Imperial Brands Finance 4.875% 07/06/2032	20,405	1.88	
£4,000,000 ING Var. Rate 6.25% 20/05/2033	3,771	0.35	
£7,000,000 InterContinental Hotels 3.375% 08/10/2028	6,106	0.56	
£5,000,000 Intesa Sanpaolo 2.5% 15/01/2030	3,913	0.36	
£2,777,000 Intesa Sanpaolo 2.625% 11/03/2036	1,814	0.17	
£2,000,000 Intesa Sanpaolo 6.625% 31/05/2033	1,922	0.18	

# Portfolio statement

## Investments (continued)

Holding	as at 31.08.23 £'000	as at 31.08.23 %	as at 31.08.22 %
<b>Fixed income (continued)</b>			
<b>Debt securities (continued)</b>			
<b>'BBB' credit rated bonds (continued)</b>			
£672,811 Intu Metrocentre 1% 04/12/2024	673	0.06	
US\$8,000,000 Italy (Republic of) 3.875% 06/05/2051	4,422	0.41	
£1,500,000 Italy (Republic of) 6% 04/08/2028	1,496	0.14	
£2,000,000 KBC Var. Rate 5.5% 20/09/2028	1,933	0.18	
£5,000,000 KPN 5.75% 17/09/2029	4,900	0.45	
£4,000,000 La Banque Postale Var. Rate 5.625% 21/09/2028	3,805	0.35	
£5,000,000 Leeds Building Society Var. Rate 3.75% 25/04/2029	4,310	0.40	
£7,000,000 Legal & General Var. Rate 5.125% 14/11/2048	6,412	0.59	
US\$1,320,000 Legal & General Var. Rate 5.25% 21/03/2047	973	0.09	
£350,000 Lloyds Bank 11.75% Perpetual	540	0.05	
£2,500,000 Lloyds Banking Var. Rate 1.985% 15/12/2031	2,122	0.20	
£10,000,000 Lloyds Banking Var. Rate 2.707% 03/12/2035	7,355	0.68	
£1,562,000 Logisor Financing 2.75% 15/01/2030	1,171	0.11	
£1,750,000 Longstone Finance 4.896% 19/04/2031	1,556	0.14	
£3,000,000 Manchester Airport Group Funding 2.875% 31/03/2039	2,052	0.19	
£11,000,000 Manchester Airport Group Funding 4.75% 31/03/2034	10,031	0.92	
£6,000,000 McDonald's 5.875% 23/04/2032	6,149	0.57	
£18,666,000 Mexico (United Mexican States) 5.625% 19/03/2114	13,738	1.26	
£1,027,840 Mitchells & Butlers Finance 5.574% 15/12/2030	977	0.09	
£2,579,640 Mitchells & Butlers Finance FRN 6.0563% 15/12/2033	2,179	0.20	
£1,000,000 Mondelēz International 3.875% 06/03/2045	730	0.07	
US\$6,000,000 Morgan Stanley Var. Rate 2.484% 16/09/2036	3,565	0.33	
US\$3,032,000 National Australia Bank Var. Rate 3.347% 12/01/2037	1,864	0.17	
£9,000,000 National Gas Transmission 1.125% 14/01/2033	5,836	0.54	
£5,000,000 National Gas Transmission 1.375% 07/02/2031	3,614	0.33	
£1,000,000 National Gas Transmission 1.625% 14/01/2043	493	0.05	
£3,000,000 National Gas Transmission 5.75% 05/04/2035	2,885	0.27	
£5,000,000 National Grid Electricity Distribution West Midlands 5.75% 16/04/2032	4,928	0.45	
£3,560,000 Nationwide Building Society Var. Rate 6.178% 07/12/2027	3,503	0.32	
£10,000,000 NatWest Var. Rate 2.105% 28/11/2031	8,436	0.78	

# Portfolio statement

## Investments (continued)

Holding	as at 31.08.23 £'000	as at 31.08.23 %	as at 31.08.22 %
<b>Fixed income (continued)</b>			
<b>Debt securities (continued)</b>			
<b>'BBB' credit rated bonds (continued)</b>			
£658,000 NatWest Var. Rate 3.619% 29/03/2029	579	0.05	
£1,669,000 NatWest Var. Rate 3.622% 14/08/2030	1,558	0.14	
£1,657,000 Next 4.375% 02/10/2026	1,577	0.14	
£2,500,000 NIE Finance 5.875% 01/12/2032	2,508	0.23	
£3,000,000 Nordea Bank Var. Rate 1.625% 09/12/2032	2,389	0.22	
£4,500,000 Northern Gas Networks 5.625% 23/03/2040	4,180	0.38	
£2,500,000 Northumbrian Water 5.625% 29/04/2033	2,391	0.22	
£12,000,000 Pearson Funding 3.75% 04/06/2030	10,325	0.95	
€3,000,000 Repsol International Finance Var. Rate 3.75% Perpetual	2,405	0.22	
£4,000,000 Santander Var. Rate 2.421% 17/01/2029	3,333	0.31	
£2,000,000 Severn Trent Utilities Finance 2.75% 05/12/2031	1,598	0.15	
£735,000 Severn Trent Utilities Finance 4.625% 30/11/2034	657	0.06	
£7,000,000 Severn Trent Utilities Finance 6.25% 07/06/2029	7,048	0.65	
£2,620,000 Skipton Building Society Var. Rate 6.25% 25/04/2029	2,518	0.23	
US\$2,500,000 Société Générale Var. Rate 3.337% 21/01/2033	1,581	0.15	
€2,500,000 Southern Var. Rate 1.875% 15/09/2081	1,691	0.16	
£5,000,000 Southern Gas Networks 3.1% 15/09/2036	3,629	0.33	
£5,000,000 Southern Gas Networks 6.375% 15/05/2040	4,976	0.46	
£1,500,000 Southern Water Services Finance 2.375% 28/05/2028	1,232	0.11	
£8,000,000 Southern Water Services Finance 3% 28/05/2037	5,264	0.48	
£3,500,000 SSE 8.375% 20/11/2028	3,877	0.36	
US\$4,500,000 Stora Enso 7.25% 15/04/2036	3,720	0.34	
£1,564,000 Swedbank Var. Rate 1.375% 08/12/2027	1,334	0.12	
£1,846,000 Swedbank Var. Rate 7.272% 15/11/2032	1,817	0.17	
US\$3,000,000 Telefónica Emisiones 5.213% 08/03/2047	1,969	0.18	
US\$10,000,000 Telefónica Emisiones 7.045% 20/06/2036	8,381	0.77	
£4,000,000 Tesco Corporate Treasury Services 1.875% 02/11/2028	3,280	0.30	
£5,000,000 Tesco Corporate Treasury Services 5.5% 27/02/2035	4,652	0.43	
£5,000,000 Thames Water Utilities Finance 2.625% 24/01/2032	3,755	0.35	
£1,600,000 Thames Water Utilities Finance 6.5% 09/02/2032	1,541	0.14	

# Portfolio statement

## Investments (continued)

Holding		as at 31.08.23 £'000	as at 31.08.23 %	as at 31.08.22 %
<b>Fixed income (continued)</b>				
<b>Debt securities (continued)</b>				
<b>'BBB' credit rated bonds (continued)</b>				
£7,500,000	Thames Water Utilities Finance 6.75% 16/11/2028	7,389	0.68	
£600,000	Trafford Centre Finance FRN 6.0273% 28/07/2038	480	0.04	
£4,000,000	Verizon Communications 1.875% 19/09/2030	3,098	0.29	
£7,500,000	Verizon Communications 3.125% 02/11/2035	5,662	0.52	
£10,000,000	Verizon Communications 4.75% 17/02/2034	9,081	0.84	
£15,000,000	Volkswagen International Finance 4.125% 17/11/2031	12,946	1.19	
US\$4,000,000	Warnermedia 5.391% 15/03/2062	2,491	0.23	
£10,000,000	Wells Fargo 2.125% 24/09/2031	7,524	0.69	
£5,000,000	Wells Fargo 3.5% 12/09/2029	4,306	0.40	
£5,000,000	Wells Fargo 4.875% 29/11/2035	4,254	0.39	
£8,500,000	Wells Fargo Var. Rate 3.473% 26/04/2028	7,631	0.70	
£4,000,000	Welltower 4.8% 20/11/2028	3,707	0.34	
£4,000,000	Westfield America Management 2.625% 30/03/2029	3,107	0.29	
£5,000,000	Whitbread 3% 31/05/2031	3,888	0.36	
£1,000,000	WPP Finance 2013 2.875% 14/09/2046	573	0.05	
£9,500,000	WPP Finance 2017 3.75% 19/05/2032	7,873	0.72	
£1,500,000	Yorkshire Building Society Var. Rate 1.5% 15/09/2029	1,161	0.11	
£2,000,000	Yorkshire Water Finance 2.75% 18/04/2041	1,259	0.12	
£2,000,000	Yorkshire Water Finance 5.25% 28/04/2030	1,884	0.17	
£2,335,000	Yorkshire Water Finance 5.5% 28/04/2035	2,163	0.20	
	<b>'BB' credit rated bonds</b>	<b>25,743</b>	<b>2.37</b>	<b>4.57</b>
£4,500,000	Bank of Ireland Var. Rate 7.594% 06/12/2032	4,416	0.41	
£5,000,000	CaixaBank Var. Rate 6.875% 25/10/2033	4,769	0.44	
US\$1,600,000	Cellnex Finance 3.875% 07/07/2041	873	0.08	
US\$3,000,000	Charter Communications Operating 3.85% 01/04/2061	1,405	0.13	
£2,000,000	Commerzbank Var. Rate 8.625% 28/02/2033	1,971	0.18	
£1,600,000	Daily Mail & General Trust 6.375% 21/06/2027	1,452	0.13	
£1,036,000	Ford Motor Credit 4.535% 06/03/2025	988	0.09	
£1,214,000	Intesa Sanpaolo 5.148% 10/06/2030	1,007	0.09	
£1,000,000	Intesa Sanpaolo 8.505% 20/09/2032	983	0.09	

# Portfolio statement

## Investments (continued)

Holding	as at 31.08.23 £'000	as at 31.08.23 %	as at 31.08.22 %
<b>Fixed income (continued)</b>			
<b>Debt securities (continued)</b>			
<b>'BB' credit rated bonds (continued)</b>			
£2,000,000 Lloyds Banking Var. Rate 7.875% Perpetual	1,796	0.17	
£2,535,000 Lloyds Banking Var. Rate 8.5% Perpetual	2,369	0.22	
£2,800,000 Marston's Issuer Var. Rate 5.1774% 15/07/2032	2,396	0.22	
£452,916 Marston's Issuer Var. Rate 6.5889% 15/10/2027	426	0.04	
£976,458 Mitchells & Butlers Finance 6.013% 15/12/2028	892	0.08	
<b>'B' credit rated bonds</b>	<b>0</b>	<b>0.00</b>	<b>0.45</b>
<b>'CCC' credit rated bonds</b>	<b>3,646</b>	<b>0.33</b>	<b>0.78</b>
£8,019,270 Metrocentre Finance 8.75% 06/12/2023	3,646	0.33	
<b>'D' credit rated bonds</b>	<b>21</b>	<b>0.00</b>	<b>0.00</b>
€350,000 Lehman Brothers 1% 26/09/2040 <sup>a</sup>	0	0.00	
€602,115 Silverback Finance 3.1261% 25/02/2037	21	0.00	
<b>Bonds with no credit rating</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
€103,500 Codere Finance Luxembourg 9.25% 2020 <sup>a</sup>	0	0.00	
<b>Debt derivatives</b>	<b>3,017</b>	<b>0.28</b>	<b>0.66</b>
<b>Credit default swaps</b>	<b>0</b>	<b>0.00</b>	<b>0.01</b>
<b>Interest rate swaps</b>	<b>2,264</b>	<b>0.21</b>	<b>0.60</b>
€10,000,000 Pay 2.33% Receive VAR Dec 2052	658	0.06	
US\$20,000,000 Pay 3.235% Receive VAR Feb 2053	1,085	0.10	
US\$13,750,000 Pay 3.3987% Receive VAR Oct 2052	460	0.04	
US\$8,000,000 Pay 3.5747% Receive VAR Oct 2052	61	0.01	
<b>Interest rate futures</b>	<b>753</b>	<b>0.07</b>	<b>0.05</b>
(370) Euro-Bund September 2023	417	0.04	
700 UK Long Gilt Bond December 2023	336	0.03	
<b>Currency</b>	<b>(257)</b>	<b>(0.02)</b>	<b>(0.35)</b>
<b>Forward currency contracts</b>	<b>(257)</b>	<b>(0.02)</b>	<b>(0.35)</b>
€(67,477,370) Sold for £57,840,243 (expires 20.09.23)	(58)	0.00	

# Portfolio statement

## Investments (continued)

Holding	as at 31.08.23 £'000	as at 31.08.23 %	as at 31.08.22 %
<b>Currency (continued)</b>			
<b>Forward currency contracts (continued)</b>			
US\$35,383,345 Bought for £27,852,553 (expires 20.09.23)	50	0.00	
US\$(128,221,397) Sold for £100,864,519 (expires 20.09.23)	(249)	(0.02)	
<b>Total portfolio</b>	<b>1,011,859</b>	<b>93.17</b>	<b>93.84</b>
<b>Net other assets/(liabilities)</b>	<b>74,188</b>	<b>6.83</b>	<b>6.16</b>
<b>Net assets attributable to shareholders</b>	<b>1,086,047</b>	<b>100.00</b>	<b>100.00</b>

<sup>a</sup> Defaulted bond.

# Portfolio statement

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

Largest purchases	£'000
UK Treasury 0.625% 22/10/2050	107,575
UK Treasury 3.75% 22/07/2052	26,158
UK Treasury 4.5% 07/06/2028	19,578
Walmart 5.625% 27/03/2034	16,120
UK Treasury 4.25% 07/12/2046	14,175
UK Treasury 1.75% 07/09/2037	11,430
Morgan Stanley Var. Rate 5.789% 18/11/2033	10,945
UK Treasury 4.25% 07/12/2040	10,559
HSBC Var. Rate 8.201% 16/11/2034	10,481
Manchester Airport Group Funding 4.75% 31/03/2034	10,084
Other purchases	500,101
<b>Total purchases</b>	<b>737,206</b>

Largest sales	£'000
UK Treasury 0.625% 22/10/2050	64,017
UK Treasury 4.25% 07/12/2040	21,690
UK Treasury 4.5% 07/06/2028	20,519
UK Treasury 3.75% 22/07/2052	19,742
UK Treasury 4.5% 07/06/2028	19,697
Legal & General Var. Rate 5.5% 27/06/2064	18,251
Kraft Heinz Foods 4.125% 01/07/2027	15,476
Shell International Finance 1.75% 10/09/2052	13,507
BNP Paribas Var. Rate 2% 24/05/2031	12,213
UK Treasury 1.75% 07/09/2037	12,033
Other sales	626,594
<b>Total sales</b>	<b>843,739</b>

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



# Financial highlights

## Fund performance

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

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

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

## Long-term performance by share class

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

Share class	One year % <sup>a</sup>	Three years % pa	Five years % pa	Ten years % pa
<b>Sterling</b>				
Class 'A' Income	+1.3	-3.1	-0.1	+1.9
Class 'A' Accumulation	+1.3	-3.1	-0.1	+1.9
Class 'I' Income	+1.7	-2.7	+0.4	+2.4
Class 'I' Accumulation	+1.7	-2.7	+0.4	+2.4
Class 'PP' Income	+1.8	-2.6	n/a	n/a
Class 'PP' Accumulation	+1.8	-2.6	n/a	n/a
Class 'R' Income	+1.5	-3.0	+0.1	+2.2
Class 'R' Accumulation	+1.4	-3.0	+0.1	+2.1
<b>Benchmark<sup>b</sup></b>	<b>-0.9</b>	<b>-4.7</b>	<b>-0.6</b>	<b>+2.2</b>

<sup>a</sup> Not annualised.

<sup>b</sup> Prior to to 6 March 2023, the benchmark was the IA Sterling Corporate Bond sector. Thereafter it is the iBoxx Sterling Corporates GBP Index.

## Specific share class performance

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

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

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

# Financial highlights

## Sterling Class 'A' Income share performance

The share class was launched on 20 February 2004.

for the year to 31 August	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	64.12	77.43	75.24
Return before operating charges	1.06	(10.61)	4.94
Operating charges	(0.52)	(0.59)	(0.78)
Return after operating charges	0.54	(11.20)	4.16
Distributions	(2.87)	(2.11)	(1.97)
Closing NAV	61.79	64.12	77.43
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	0.83	0.82	1.00
Return after charges	+0.84	-14.46	+5.53
Other information			
Closing NAV (£'000)	32,589	51,927	54,613
Number of shares	52,743,680	80,990,064	70,533,987
Highest share price (UK p)	66.62	77.46	78.37
Lowest share price (UK p)	56.33	64.50	75.10

## Sterling Class 'A' Accumulation share performance

The share class was launched on 20 February 2004.

for the year to 31 August	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	114.58	134.23	127.13
Return before operating charges	1.92	(18.60)	8.36
Operating charges	(0.94)	(1.05)	(1.26)
Return after operating charges	0.98	(19.65)	7.10
Distributions	(4.27)	(2.66)	(2.11)
Retained distributions	4.27	2.66	2.11
Closing NAV	115.56	114.58	134.23
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	0.83	0.82	0.95
Return after charges	+0.86	-14.64	+5.58
Other information			
Closing NAV (£'000)	118,366	315,308	632,800
Number of shares	102,425,444	275,197,671	471,422,000
Highest share price (UK p)	120.28	134.29	134.53
Lowest share price (UK p)	100.67	114.09	126.90

# Financial highlights

## Sterling Class 'I' Income share performance

The share class was launched on 3 August 2012.

for the year to 31 August	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	957.17	1,151.27	1,113.43
Return before operating charges	16.01	(158.04)	72.95
Operating charges	(4.05)	(4.56)	(5.83)
Return after operating charges	11.96	(162.60)	67.12
Distributions	(42.98)	(31.50)	(29.28)
Closing NAV	926.15	957.17	1,151.27
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.02	0.02	0.02
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.02	0.02	0.02
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	0.43	0.42	0.50
Return after charges	+1.25	-14.12	+6.03
Other information			
Closing NAV (£'000)	225,652	266,822	437,515
Number of shares	24,364,569	27,876,057	38,002,953
Highest share price (UK p)	996.23	1,151.82	1,162.08
Lowest share price (UK p)	841.37	962.84	1,111.88

## Sterling Class 'I' Accumulation share performance

The share class was launched on 3 August 2012.

for the year to 31 August	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	1,298.58	1,515.26	1,428.69
Return before operating charges	22.01	(210.63)	94.15
Operating charges	(5.59)	(6.05)	(7.58)
Return after operating charges	16.42	(216.68)	86.57
Distributions	(53.71)	(35.85)	(30.40)
Retained distributions	53.71	35.85	30.40
Closing NAV	1,315.00	1,298.58	1,515.26
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.03	0.03	0.03
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.03	0.03	0.03
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	0.43	0.42	0.51
Return after charges	+1.26	-14.30	+6.06
Other information			
Closing NAV (£'000)	635,671	549,655	752,391
Number of shares	48,340,161	42,327,189	49,654,080
Highest share price (UK p)	1,365.58	1,517.17	1,518.17
Lowest share price (UK p)	1,141.51	1,293.11	1,426.63

# Financial highlights

## Sterling Class 'PP' Income share performance

The share class was launched on 5 August 2019.

for the year to 31 August	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	85.77	103.06	99.54
Return before operating charges	1.43	(14.16)	6.54
Operating charges	(0.28)	(0.31)	(0.40)
Return after operating charges	1.15	(14.47)	6.14
Distributions	(3.85)	(2.82)	(2.62)
Closing NAV	83.07	85.77	103.06
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	0.33	0.33	0.39
Return after charges	+1.34	-14.04	+6.17
Other information			
Closing NAV (£'000)	63,496	64,815	21,620
Number of shares	76,436,827	75,571,427	20,979,104
Highest share price (UK p)	89.30	103.11	103.95
Lowest share price (UK p)	75.40	86.27	99.42

## Sterling Class 'PP' Accumulation share performance

The share class was launched on 8 April 2019.

for the year to 31 August	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	98.61	114.95	108.25
Return before operating charges	1.67	(15.99)	7.13
Operating charges	(0.32)	(0.35)	(0.43)
Return after operating charges	1.35	(16.34)	6.70
Distributions	(4.18)	(2.83)	(2.44)
Retained distributions	4.18	2.83	2.44
Closing NAV	99.96	98.61	114.95
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	0.33	0.32	0.38
Return after charges	+1.37	-14.21	+6.19
Other information			
Closing NAV (£'000)	1,807	1,455	2,191
Number of shares	1,807,277	1,475,177	1,905,990
Highest share price (UK p)	103.74	115.13	115.17
Lowest share price (UK p)	86.69	98.20	108.11

# Financial highlights

## Sterling Class 'R' Income share performance

The share class was launched on 3 August 2012.

for the year to 31 August	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	94.29	113.70	110.24
Return before operating charges	1.58	(15.58)	7.22
Operating charges	(0.63)	(0.72)	(0.86)
Return after operating charges	0.95	(16.30)	6.36
Distributions	(4.23)	(3.11)	(2.90)
Closing NAV	91.01	94.29	113.70
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	0.68	0.67	0.75
Return after charges	+1.01	-14.34	+5.77
Other information			
Closing NAV (£'000)	4,955	5,510	7,656
Number of shares	5,444,137	5,843,539	6,733,784
Highest share price (UK p)	98.04	113.75	114.96
Lowest share price (UK p)	82.86	94.85	110.06

## Sterling Class 'R' Accumulation share performance

The share class was launched on 3 August 2012.

for the year to 31 August	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	126.94	148.50	140.37
Return before operating charges	2.15	(20.62)	9.24
Operating charges	(0.86)	(0.94)	(1.11)
Return after operating charges	1.29	(21.56)	8.13
Distributions	(4.93)	(3.16)	(2.62)
Retained distributions	4.93	3.16	2.62
Closing NAV	128.23	126.94	148.50
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	0.68	0.67	0.75
Return after charges	+1.02	-14.52	+5.79
Other information			
Closing NAV (£'000)	3,511	3,607	4,580
Number of shares	2,737,968	2,841,344	3,084,501
Highest share price (UK p)	133.35	148.58	148.80
Lowest share price (UK p)	111.56	126.41	140.14

# Financial statements and notes

## Financial statements

### Statement of total return

for the year to 31 August	Note	2023		2022	
		£'000	£'000	£'000	£'000
<b>Income</b>					
Net capital gains/(losses)	5		(40,794)		(283,250)
Revenue	7	54,093		47,258	
Expenses	8	(5,846)		(9,331)	
Interest payable and similar charges		(3)		(36)	
Net revenue/(expense) before taxation		48,244		37,891	
Taxation	9	2		33	
Net revenue/(expense) after taxation			48,246		37,924
<b>Total return before distributions</b>			<b>7,452</b>		<b>(245,326)</b>
Distributions	10		(49,978)		(40,132)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>(42,526)</b>		<b>(285,458)</b>

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

for the year to 31 August	2023		2022	
	£'000	£'000	£'000	£'000
<b>Opening net assets attributable to shareholders</b>		<b>1,259,099</b>		<b>1,978,341</b>
Amounts received on issue of shares	293,783		133,470	
Amounts paid on cancellation of shares	(481,764)		(594,379)	
Transfer from M&G European Corporate Bond Fund	23,980		0	
		(164,001)		(460,909)
Dilution adjustments		1,455		1,971
Change in net assets attributable to shareholders from investment activities (see above)		(42,526)		(285,458)
Retained distributions on Accumulation shares		32,014		25,151
Unclaimed distributions		6		3
<b>Closing net assets attributable to shareholders</b>		<b>1,086,047</b>		<b>1,259,099</b>

# Financial statements and notes

## Financial statements

### Balance sheet

as at 31 August	Note	2023 £'000	2022 £'000
<b>Assets</b>			
<b>Fixed assets</b>			
Investments		1,012,166	1,186,897
<b>Current assets</b>			
Debtors	11	33,098	25,305
Cash and bank balances	12	28,272	27,355
Cash equivalents		28,405	49,887
<b>Total assets</b>		<b>1,101,941</b>	<b>1,289,444</b>
<b>Liabilities</b>			
Investment liabilities		(307)	(5,321)
<b>Creditors</b>			
Bank overdrafts		0	(5,257)
Overdrawn positions at futures clearing houses and collateral manager		(1,741)	(4,198)
Distribution payable		(4,133)	(3,957)
Other creditors	13	(9,713)	(11,612)
<b>Total liabilities</b>		<b>(15,894)</b>	<b>(30,345)</b>
<b>Net assets attributable to shareholders</b>		<b>1,086,047</b>	<b>1,259,099</b>

# Financial statements and notes

## Notes to the financial statements

### 1 Statement of compliance

The financial statements have been prepared in compliance with UK Financial Reporting Standard 102 (FRS 102) and in accordance with the Statement of Recommended Practice (SORP) for Authorised Funds issued by the Investment Association in May 2014 and amended in June 2017, except in relation to the separate disclosure in note 15.

### 2 Summary of significant accounting policies

#### a. Basis of preparation

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

The financial statements of M&G Strategic Corporate Bond Fund are prepared on a going concern basis, under the historical cost convention as modified by the revaluation of certain financial assets and liabilities measured at fair value through profit or loss.

#### b. Functional and presentational currency

The functional and presentational currency of M&G Strategic Corporate Bond Fund is UK sterling.

#### c. Exchange rates

Transactions in currencies other than the fund's functional currency are translated at the rate of exchange ruling on the date of the transaction and where applicable assets and liabilities are translated into the fund's functional currency at the rate of exchange ruling as at 12 noon on 31 August 2023 (2022: close of business) being the last business day of the accounting period.

#### d. Investments – recognition and valuation

The provisions of both Section 11 and Section 12 of FRS 102 have been applied in full. All investments have been classified as fair value through profit and loss and recognised initially at fair value, which is normally the transaction price (excluding transaction costs and accrued interest).

At the end of the reporting period all investments have been measured at their fair value using the prices and the portfolio holdings determined at 12 noon on 31 August 2023 (2022: close of business), being the last valuation point of the accounting period, as this is not materially different from a valuation carried out at close of business on the balance sheet date.

Where separate bid and offer prices are available, the bid price is used for investment assets and the offer price for investment liabilities. Otherwise, the single price or most recent transaction price is used. Interest accrued is not included in the fair value. The methods of determining fair value for the principal classes of investment are:

- Debt securities which are traded on an active market are included at the quoted price, which is normally the bid price, excluding any accrued interest in respect of bonds.
- Collective investment schemes operated by the ACD are included at either their cancellation price for dual priced funds or their single price for single priced funds.



# Financial statements and notes

- Collective investment schemes operated by another manager are included at either their bid price for dual priced funds or their single price for single priced funds.
- Other debt securities which are unquoted or not actively traded on a quoted market are included at a value estimated by the ACD using an appropriate valuation technique, excluding any accrued interest.
- Exchange traded futures and options are included at the cost of closing out the contract at the balance sheet date.
- Over the counter credit default swaps, interest rate swaps, asset swaps and inflation swaps are included at a value provided by Markit Valuations Limited, an independent credit derivative price provider. Their fair value excludes any accrued interest in respect of derivatives where the income is revenue in nature.
- Forward currency contracts, for share class hedging and investment, are included at a value determined by reference to current forward exchange rates for contracts with similar maturity profiles.

## e. Recognition of income and expenses

- Distributions from collective investment schemes are recognised when the scheme is priced ex-distribution.
- Interest on debt securities is recognised on an effective interest rate basis. Bank interest is recognised on an accruals basis.
- Underwriting commission is recognised when the issue takes place.
- Revenue from derivatives is recognised on an accruals basis.
- Fee rebates from investing in other collective investment schemes are recognised on an accruals basis.
- Expenses are recognised on an accruals basis.

## f. Treatment of income and expenses

- Any increases or decreases in the fair value of investments and gains and losses realised on sales of investments are treated as capital and recognised in net capital gains/(losses).
- Distributions from collective investment schemes are treated as revenue in nature, except for any element of equalisation, which represents the average amount of income included in the price paid for the collective investment scheme, which is treated as capital.
- Debt security interest comprises the coupon interest and the difference between the purchase price and the expected maturity price spread over its expected remaining life. This is treated as revenue with the difference adjusting the cost of the shares and treated as capital.
- Other interest income, such as bank interest is treated as revenue.
- Underwriting commission is treated as revenue, except where the fund is required to take up all or some of the shares underwritten, in which case a proportion of the commission received is deducted from the cost of the shares and treated as capital.

# Financial statements and notes

- The treatment of the income on derivative contracts depends upon the nature of the transaction. Both motive and circumstances are used to determine whether the returns should be treated as capital or revenue. Where positions are undertaken to protect or enhance capital, and the circumstances support this, the returns are recognised in net capital gains; similarly where the motives and circumstances are to generate or protect revenue, and the circumstances support this, the returns are included within net revenue before taxation. Where positions generate total returns it will generally be appropriate to apportion such returns between capital and revenue to properly reflect the nature of the transaction.
- Expenses relating to the purchase and sale of investments are treated as capital; all other expenses are treated as revenue.
- Rebates of charges from holdings in collective investment schemes are treated as revenue or capital in accordance with the underlying scheme's distribution policy.

## g. Operating charges

Operating charges include payments made to M&G and to providers independent of M&G:

- **Annual charge:** Charge paid to M&G covering the annual cost of M&G managing and administering the fund and the costs of third parties providing services to the fund.  
For every £1 billion of a fund's net asset value, a discount of 0.02% will be applied to that fund's annual charge (up to a maximum of 0.12%).
- **Extraordinary legal and tax expenses:** Costs that specifically relate to legal or tax claims that are both exceptional and unforeseeable. Such expenses are uncommon, and would not be expected in most years. Although they result in a short-term cost to the fund, generally they can deliver longer term benefits for investors.
- **Ongoing charges from underlying funds:** Ongoing charges from underlying funds (excluding Investment Trust Companies and Real Estate Investment Trusts) will be rebated.

These charges do not include portfolio transaction costs or any entry and exit charges (also known as initial and redemption charges). The charging structures of share classes may differ, and therefore the operating charges may differ.

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

## h. Portfolio transaction costs

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

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

Investments are bought or sold by a fund when changes are made to the investment portfolio and in response to net flows of money into or out of the fund from investors buying and selling shares in the fund.

To protect existing investors, portfolio transaction costs incurred as a result of investors buying and selling shares in the fund are recovered from those investors through a 'dilution adjustment' to the price they pay or receive.

# Financial statements and notes

## i. Tax

Where applicable income receivable is recognised at an amount that includes any withholding tax but excludes irrecoverable tax credits. Any withholding tax suffered is shown as part of the tax charge.

Tax is accounted for at the appropriate rate of corporation tax with relief for double taxation taken where appropriate. The tax accounting treatment follows the principal amounts involved.

Deferred tax is recognised in respect of temporary timing differences that have originated but not reversed by the balance sheet date. Deferred tax is measured on a non-discounted basis, at the average rate of tax expected to apply in the period in which it expects the deferred tax to be realised or settled. A deferred tax asset is only recognised to the extent that it is more likely than not that the asset will be recovered.

## j. Allocation of returns to share classes

The annual charge is directly attributable to individual share classes. All other returns are apportioned to the fund's share classes pro-rata to the value of the net assets of the relevant share class on the day that the income or expenses are recognised.

All available net revenue accounted for in accordance with the above policies and adjusted where relevant by any specific distribution policies set out in the notes to that fund's financial statements, is distributed to holders of Income shares or retained and reinvested for holders of Accumulation shares. Should expenses and taxation together exceed revenue, there will be no distribution and the shortfall will be met from capital.

Distributions which have remained unclaimed by shareholders for more than six years are credited to the capital property of the fund.

## 3 Risk management policies

The ACD is responsible for establishing, implementing and maintaining an adequate and documented risk management policy for identifying, measuring and managing all risks to which the fund is or might be exposed.

The Company's investment activities expose it to various types of risk which are associated with the financial instruments and markets in which it invests; market risk, credit risk and liquidity risk.

These financial statements are designed to enable users to evaluate the nature and extent of those risks and how they are managed.

The following risk management policies are applicable to the fund, with specific risk disclosures set out in notes 20 to 22 in this report.

### a. Market risk

Market risk is the risk of loss resulting from fluctuations in the market value of positions in a fund's portfolio attributable to changes in market variables, such as interest rates, exchange rates, equity and commodity prices or an issuer's creditworthiness.

In relation to market risk, processes are applied that take account of the investment objective and policy of the fund. The fund is subject to an investment oversight process in accordance with the type and nature of the fund. In addition the fund is monitored for compliance within regulatory limits.

In measuring and monitoring market risk, the global exposure of a fund is calculated using a 'Value at Risk' (VaR) approach.

# Financial statements and notes

## b. Value at Risk approach

The Value at Risk (VaR) approach is a methodology for estimating the maximum potential loss due to market risk based on historic market volatilities and correlations. More particularly, the VaR approach gives a broad indication of the maximum potential loss at a given confidence level (probability), over a specific time period under normal market conditions.

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

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

VaR does have limitations in its ability to present valid levels of risk in extreme market conditions. Accordingly, the Risk Analysis team also carries out monthly stress testing and scenario based analysis. Stress testing allows for extreme sets of market circumstances which may not be reflected in historical data sets thereby enabling further assessment of combinations of market movements which may cause serious damage to portfolio values. The key element to the scenario based analysis is challenging the correlation assumptions implicit within statistical based models such as VaR.

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

## c. Liquidity risk

Liquidity risk is the risk that a fund's holdings cannot be sold, liquidated or closed out at limited cost in an adequately short time frame and that the ability of the scheme to comply at any time with its obligation to sell and redeem shares is thereby compromised.

The overall liquidity profile for each fund is reviewed and updated regularly. The liquidity profile takes into account investment, cashflow and market liquidity considerations.

Investment liquidity considerations include an assessment of asset class liquidity conditions, liquidity of underlying holdings, portfolio construction and concentration, the scale of individual stock ownership and the nature of the investment strategy.

Cashflow liquidity is managed in each fund on a daily basis using reports that include subscription and redemption information as well as the impact of trading, derivative lifecycle events and corporate action activity. In addition to the daily reporting, the fund managers are provided with reporting that highlights the impact of reasonably predictable events in the portfolio, including an allowance for the potential future exposures that might result from derivative exposures.

Market (or distribution-related) considerations include an assessment of asset demand, fund growth, client concentration and the persistency of the client base. Supplementary to this, market liquidity stress tests are carried out on a monthly basis for all sophisticated funds.

Liquidity in funds is independently assessed and challenged through the internal governance process at M&G. Fund liquidity is modelled and compared against potential liability scenarios such as severe redemption or collateral calls and any funds with liquidity issues are flagged to the internal committee. Funds flagged to the internal committee are escalated and remedial action agreed. The fund has not been escalated for remedial action.

# Financial statements and notes

## d. Credit risk

For funds exposed to credit risk, the credit rating, yield and maturity of each interest bearing security is considered to determine if the yield fully reflects the risk. The capital value of interest-bearing securities within the funds will fall in the event of the default or perceived increased credit risk of an issuer.

The capital value of interest-bearing securities within a fund may also be affected by interest rate fluctuations such that when interest rates rise, the capital value of the interest-bearing securities is likely to fall and vice versa.

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

For funds in which they are used, credit default swaps are bought and sold in response to detailed credit research to take advantage of anticipated movements in credit spreads on individual stocks and baskets of securities. When a fund buys a credit default swap the default risk associated with the underlying security transfers to the counterparty. When a fund sells a credit default swap the fund assumes the credit risk of the underlying security.

## 4 Distribution policy

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

## 5 Net capital gains/(losses)

for the year to 31 August	2023 £'000	2022 £'000
Non-derivative securities	(63,531)	(298,875)
Derivative contracts	26,518	13,649
Currency gains/(losses)	(3,781)	1,976
<b>Net capital gains/(losses)</b>	<b>(40,794)</b>	<b>(283,250)</b>

# Financial statements and notes

## 6 Portfolio transactions and associated costs

The following tables show portfolio transactions and their associated transaction costs. For more information about the nature of the costs please see the sections on 'Operating charges' and 'Portfolio transaction costs' on page 32. Total direct portfolio transaction costs are stated before dilution adjustments. Please refer to the 'Financial highlights' section for the effect of dilution adjustments.

for the year to 31 August	2023 £'000	% of transaction	2022 £'000	% of transaction
<b>a) Purchases</b>				
Debt securities	737,206		631,385	
<b>b) Sales</b>				
Debt securities	787,021		954,328	
<b>Other transaction types</b>				
Corporate actions	56,718		21,989	
<b>Total sales</b>	<b>843,739</b>		<b>976,317</b>	
	2023 £'000	% of average NAV	2022 £'000	% of average NAV
<b>c) Direct portfolio transaction costs</b>				
<b>Commissions paid</b>				
Derivatives	15	0.00	15	0.00
<b>Taxes paid</b>				
Derivatives	16	0.00	16	0.00
<b>Total direct portfolio transaction costs</b>	<b>31</b>	<b>0.00</b>	<b>31</b>	<b>0.00</b>
		%		%
<b>d) Indirect portfolio transaction costs</b>				
Average portfolio dealing spread as at the balance sheet date		0.68		0.86

## 7 Revenue

for the year to 31 August	2023 £'000	2022 £'000
Bank interest	90	32
Derivative revenue	687	(1,098)
Interest distributions	1,212	231
Interest on debt securities	52,084	48,067
Rebate of ongoing charges from underlying funds	20	26
<b>Total revenue</b>	<b>54,093</b>	<b>47,258</b>

# Financial statements and notes

## 8 Expenses

for the year to 31 August	2023 £'000	2022 £'000
<b>Payable to the ACD or associate</b>		
Annual charge	5,846	9,331
<b>Total expenses</b>	<b>5,846</b>	<b>9,331</b>

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

## 9 Taxation

for the year to 31 August	2023 £'000	2022 £'000
<b>a) Analysis of charge in the year</b>		
Corporation tax	0	0
Withholding tax	(2)	(33)
Deferred tax (note 9c)	0	0
<b>Total taxation</b>	<b>(2)</b>	<b>(33)</b>
<b>b) Factors affecting taxation charge for the year</b>		
Net revenue/(expense) before taxation	48,244	37,891
Corporation tax at 20%	9,649	7,578
<b>Effects of:</b>		
Interest distributions	(9,649)	(7,578)
Withholding tax	(2)	(33)
<b>Total tax charge (note 9a)</b>	<b>(2)</b>	<b>(33)</b>
<b>c) Provision for deferred taxation</b>		
Provision at the start of the year	0	0
Deferred tax in profit and loss account (note 9a)	0	0
<b>Provision at the end of the year</b>	<b>0</b>	<b>0</b>

The fund has not recognised a deferred tax asset in the current financial year (2022: same).

# Financial statements and notes

## 10 Distributions

For each distribution period, the distributions payable on Income shares (Inc) and distributions retained on Accumulation shares (Acc) are disclosed.

for the year to 31 August	2023		2022	
	Inc £'000	Acc £'000	Inc £'000	Acc £'000
<b>Interest distributions</b>				
First interim	4,021	7,279	2,954	5,627
Second interim	4,191	7,306	3,062	5,924
Third interim	4,477	8,878	3,397	6,183
Final	4,133	8,551	3,957	7,417
Total net distributions		48,836		38,521
Income deducted on cancellation of shares		2,828		2,307
Income received on issue of shares		(1,686)		(696)
<b>Distributions</b>		<b>49,978</b>		<b>40,132</b>
Net revenue/(expense) per statement of total return		48,246		37,924
Expenses offset against capital		1,732		2,208
<b>Distributions</b>		<b>49,978</b>		<b>40,132</b>

## 11 Debtors

as at 31 August	2023 £'000	2022 £'000
Amounts receivable on issues of shares	7,323	194
Currency deals outstanding	0	3,980
Debt security interest receivable	21,783	21,081
Distributions receivable	148	49
Rebate of ongoing charges from underlying funds	1	1
Sales awaiting settlement	3,843	0
<b>Total debtors</b>	<b>33,098</b>	<b>25,305</b>

## 12 Cash and bank balances

as at 31 August	2023 £'000	2022 £'000
Amounts held at futures clearing houses and collateral manager	21,998	17,743
Cash held as bank balances	6,274	9,612
<b>Total cash and bank balances</b>	<b>28,272</b>	<b>27,355</b>



# Financial statements and notes

## 13 Other creditors

as at 31 August	2023 £'000	2022 £'000
Amounts payable on cancellation of shares	9,568	4,786
Annual charge payable	145	172
Currency deals outstanding	0	3,982
Derivative expense payable	0	165
Purchases awaiting settlement	0	2,507
<b>Total other creditors</b>	<b>9,713</b>	<b>11,612</b>

## 14 Contingent assets, liabilities and outstanding commitments

There were no contingent assets, liabilities or outstanding commitments at the balance sheet date (2022: same).

## 15 Shares in issue

The following table shows each class of share in issue during the year. Each share class has the same rights on winding up however they may have different charging structures as set out in note 16.

Share class	Opening 01.09.22	Issued	Movements Cancelled	Converted	Closing 31.08.23
<b>Sterling</b>					
Class 'A' Income	80,990,064	4,071,308	(32,317,692)	0	52,743,680
Class 'A' Accumulation	275,197,671	9,773,424	(182,545,651)	0	102,425,444
Class 'I' Income	27,876,057	4,212,933	(7,724,421)	0	24,364,569
Class 'I' Accumulation	42,327,189	20,794,807	(14,781,835)	0	48,340,161
Class 'PP' Income	75,571,427	3,389,148	(2,523,748)	0	76,436,827
Class 'PP' Accumulation	1,475,177	951,758	(619,658)	0	1,807,277
Class 'R' Income	5,843,539	613,466	(1,012,868)	0	5,444,137
Class 'R' Accumulation	2,841,344	611,132	(714,508)	0	2,737,968

It is not possible to separately identify all share class conversions. As a result, the share class movements (issued/cancelled) as disclosed in the table above may also include share class conversions.

# Financial statements and notes

## 16 Charging structure

The table below sets out the charging structure for each class of share. The charging structure is the same for both Income and Accumulation shares of each class. The amounts shown are the maximum annual charge. M&G will apply a discount of 0.02% for every £1 billion of a fund's net asset value. This is assessed quarterly and implemented on a forward basis no later than 13 business days after quarter end.

Share class	Annual charge %
<b>Sterling</b>	
Class 'A'	0.85
Class 'I'	0.45
Class 'PP'	0.35
Class 'R'	0.70

## 17 Related parties

M&G Securities Limited, as Authorised Corporate Director (ACD), is a related party and acts as principal on all the transactions of shares in the fund except with in specie transactions, where M&G Securities Limited acts as an agent. The aggregate monies received through issues, and paid on cancellations, are disclosed in the 'Statement of change in net assets attributable to shareholders' and note 10. Amounts due to / from M&G Securities Limited in respect of share transactions at the for the year to end are disclosed in notes 11 and 13 where applicable.

Amounts paid to M&G Securities Limited in respect of the annual charge are disclosed in note 8. Amounts due at the year end in respect of the annual charge are disclosed in note 13.

Amounts paid to M&G Securities Limited in respect of rebate arrangements for the annual charge are disclosed in note 7. Amounts due at the year end from the ACD, and/or associate, in respect of these rebates are disclosed in note 11.

At the balance sheet date, shareholders from within M&G plc, of which M&G Securities Limited is a wholly owned subsidiary, have holdings totalling 6.54% (2022: 4.68%) of the fund's shares.

## 18 Fair value analysis

Financial instruments have been measured at their fair value and have been classified below using a hierarchy that reflects the significance of the inputs used in measuring their fair value:

### Level 1: Unadjusted quoted price in an active market for an identical instrument

This includes instruments such as publicly traded equities, highly liquid bonds (eg Government bonds) and exchange traded derivatives (eg futures) for which quoted prices are readily and regularly available.

### Level 2: Valuation technique using observable market data

This includes instruments such as over-the-counter (OTC) derivatives, debt securities, convertible bonds, mortgage-backed securities, asset-backed securities and open-ended funds which have been valued using models with observable market data inputs.

# Financial statements and notes

## Level 3: Valuation technique using unobservable inputs

This refers to instruments which have been valued using models with unobservable data inputs. This includes single broker-priced instruments, suspended/unquoted securities, private equity, unlisted closed-ended funds and open-ended funds with restrictions on redemption rights.

as at 31 August	Assets 2023 £'000	Liabilities 2023 £'000	Assets 2022 £'000	Liabilities 2022 £'000
Level 1	72,448	0	27,135	(831)
Level 2	939,024	(307)	1,159,173	(4,490)
Level 3	694	0	589	0
	<b>1,012,166</b>	<b>(307)</b>	<b>1,186,897</b>	<b>(5,321)</b>

Level 3 assets include Silverback Finance and Metrocentre Partnership (2022: Metrocentre Partnership).

## 19 Risk management policies

The general risk management policies for the fund are set out in note 3 to the financial statements on pages 33 to 35.

## 20 Market risk sensitivity and exposure

VaR is the risk measurement methodology used to assess the fund's leverage and market risk volatility.

The Fund changed from using absolute VaR to relative VaR with effect 6 March 2023. As a result of this change the below limits were applied during the year;

The VaR limit set during the period to 5 March 2023 was 15% (2022: 15%).

The VaR limit set during the period from 6 March 2023 was 200%.

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

	from 6 March 2023 to 31 August 2023 % of VaR	from 6 March 2023 to 31 August 2023 Utilisation of VaR 200%	from 1 September 2022 to 5 March 2023 % of VaR	from 1 September 2022 to 5 March 2023 Utilisation of VaR 15%	2022 % of VaR	2022 Utilisation of VaR 15%
for the year ended 31 August						
Lowest	97.91	48.95	4.49	29.93	2.49	16.60
Highest	116.31	58.15	8.28	55.20	4.52	30.13
Average	107.85	53.93	7.03	46.90	3.06	20.43

# Financial statements and notes

## 21 Credit risk

The fund is exposed to credit risk both through the credit quality of the investments it holds and through the derivative positions with counterparties. The table below shows the credit quality of the investments held in the portfolio.

as at 31 August	2023 £'000	2022 £'000
Investment grade securities	979,689	1,104,580
Below investment grade securities	29,410	73,052
Other investments	2,760	3,944
<b>Total</b>	<b>1,011,859</b>	<b>1,181,576</b>

The tables below show the exposure to counterparties. Collateral is posted daily, in the form of cash or high-quality government bonds, to minimise this exposure.

as at 31 August 2023	Swaps £'000	Forward currency contracts £'000	Futures £'000
Bank of America Merrill Lynch	0	0	753
Barclays Bank	2,264	0	0
Citigroup	0	(13)	0
JPMorgan	0	(58)	0
State Street Bank	0	(186)	0
<b>Total</b>	<b>2,264</b>	<b>(257)</b>	<b>753</b>

as at 31 August 2022	Swaps £'000	Forward currency contracts £'000	Futures £'000
Bank of America Merrill Lynch	0	46	665
Barclays Bank	7,544	0	0
JPMorgan	83	(1,057)	0
State Street Bank	0	2	0
UBS	0	(3,339)	0
<b>Total</b>	<b>7,627</b>	<b>(4,348)</b>	<b>665</b>

## 22 Leverage risk

Funds using VaR approaches are required to disclose the level of leverage employed during the financial reporting period.

Derivatives can be used by the fund to generate market exposure to investments exceeding the net asset value. As a result of this exposure, the size of any positive or negative movement in markets may have a more significant effect on the net asset value of the fund.

# Financial statements and notes

The lowest, highest and average level of leverage employed and utilisation of the leverage level calculated during the financial years ended 31 August 2023 and 31 August 2022 are disclosed in the table below. Leverage has been calculated using the Gross Sum of Notional Approach for derivative positions only (including forward currency contracts) and excludes all physical holdings. Percentages are expressed with reference to fund valuation.

for the year to 31 August	2023 £'000	2023 %	2022 £'000	2022 %
Lowest	0	0.00	492,545	28.16
Highest	1,160,654	100.14	1,238,748	88.44
Average	522,137	44.22	655,668	41.60

## 23 Interest distribution tables

This fund pays quarterly interest distributions and the following table sets out the distribution periods.

### Quarterly distribution periods

	Start	End	Xd	Payment
First interim	01.09.22	30.11.22	01.12.22	31.01.23
Second interim	01.12.22	28.02.23	01.03.23	30.04.23
Third interim	01.03.23	31.05.23	01.06.23	31.07.23
Final	01.06.23	31.08.23	01.09.23	31.10.23

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

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

Group 2 shares are those purchased during a distribution period and therefore their distribution rate is made up of income and equalisation. Equalisation is the average amount of income included in the purchase price of all Group 2 shares and is refunded to the holders of these shares as a return of capital. Being capital it is not liable to Income Tax. Instead, it must be deducted from the cost of shares for Capital Gains Tax purposes. The tables below show the split of the Group 2 rates into the income and equalisation components.

### Sterling Class 'A' Income shares

Interest distributions for the year to 31 August	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2023 UK p	2023 UK p	2023 UK p	2022 UK p
First interim	0.1294	0.5337	0.6631	0.4367
Second interim	0.3573	0.3210	0.6783	0.4669
Third interim	0.3593	0.3901	0.7494	0.5578
Final	0.4480	0.3340	0.7820	0.6523

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## Sterling Class 'A' Accumulation shares

Interest distributions for the year to 31 August	Income	Group 2	Group 1 & 2	
	2023 UK p	Equalisation 2023 UK p	2023 UK p	2022 UK p
First interim	0.4919	0.4656	0.9575	0.4948
Second interim	0.4403	0.5460	0.9863	0.5494
Third interim	0.6902	0.4333	1.1235	0.7195
Final	0.9068	0.2979	1.2047	0.8992

## Sterling Class 'I' Income shares

Interest distributions for the year to 31 August	Income	Group 2	Group 1 & 2	
	2023 UK p	Equalisation 2023 UK p	2023 UK p	2022 UK p
First interim	4.9723	4.9315	9.9038	6.4973
Second interim	5.3931	4.7491	10.1422	6.9532
Third interim	6.4657	4.7494	11.2151	8.3125
Final	6.7120	5.0040	11.7160	9.7331

## Sterling Class 'I' Accumulation shares

Interest distributions for the year to 31 August	Income	Group 2	Group 1 & 2	
	2023 UK p	Equalisation 2023 UK p	2023 UK p	2022 UK p
First interim	6.2881	5.8107	12.0988	7.0512
Second interim	5.0911	7.4081	12.4992	7.6695
Third interim	6.2852	7.8150	14.1002	9.5535
Final	9.2144	5.7997	15.0141	11.5741

## Sterling Class 'PP' Income shares

Interest distributions for the year to 31 August	Income	Group 2	Group 1 & 2	
	2023 UK p	Equalisation 2023 UK p	2023 UK p	2022 UK p
First interim	0.3486	0.5389	0.8875	0.5818
Second interim	0.2382	0.6709	0.9091	0.6226
Third interim	0.6140	0.3916	1.0056	0.7446
Final	0.5580	0.4927	1.0507	0.8720

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## Sterling Class 'PP' Accumulation shares

Interest distributions for the year to 31 August	Income	Group 2	Group 1 & 2	
	2023 UK p	Equalisation 2023 UK p	2023 UK p	2022 UK p
First interim	0.5450	0.3975	0.9425	0.5628
Second interim	0.5538	0.4205	0.9743	0.6097
Third interim	0.6132	0.4834	1.0966	0.7520
Final	0.7997	0.3664	1.1661	0.9052

## Sterling Class 'R' Income shares

Interest distributions for the year to 31 August	Income	Group 2	Group 1 & 2	
	2023 UK p	Equalisation 2023 UK p	2023 UK p	2022 UK p
First interim	0.3508	0.6246	0.9754	0.6415
Second interim	0.3061	0.6921	0.9982	0.6860
Third interim	0.6055	0.4976	1.1031	0.8197
Final	0.7756	0.3760	1.1516	0.9592

## Sterling Class 'R' Accumulation shares

Interest distributions for the year to 31 August	Income	Group 2	Group 1 & 2	
	2023 UK p	Equalisation 2023 UK p	2023 UK p	2022 UK p
First interim	0.6446	0.4618	1.1064	0.6013
Second interim	0.5165	0.6247	1.1412	0.6617
Third interim	0.5681	0.7267	1.2948	0.8483
Final	1.0371	0.3474	1.3845	1.0471

## 24 Events after the balance sheet date

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

# Other regulatory disclosures

## Remuneration

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

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

The remuneration policy is designed to ensure that any relevant conflicts of interest can be managed appropriately at all times and that the remuneration of employees is in line with the risk policies and objectives of the UCITS funds managed by the UCITS Management Company. Further details of the remuneration policy can be found on our website: [mandgplc.com/who-we-are/mandg-investments/mandg-investments-business-policies](http://mandgplc.com/who-we-are/mandg-investments/mandg-investments-business-policies)

The remuneration policy and its implementation is reviewed on an annual basis, or more frequently where required, and is approved by the M&G plc Board Remuneration Committee. The most recent review found no fundamental issues with no material changes made to the policy.

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

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

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

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

	Fixed Remuneration £000	Variable Remuneration £000	Total £000	Beneficiaries
Senior Management	622	1,303	1,925	9
Other Identified Staff	4,578	18,758	23,336	37

## Swiss investor information

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

For this fund the TERs are the same as the operating charges disclosed in the fund’s financial highlights section under ‘Specific share class performance’.



