

M&G Investment Funds (1)

**Annual report and audited financial statements
for the year ended 31 August 2024**

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Authorised Corporate Director's Report

The Authorised Corporate Director (ACD) of M&G Investment Funds (1) presents its annual report and audited financial statements for the year ended 31 August 2024.

The audited financial statements of M&G Investment Funds (1), the Authorised Corporate Director's Reports including the portfolio statements, financial highlights and the audited financial statements and notes of each sub-fund are presented in their individual sections of this report as set out in the contents page.

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

Company information

M&G Investment Funds (1) is an umbrella Open-Ended Investment Company (OEIC) and contains eight sub-funds, hereinafter referred to as 'funds' in the rest of this report. Each fund is a UK UCITS (Undertakings for Collective Investment in Transferable Securities) scheme as defined in the Collective Investment Schemes sourcebook, as issued (and amended) by the Financial Conduct Authority (FCA). This OEIC is an Investment Company with Variable Capital (ICVC) incorporated under the Open-Ended Investment Companies Regulations 2001. It is authorised and regulated by the FCA under the Financial Services and Markets Act 2000.

The Company was authorised on 6 June 2001 and was launched on 1 November 2001, following the conversion of a series of authorised unit trusts.

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

As at 31 August 2024, none of the funds held shares of the other funds within this OEIC.

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

Fund managers

The following fund managers are employed by M&G FA Limited which is an associate of M&G Securities Limited.

M&G Asian Fund

David Perrett

M&G European Sustain Paris Aligned Fund

John William Olsen

M&G Global Sustain Paris Aligned Fund

John William Olsen

M&G Global Themes Fund

Alex Araujo

M&G Japan Fund

Carl Vine

M&G Japan Smaller Companies Fund

Carl Vine

M&G North American Dividend Fund

John Weavers

M&G North American Value Fund

Daniel White

ACD

M&G Securities Limited

10 Fenchurch Avenue, London EC3M 5AG, UK

Telephone: 0800 390 390 (UK only)

(Authorised and regulated by the Financial Conduct Authority. M&G Securities Limited is a member of the Investment Association and of The Investing and Saving Alliance)

Directors of the ACD

N J Brooks, C Dobson (non executive director),

S A Fitzgerald, P R Jelfs,

M McGrade (non executive director), L J Mumford

Authorised Corporate Director's Report

Investment manager

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

Registrar

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

Depository

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

Independent auditor

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

Annual value assessment

An annual assessment report is available which shows the value provided to investors in each of M&G's UK-based funds. The assessment report evaluates whether M&G's charges are justified in the context of the overall service delivered to its investors. The latest report to 31 March 2024 can be found on our website at mandg.com/investments/valueassessment

Climate-related Financial Disclosures (TCFD)

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

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

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

Important information

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

From January 2025 the operating charge figure will not include the underlying charges for closed-ended-funds, such as investment trusts and real estate investment trusts. There is no change to what you are currently being charged, this is a presentational change to align with the latest industry guidance issued by the Investment Association.

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

Authorised Corporate Director's Report

Investor information

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

Customer services and administration for UK clients:

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

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

Telephone: 0800 390 390 (UK only)

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

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

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.

German information agent:

M&G International Investments Limited,
mainBuilding, Taunusanlage 19,
60325 Frankfurt am Main, Germany

Authorised Corporate Director's Report

Authorised Corporate Director's Responsibilities

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

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

Directors' statement

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

M&G Securities Limited
7 November 2024

Depository's Responsibilities and Report

Statement of the Depository's Responsibilities and Report of the Depository to the Shareholders of M&G Investment Funds (1) ('the Company') for the year ended 31 August 2024

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
7 November 2024

NatWest Trustee and
Depository Services Limited

Independent Auditor's Report

Independent Auditor's Report to the shareholders of M&G Investment Funds (1)

Opinion

We have audited the financial statements of M&G Investment Funds (1) ("the Company") comprising each of its sub-funds for the year ended 31 August 2024, 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 comprising each of its sub-funds as at 31 August 2024, and of the net revenue and the net capital gains on the scheme property of the Company comprising each of its sub-funds 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 ACDs' 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 Generally Accepted Accounting Practice (UK GAAP), the Investment Management Association's Statement of Recommended Practice (IMA 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 administrator 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. We identified a fraud risk with respect to the incomplete or inaccurate income recognition through incorrect classification of special dividends and the resulting impact to amounts available for distribution. We tested the appropriateness of management's classification of a sample of special dividends as either a capital or revenue return.
- 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 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](https://www.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
7 November 2024

Ernst & Young LLP
Statutory Auditor

Financial statements and notes

The financial statements for M&G Investment Funds (1) comprise the individual financial statements for each fund and the notes below.

Notes to the financial statements

1 Statement of compliance

The financial statements of M&G Investment Funds (1) 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 13.

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 a period of twelve months from the date these financial statements are authorised for issue. The ACD believes that the Company has adequate resources to continue in operational existence for the foreseeable future and they continue to adopt the going concern basis in preparing the financial statements. The ACD has made an assessment of each fund's ability to continue as a going concern which is made as at the date of issue of these financial statements and considers liquidity, declines in global capital markets, investor intention, known redemption levels, expense projections and key service provider's operational resilience.

The financial statements of M&G Investment Funds (1) 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

Where the functional and presentational currency of a fund is not UK sterling this is disclosed in the 'Financial statements and notes' of that fund.

c. Exchange rates

Transactions in currencies other than each 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 30 August 2024 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).

At the end of the reporting period all investments have been measured at their fair value using the prices and the portfolio holdings determined at 12 noon on 30 August 2024, 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:

- Equities 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.

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- Equities traded on the Alternative Investment Market (AIM), whose liquidity cannot be guaranteed, are included at their quoted bid price as this represents the most objective and appropriate method of valuation.
 - 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.
 - 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 equities 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 in respect of bonds.
 - Exchange traded futures and options are included at the cost of closing out the contract at the balance sheet date.
 - Over the counter equity options, 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**
- Dividends, including ordinary stock dividends, from equity investments are recognised when the security is quoted ex-dividend.
 - Distributions from collective investment schemes are recognised when the scheme is priced ex-distribution.
 - 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).
 - The value of any enhancement to a stock dividend is treated as capital.
 - Ordinary equity dividends, including ordinary stock dividends are treated as revenue.
 - Special dividends, share buy backs or additional share issues may be treated as revenue or capital depending on the facts of each particular case.
 - 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.
 - Other interest income, such as bank interest is treated as revenue.

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- 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.
- 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

Financial statements and notes

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.

i. Tax

Dividends and similar income receivable are 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.

Marginal tax relief has not been taken into account in respect of expenses offset against capital.

j. Allocation of returns to share classes

The annual charge is directly attributable to individual share classes. All other returns are apportioned to each 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 funds are 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 funds, with specific risk disclosures set out in the notes to the financial statements of each fund.

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 each fund. All funds are subject to an investment oversight process in accordance with the type and nature of the fund. In addition all funds are monitored for compliance within regulatory limits.

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In measuring and monitoring market risk, the global exposure of a fund is calculated using a commitment approach.

b. Commitment approach

The commitment approach is applied for funds investing only in traditional asset classes, namely equities, fixed income, money market instruments and collective investment schemes.

In addition, the approach is applied for funds which use or intend to use derivatives or instruments embedding derivatives, but only for efficient portfolio management purposes, or in a simple way not necessarily restricted to efficient portfolio management.

Under the commitment approach the global exposure of funds is measured and monitored using a commitment (adjusted notional) methodology.

Market risk is considered on a daily basis and forms the foundation of investment oversight analysis. This can include for each fund (but is not limited to) the analysis of factors such as fund concentration; style, geographical, industry and market capitalisation biases; active, systematic and specific risk measurements; active money; and beta characteristics.

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 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. None of the funds have been escalated for remedial action.

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

Financial statements and notes

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.

Authorised Corporate Director's Report

For the purposes of these financial statements, the Prospectus dated 30 August 2024 has been used.

Investment objective

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

Investment policy

At least 80% of the fund is invested directly in equity securities and equity-related securities of companies across any sectors and market capitalisations that are incorporated, domiciled, or do most of their business in the Asia Pacific region (excluding Japan).

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

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

Derivatives may be used for efficient portfolio management and hedging.

Investment approach

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

The investment approach identifies shares of Asia Pacific ex Japan companies which, in the fund manager's opinion at the time of investment, are undervalued.

When analysing a company, the fund manager focuses on three key factors: return on capital, valuations and corporate governance.

The fund manager believes that company-specific factors, in particular their profitability (which is measured in terms of return on capital), drive share prices over the long term.

Benchmark

MSCI AC Asia Pacific ex Japan Index

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

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

For each share class the benchmark will be denominated or hedged into the relevant share class currency. The benchmark for each share class will be shown in its respective KIID.

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 12 to 14.

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



The above number:

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

Authorised Corporate Director's Report

Investment review

For the year ended 31 August 2024

Performance against objective

Between 1 September 2023 (the start of the review period) and 31 August 2024, the fund's sterling share classes delivered a positive total return (the combination of income and growth of capital). Fund performance was ahead of the benchmark, the MSCI AC Asia Pacific ex Japan Index, which advanced 12.8% during the period.

The fund has also outperformed its benchmark over five years (the benchmark returned 4.4% pa in this time). It has therefore met the objective of providing a higher total return, net of the ongoing charge figure, than that of the MSCI AC Asia Pacific ex Japan Index, over any five-year period.

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

Performance review

The MSCI AC Asia Pacific ex Japan Index recorded a positive return during the review period, although the region lagged global equities as measured by the MSCI AC World Index. Much of this was due to the weak performance of China and Hong Kong, which make up around a third of the regional index by market capitalisation.

Despite valuations looking attractive to us, and some measures by the government to boost the economy, investors continue to be concerned by the lacklustre growth of the Chinese economy and problems in its property sector.

Other large markets to lag included South Korea, despite the announcement by officials that it would introduce measures to boost shareholder returns. The country is seeking to replicate the success of Japan's corporate governance reforms through its own measures called the 'Value up' programme. We think these are constructive moves but experience tells us reform measures can take a long time to be effective.

Better performing markets included India and Taiwan. India's stockmarket has benefited from significant interest from investors, attracted by the robust economic growth of the world's most populous country and its buoyant IPO market. Taiwan's stockmarket surged as its largest stock, TSMC (Taiwan Semiconductor Manufacturing) rallied to a record high on the back of optimism surrounding artificial intelligence and strong results. Australia was another major market that outperformed.

Against this backdrop the fund outperformed its benchmark. In line with our strategy, stock selection was the main driver of outperformance and was particularly strong in China and South Korea and was also beneficial in Hong Kong and Taiwan. However, our overweight position in Hong Kong and our underweight position in Taiwan, held back relative performance. The fund's underweight exposure to India and stockpicking in the country detracted.

In terms of individual names, South Korean companies Hyundai Motor (Preference shares), KB Financial and Samsung Life Insurance added value. In China, holdings in Yangzijiang Shipbuilding, Sinopec Kantons, Sinopec Engineering and Brilliance China Automotive aided relative performance.

Hyundai Motor's share price soared on news that it planned to list its Indian business on India's booming stockmarket, while Yangzijiang Shipbuilding reported excellent results. Yangzijiang Shipbuilding reported not just positive operating figures, but also robust new order numbers suggesting the company will beat its already raised guidance – effectively locking in earnings until 2028.

Brilliance China Automotive, a company we have followed for some time and a consistently strong contributor, continued to add value. We exited the holding after the announcement of a large special dividend.

Conversely, key detractors over the period included financials GF Securities and Bandhan Bank (now sold), Mineral Resources, Nexteer Automotive, JD.com and H World.

Authorised Corporate Director's Report

Shares in Mineral Resources fell heavily after the Australian mining company reported disappointing full year earnings. China's JD.com has looked weak throughout the review period on concerns about falling consumer demand and online competition, but we believe its shares are attractively valued.

Hotel operator, H World weakened as investors worried about near term consumer trends amid reports of weaker room rates. We decided to close the position preferring other companies in the sector.

Investment activities

Early in the review period we opened a position in China-based pork product supplier WH, which we have held before, but had sold when its valuation became stretched. In financials, we switched out of China Construction Bank and into China Merchants Bank (CMB), one of the country's premier retail banks. CMB has a strong deposit franchise, is well capitalised and is very prudent on provisioning for non-performing loans.

Later, we started a new position in Crystal International, a Hong Kong based group making clothes for global brands like Uniqlo, H&M and Levi's, and exited holdings in Han's Laser Technology and VTech.

In 2024, we added Telkom Indonesia and United Overseas Bank (UOB) to the portfolio. The investment in UOB is based on our growing optimism regarding its acquisition of Citibank's operations in Malaysia, Indonesia, Thailand and Vietnam.

Towards the end of the review period, we initiated positions in integrated telecommunications operators Advanced Info Service and Singapore Telecommunications, and hotel operator Atour Lifestyle. We also exited positions in Baidu and Techtronic Industries.

Thailand-based Advanced Info Service saw a significant drop in revenues per subscriber during the pandemic as low cost competition intensified. Since then the market has consolidated and revenues are recovering. If this continues the stock should see significant upgrades. The company has a strong balance sheet and an attractive dividend yield.

As well as its domestic business Singapore Telecommunications (Singtel), owns Optus – the number two player in Australia, and has stakes in Bharti (India), Globe (Philippines), Telkomsel (Indonesia) and AIS (Thailand). After a period of poor operational performance, we believe the company has turned a corner – free cash flow is improving as revenues rise. Singtel offers an attractive yield, in our view, and at the time of our investment, its stake in Bharti was worth as much as its entire market capitalisation.

We like the hotel sector overall and Atour Lifestyle is our preferred stock. The company is growing quickly, but is trading at a discount to some other names in the sector. Atour Lifestyle is growing a powerful brand and has a user loyalty membership scheme which has proved very popular.

Other new holdings included China Resources Beer, Thai Beverage, CK Asset, Lendlease, Beijing Oriental Yuhong, while we exited positions in CGN Power and CK Infrastructure.

Outlook

Our investment process is all about bottom up, differentiated research on individual stocks within our investment universe. We do not profess to be able to forecast near-term earnings on these names better than anyone else, but we do think that we have superior perspective on what makes these companies really tick. Over numerous years we believe we have built an effective 'mousetrap', where we have earned the right to a differentiated perspective on companies within our universe. Our process allows us to differentiate between signal and noise and efficiently get to the heart of what really drives company performance and share prices.

Authorised Corporate Director's Report

What has been interesting in the last few quarters is the high level of single stock volatility in markets. We are not in a position to know when near-term price disruption might mean revert in certain names, what we can say though is that these bouts of volatility are creating very interesting opportunities for active managers like ourselves.

David Perrett

Fund manager

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

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

Portfolio statement

Investments

Holding	as at 31.08.24 \$'000	as at 31.08.24 %	as at 31.08.23 %
Equities	372,017	100.71	100.03
Ireland	0	0.00	0.61
United States	10,068	2.72	1.09
744,685 Amcor PLC	8,429	2.28	
4,664,000 Nexteer Automotive Group Ltd.	1,639	0.44	
Canada	1,979	0.54	0.97
104,418 Cenovus Energy, Inc.	1,979	0.54	
Australia	39,737	10.76	14.61
286,462 ANZ Group Holdings Ltd.	5,918	1.60	
259,330 BHP Group Ltd.	7,187	1.94	
242,474 BlueScope Steel Ltd.	3,405	0.92	
11,118 CSL Ltd.	2,321	0.63	
47,151,235 FBR Ltd.	1,250	0.34	
819,502 Lendlease Corp. Ltd.	3,761	1.02	
108,701 Mesoblast Ltd. Warrants 20/03/2028	0	0.00	
86,302 Mineral Resources Ltd.	2,356	0.64	
256,623 National Australia Bank Ltd.	6,641	1.80	
1,111,185 Stockland	3,770	1.02	
169,198 Woodside Energy Group Ltd.	3,128	0.85	
China	70,435	19.07	22.16
640,676 Alibaba Group Holding Ltd.	6,660	1.80	
266,719 Atour Lifestyle Holdings Ltd. ADR	4,995	1.35	
121,067 Autohome, Inc. ADR	3,038	0.82	
2,341,500 Beijing Oriental Yuhong Waterproof Technology Co. Ltd.	3,588	0.97	
84,000 BYD Co. Ltd.	2,950	0.80	
965,500 China Merchants Bank Co. Ltd.	3,993	1.08	
42,234,000 China Tower Corp. Ltd.	5,193	1.41	
2,609,400 GF Securities Co. Ltd.	2,087	0.57	
3,338,000 Hainan Meilan International Airport Co. Ltd.	2,939	0.80	
2,433,400 Huatai Securities Co. Ltd.	2,677	0.72	
253,003 JD.com, Inc.	3,449	0.93	
2,327,150 Jiangsu Zhongtian Technology Co. Ltd.	4,248	1.15	
456,050 KE Holdings, Inc. ADR	6,799	1.84	

Portfolio statement

Investments (continued)

Holding	as at 31.08.24 \$'000	as at 31.08.24 %	as at 31.08.23 %
Equities (continued)			
China (continued)			
136,780 Meituan	2,063	0.56	
281,600 MINISO Group Holding Ltd.	1,183	0.32	
133,491 MINISO Group Holding Ltd. ADR	2,229	0.60	
13,663 PDD Holdings, Inc. ADR	1,314	0.36	
6,022,500 Sinopec Engineering Group Co. Ltd.	4,124	1.12	
1,749,000 Weichai Power Co. Ltd.	2,671	0.72	
2,224,800 Yangzijiang Shipbuilding Holdings Ltd.	4,235	1.15	
Hong Kong	55,265	14.96	12.20
1,028,600 AIA Group Ltd.	7,282	1.97	
1,238,500 BOC Hong Kong Holdings Ltd.	3,902	1.06	
1,375,500 China Resources Beer Holdings Co. Ltd.	4,266	1.16	
984,000 CK Asset Holdings Ltd.	3,969	1.07	
754,850 CK Hutchison Holdings Ltd.	4,160	1.13	
12,903,000 Crystal International Group Ltd.	6,075	1.64	
890,345 HUTCHMED China Ltd. ^a	3,168	0.86	
492,500 Sun Hung Kai Properties Ltd.	4,817	1.30	
277,500 Tencent Holdings Ltd.	13,547	3.67	
5,600,000 WH Group Ltd.	4,079	1.10	
India	32,852	8.89	8.49
529,791 Cartrade Tech Ltd.	5,366	1.45	
584,558 HDFC Bank Ltd.	11,327	3.07	
311,245 ICICI Bank Ltd.	4,572	1.24	
242,278 Infosys Ltd.	5,627	1.52	
369,800 Juniper Hotels Ltd.	1,786	0.48	
115,810 Reliance Industries Ltd.	4,174	1.13	
Indonesia	14,539	3.94	2.80
9,949,700 Bank Mandiri Persero Tbk. PT	4,571	1.24	
14,961,200 Bank Rakyat Indonesia Persero Tbk. PT	4,986	1.35	
25,163,400 Telkom Indonesia Persero Tbk. PT	4,982	1.35	
Singapore	27,253	7.38	5.99
120,000 17LIVE Group Ltd. Warrants 07/12/2028	3	0.00	

Portfolio statement

Investments (continued)

Holding	as at 31.08.24 \$'000	as at 31.08.24 %	as at 31.08.23 %
Equities (continued)			
Singapore (continued)			
285,304 DBS Group Holdings Ltd.	7,960	2.16	
7,354,800 Genting Singapore Ltd.	4,544	1.23	
8,652,300 Netlink NBN Trust	5,811	1.57	
1,874,200 Singapore Telecommunications Ltd.	4,488	1.22	
185,200 United Overseas Bank Ltd.	4,447	1.20	
South Korea	47,156	12.77	13.06
48,778 Hyundai Motor Co. Preference Shares	6,627	1.80	
54,400 KB Financial Group, Inc.	3,498	0.95	
7,552 LG Chem Ltd.	1,818	0.49	
32,193 Samsung Electro-Mechanics Co. Ltd.	3,441	0.93	
326,776 Samsung Electronics Co. Ltd.	18,175	4.92	
17,411 Samsung Fire & Marine Insurance Co. Ltd.	4,510	1.22	
75,773 Samsung Life Insurance Co. Ltd.	5,514	1.49	
27,481 SK Hynix, Inc.	3,573	0.97	
Taiwan	40,763	11.03	8.88
344,220 Delta Electronics, Inc.	4,299	1.16	
73,000 MediaTek, Inc.	2,818	0.76	
1,140,178 Taiwan Semiconductor Manufacturing Co. Ltd.	33,646	9.11	
Thailand	18,627	5.04	2.14
568,300 Advanced Info Service PCL	4,130	1.12	
1,094,500 Bangkok Bank PCL	4,560	1.23	
1,303,800 Kasikornbank PCL	5,509	1.49	
10,989,100 Thai Beverage PCL	4,428	1.20	
Bermuda	13,343	3.61	6.17
6,037,631 COSCO SHIPPING Ports Ltd.	3,586	0.97	
22,165,000 Pacific Basin Shipping Ltd.	6,107	1.65	
6,564,000 Sinopec Kantons Holdings Ltd.	3,650	0.99	
Cayman Islands	0	0.00	0.86

Portfolio statement

Investments (continued)

Holding	as at 31.08.24 \$'000	as at 31.08.24 %	as at 31.08.23 %
Currency	(5)	0.00	0.00
Forward currency contracts	(5)	0.00	0.00
HK\$(63,600,000) Sold for \$8,185,750 (expires 03.02.25)	(5)	0.00	
Total portfolio	372,012	100.71	100.03
Net other assets/(liabilities)	(2,631)	(0.71)	(0.03)
Net assets attributable to shareholders	369,381	100.00	100.00

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

^a AIM quoted.

Portfolio statement

Top ten portfolio transactions for the year to 31 August 2024

Largest purchases	\$'000
Taiwan Semiconductor Manufacturing Co. Ltd.	7,418
Samsung Electronics Co. Ltd.	7,027
AIA Group Ltd.	5,966
KE Holdings, Inc. ADR	5,326
Crystal International Group Ltd.	5,182
Atour Lifestyle Holdings Ltd. ADR	4,860
Tencent Holdings Ltd.	4,801
HDFC Bank Ltd.	4,743
Bangkok Bank PCL	4,683
Telkom Indonesia Persero Tbk. PT	4,675
Other purchases	143,301
Total purchases	197,982

Largest sales	\$'000
CK Infrastructure Holdings Ltd.	6,073
KB Financial Group, Inc.	4,835
JD.com, Inc.	3,850
China Construction Bank Corp.	3,602
CGN Power Co. Ltd.	3,531
Techtronic Industries Co. Ltd.	3,340
Yangzijiang Shipbuilding Holdings Ltd.	3,321
DBS Group Holdings Ltd.	3,274
H World Group Ltd. ADR	3,185
Venture Corp. Ltd.	2,905
Other sales	62,347
Total sales	100,263

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, historic prices, distribution rates, performance information (including a range of performance graphs) and other documents, please visit our website at mandg.com/investments

Long-term performance by share class

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

Share class	One year % ^a	Three years % pa	Five years % pa	Ten years % pa
Sterling				
Class 'A' Income	+14.9	+4.0	+6.3	+5.9
Class 'A' Accumulation	+14.9	+4.0	+6.3	+5.9
Class 'I' Income	+15.4	+4.4	+6.7	+6.5
Class 'I' Accumulation	+15.4	+4.4	+6.7	+6.5
Class 'PP' Income	+15.5	n/a	n/a	n/a
Class 'PP' Accumulation	+15.5	n/a	n/a	n/a
Class 'R' Income	+15.1	+4.2	+6.5	+6.2
Class 'R' Accumulation	+15.1	+4.2	+6.5	+6.2
Benchmark	+12.8	-0.3	+4.4	+6.7

^a Not annualised.

Specific share class performance

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

'Operating charges' and 'Direct 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 shares

The share class was launched on 14 September 1973.

for the year to 31 August Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	1,402.71	1,512.62	1,558.37
Return before operating charges*	227.13	(38.95)	39.52
Operating charges	(15.25)	(18.68)	(20.73)
Return after operating charges*	211.88	(57.63)	18.79
Distributions	(48.71)	(52.28)	(64.54)
Closing NAV	1,565.88	1,402.71	1,512.62
*after direct transaction cost of	1.71	1.85	1.49
Performance			
Return after charges (%)	15.11	(3.81)	1.21
Other information			
Closing NAV (\$'000)	149,538	115,861	116,985
Number of shares	7,249,780	6,514,022	6,658,008
Operating charges	1.01	1.25	1.35
Direct transaction costs (%)	0.11	0.13	0.09
Prices			
Highest share price	1,669.51	1,627.02	1,592.73
Lowest share price	1,367.20	1,291.90	1,377.45

Sterling Class 'A' Accumulation shares

The share class was launched on 14 September 1973.

for the year to 31 August Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	2,727.24	2,833.79	2,800.44
Return before operating charges*	440.60	(71.43)	70.57
Operating charges	(29.54)	(35.12)	(37.22)
Return after operating charges*	411.06	(106.55)	33.35
Distributions	(66.71)	(64.56)	(74.32)
Retained distributions	66.71	64.56	74.32
Closing NAV	3,138.30	2,727.24	2,833.79
*after direct transaction cost of	3.32	3.46	2.68
Performance			
Return after charges (%)	15.07	(3.76)	1.19
Other information			
Closing NAV (\$'000)	17,145	15,167	17,433
Number of shares	414,746	438,588	529,601
Operating charges	1.01	1.26	1.35
Direct transaction costs (%)	0.11	0.13	0.09
Prices			
Highest share price	3,245.05	3,049.72	2,861.79
Lowest share price	2,657.45	2,421.52	2,474.97

Financial highlights

Sterling Class 'I' Income shares

The share class was launched on 3 August 2012.

for the year to 31 August Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	1,648.31	1,770.24	1,816.37
Return before operating charges*	267.39	(45.80)	46.33
Operating charges	(10.88)	(14.82)	(17.05)
Return after operating charges*	256.51	(60.62)	29.28
Distributions	(57.34)	(61.31)	(75.41)
Closing NAV	1,847.48	1,648.31	1,770.24
*after direct transaction cost of	2.02	2.17	1.74
Performance			
Return after charges (%)	15.56	(3.42)	1.61
Other information			
Closing NAV (\$'000)	27,841	21,588	19,006
Number of shares	1,144,038	1,032,890	924,254
Operating charges	0.61	0.85	0.95
Direct transaction costs (%)	0.11	0.13	0.09
Prices			
Highest share price	1,967.35	1,907.38	1,858.45
Lowest share price	1,609.08	1,512.90	1,608.95

Sterling Class 'I' Accumulation shares

The share class was launched on 3 August 2012.

for the year to 31 August Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	2,155.58	2,230.97	2,196.01
Return before operating charges*	349.05	(57.04)	55.54
Operating charges	(14.35)	(18.35)	(20.58)
Return after operating charges*	334.70	(75.39)	34.96
Distributions	(61.65)	(59.37)	(68.12)
Retained distributions	61.65	59.37	68.12
Closing NAV	2,490.28	2,155.58	2,230.97
*after direct transaction cost of	2.67	2.76	2.11
Performance			
Return after charges (%)	15.53	(3.38)	1.59
Other information			
Closing NAV (\$'000)	163,318	64,199	32,575
Number of shares	4,978,715	2,348,803	1,257,013
Operating charges	0.61	0.82	0.95
Direct transaction costs (%)	0.11	0.13	0.09
Prices			
Highest share price	2,572.02	2,404.92	2,246.35
Lowest share price	2,103.63	1,907.50	1,944.76

Financial highlights

Sterling Class 'PP' Income shares

The share class was launched on 27 April 2023.

for the year/period to 31 August Change in NAV per share	2024 UK p	2023 UK p
Opening NAV	97.02	100.00
Return before operating charges*	15.74	(1.11)
Operating charges	(0.54)	(0.20)
Return after operating charges*	15.20	(1.31)
Distributions	(3.38)	(1.67)
Closing NAV	108.84	97.02
*after direct transaction cost of	0.12	0.05
Performance		
Return after charges (%)	15.67	(1.31)
Other information		
Closing NAV (\$'000)	46	25
Number of shares	32,000	20,010
Operating charges	0.51	0.51
Direct transaction costs (%)	0.11	0.13
Prices		
Highest share price	115.87	103.18
Lowest share price	94.74	95.89

Sterling Class 'PP' Accumulation shares

The share class was launched on 27 April 2023.

for the year/period to 31 August Change in NAV per share	2024 UK p	2023 UK p
Opening NAV	98.69	100.00
Return before operating charges*	15.97	(1.11)
Operating charges	(0.54)	(0.20)
Return after operating charges*	15.43	(1.31)
Distributions	(2.93)	(1.49)
Retained distributions	2.93	1.49
Closing NAV	114.12	98.69
*after direct transaction cost of	0.12	0.05
Performance		
Return after charges (%)	15.63	(1.31)
Other information		
Closing NAV (\$'000)	44	25
Number of shares	29,243	20,000
Operating charges	0.51	0.51
Direct transaction costs (%)	0.11	0.13
Prices		
Highest share price	117.84	103.18
Lowest share price	96.35	95.89

Financial highlights

Sterling Class 'R' Income shares

The share class was launched on 3 August 2012.

for the year to 31 August Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	161.75	174.16	179.15
Return before operating charges*	26.20	(4.49)	4.56
Operating charges	(1.49)	(1.90)	(2.12)
Return after operating charges*	24.71	(6.39)	2.44
Distributions	(5.62)	(6.02)	(7.43)
Closing NAV	180.84	161.75	174.16
*after direct transaction cost of	0.20	0.21	0.17
Performance			
Return after charges (%)	15.28	(3.67)	1.36
Other information			
Closing NAV (\$'000)	1,073	1,100	1,021
Number of shares	450,555	536,523	504,666
Operating charges	0.86	1.10	1.20
Direct transaction costs (%)	0.11	0.13	0.09
Prices			
Highest share price	192.72	187.45	183.18
Lowest share price	157.75	148.78	158.48

Sterling Class 'R' Accumulation shares

The share class was launched on 3 August 2012.

for the year to 31 August Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	209.75	217.62	214.74
Return before operating charges*	33.91	(5.50)	5.42
Operating charges	(1.94)	(2.37)	(2.54)
Return after operating charges*	31.97	(7.87)	2.88
Distributions	(5.45)	(5.27)	(6.06)
Retained distributions	5.45	5.27	6.06
Closing NAV	241.72	209.75	217.62
*after direct transaction cost of	0.26	0.27	0.21
Performance			
Return after charges (%)	15.24	(3.62)	1.34
Other information			
Closing NAV (\$'000)	10,376	9,220	9,388
Number of shares	3,258,765	3,466,724	3,713,967
Operating charges	0.86	1.11	1.20
Direct transaction costs (%)	0.11	0.13	0.09
Prices			
Highest share price	249.83	234.35	219.53
Lowest share price	204.50	186.00	189.93

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Statement of total return

for the year to 31 August	Note	2024		2023	
		\$'000	\$'000	\$'000	\$'000
Income					
Net capital gains/(losses)	3		47,193		3,218
Revenue	5	10,707		8,554	
Expenses	6	(2,372)		(2,397)	
Interest payable and similar charges		(3)		(2)	
Net revenue/(expense) before taxation		8,332		6,155	
Taxation	7	(1,362)		(765)	
Net revenue/(expense) after taxation			6,970		5,390
Total return before distributions			54,163		8,608
Distributions	8		(9,101)		(7,375)
Change in net assets attributable to shareholders from investment activities			45,062		1,233

Statement of change in net assets attributable to shareholders

for the year to 31 August	2024		2023	
	\$'000	\$'000	\$'000	\$'000
Opening net assets attributable to shareholders		227,185		196,408
Amounts received on issue of shares	115,379		42,732	
Amounts paid on cancellation of shares	(23,178)		(15,658)	
		92,201		27,074
Dilution adjustments		288		109
Change in net assets attributable to shareholders from investment activities (see above)		45,062		1,233
Retained distributions on Accumulation shares		4,643		2,359
Unclaimed distributions		2		2
Closing net assets attributable to shareholders		369,381		227,185

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Balance sheet

as at 31 August	Note	2024 \$'000	2023 \$'000
Assets			
Fixed assets			
Investments		372,017	227,260
Current assets			
Debtors	9	2,312	759
Cash and bank balances	10	808	5,875
Cash equivalents		2,897	3,241
Total assets		378,034	237,135
Liabilities			
Investment liabilities		(5)	0
Creditors			
Bank overdrafts		(117)	(3,694)
Distribution payable		(5,550)	(5,162)
Other creditors	11	(1,764)	(532)
Deferred tax provision	7	(1,217)	(562)
Total liabilities		(8,653)	(9,950)
Net assets attributable to shareholders		369,381	227,185

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Notes to the financial statements

1 Accounting policies

The financial statements have been prepared in accordance with the 'Summary of significant accounting policies' set out on pages 9 to 12.

The fund's functional and presentational currency is US dollars as this better reflects the currency of its primary economic environment.

2 Distribution policy

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

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

3 Net capital gains/(losses)

for the year to 31 August	2024 \$'000	2023 \$'000
Non-derivative securities	47,256	3,264
Derivative contracts	(5)	0
Currency gains/(losses)	(58)	(46)
Net capital gains/(losses)	47,193	3,218

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4 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' within 'Notes to the financial statements' on pages 11 and 12. Total direct portfolio transaction costs are stated before dilution adjustments.

for the year to 31 August	2024 \$'000	% of transaction	2023 \$'000	% of transaction
a) Purchases				
Equities				
Equities before transaction costs	197,792		102,330	
Commissions	82	0.04	57	0.06
Taxes	108	0.05	76	0.07
Total purchases after transaction costs	197,982		102,463	
b) Sales				
Equities				
Equities before transaction costs	100,402		79,128	
Commissions	(43)	0.04	(41)	0.05
Taxes	(96)	0.10	(96)	0.12
Total sales after transaction costs	100,263		78,991	
	2024 \$'000	% of average NAV	2023 \$'000	% of average NAV
c) Direct portfolio transaction costs				
Commissions paid				
Equities	125	0.04	98	0.05
Taxes paid				
Equities	204	0.07	172	0.08
Total direct portfolio transaction costs	329	0.11	270	0.13
		%		%
d) Indirect portfolio transaction costs				
Average portfolio dealing spread as at the balance sheet date		0.25		0.27

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5 Revenue

for the year to 31 August	2024 \$'000	2023 \$'000
Bank interest	7	5
Dividends from equity investments: non-taxable	10,252	8,277
Dividends from equity investments: taxable	47	0
Interest distributions	122	107
Property distribution: taxable	165	163
Rebate of ongoing charges from underlying funds	2	2
Stock dividends	112	0
Total revenue	10,707	8,554

6 Expenses

for the year to 31 August	2024 \$'000	2023 \$'000
Payable to the ACD or associate		
Annual charge	2,372	2,397
Total expenses	2,372	2,397

Audit fees for the financial year ending 2024 were £12,000 (2023: £11,000) (including VAT), which are covered by the annual charge.

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7 Taxation

for the year to 31 August	2024 \$'000	2023 \$'000
a) Analysis of charge in the year		
Corporation tax	0	0
Withholding tax	646	456
Capital gains tax (India)	61	339
Deferred tax provision on capital gains tax (India) (note 7c)	655	(30)
Total taxation	1,362	765
b) Factors affecting taxation charge for the year		
Net revenue/(expense) before taxation	8,332	6,155
Corporation tax at 20%	1,666	1,231
Effects of:		
Revenue: non-taxable	(2,050)	(1,655)
Stock dividends: non-taxable	(22)	0
Current year expenses not utilised	411	430
Withholding tax	646	456
Capital gains tax (India)	716	309
Overseas tax expensed	(5)	(6)
Total tax charge (note 7a)	1,362	765
c) Provision for deferred taxation		
Provision at the start of the year	562	592
Deferred tax in profit and loss account (note 7a)	655	(30)
Provision at the end of the year	1,217	562

The fund has not recognised a deferred tax asset of \$23,369,000 (2023: \$22,958,000) arising as a result of having excess management expenses. We do not expect this asset to be utilised in the foreseeable future.

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8 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	2024		2023	
	Inc \$'000	Acc \$'000	Inc \$'000	Acc \$'000
Dividend distributions				
Final	5,550	4,643	5,162	2,359
Total net distributions		10,193		7,521
Income deducted on cancellation of shares		369		284
Income received on issue of shares		(1,461)		(430)
Distributions		9,101		7,375
Net revenue/(expense) per statement of total return		6,970		5,390
Expenses offset against capital		1,527		1,676
Stock dividends not distributed		(112)		0
Capital gains tax offset against capital		716		309
Distributions		9,101		7,375

9 Debtors

as at 31 August	2024 \$'000	2023 \$'000
Amounts receivable on issues of shares	888	558
Currency deals outstanding	820	0
Distributions receivable	3	10
Dividends receivable	472	191
Sales awaiting settlement	129	0
Total debtors	2,312	759

10 Cash and bank balances

as at 31 August	2024 \$'000	2023 \$'000
Cash held as bank balances	808	5,875
Total cash and bank balances	808	5,875

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11 Other creditors

as at 31 August	2024 \$'000	2023 \$'000
Amounts payable on cancellation of shares	30	391
Annual charge payable	88	53
Currency deals outstanding	821	0
Purchases awaiting settlement	825	88
Total other creditors	1,764	532

12 Contingent assets, liabilities and outstanding commitments

There were no contingent assets, liabilities or outstanding commitments at the balance sheet date (2023: same).

13 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 14.

Share class	Opening 01.09.23	Issued	Movements		Closing 31.08.24
			Cancelled	Converted	
Sterling					
Class 'A' Income	6,514,022	836,825	(101,067)	0	7,249,780
Class 'A' Accumulation	438,588	24,923	(48,765)	0	414,746
Class 'I' Income	1,032,890	454,894	(343,746)	0	1,144,038
Class 'I' Accumulation	2,348,803	2,973,741	(343,829)	0	4,978,715
Class 'PP' Income	20,010	18,500	(6,510)	0	32,000
Class 'PP' Accumulation	20,000	21,243	(12,000)	0	29,243
Class 'R' Income	536,523	52,818	(138,786)	0	450,555
Class 'R' Accumulation	3,466,724	219,897	(427,856)	0	3,258,765

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.

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14 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 %
Sterling	
Class 'A'	1.00
Class 'I'	0.60
Class 'PP'	Up to 0.95
Class 'R'	0.85

15 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 8. Amounts due to/from M&G Securities Limited in respect of share transactions at the year end are disclosed in notes 9 and 11 where applicable.

Amounts paid to M&G Securities Limited in respect of the annual charge are disclosed in note 6. Amounts due at the year end in respect of the annual charge are disclosed in note 11.

Amounts paid to M&G Securities Limited in respect of rebate arrangements for the annual charge are disclosed in notes 3 and 5. Amounts due at the year end from the ACD, and/or associate, in respect of these rebates are disclosed in note 9.

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 36.66% (2023: 39.68%) of the fund's shares.

16 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.

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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 2024 \$'000	Liabilities 2024 \$'000	Assets 2023 \$'000	Liabilities 2023 \$'000
Level 1	372,017	0	227,260	0
Level 2	0	(5)	0	0
Level 3	0	0	0	0
	372,017	(5)	227,260	0

17 Risk management policies

The general risk management policies for the fund are set out in note 3 to the financial statements on pages 12 to 14.

18 Market risk sensitivity

A five per cent increase in the value of the fund's investment portfolio would have the effect of increasing the return and net assets by \$18,601,000 (2023:\$11,363,000). A five per cent decrease would have an equal and opposite effect.

19 Currency risk sensitivity and exposure

A five per cent increase in the value of the fund's currency exposure would have the effect of increasing the return and net assets by \$16,624,000 (2023: \$10,559,000). A five per cent decrease would have an equal and opposite effect.

as at 31 August	2024 \$'000	2023 \$'000
Currency exposure		
Australian dollar	39,876	33,234
Canadian dollar	1,979	2,204
Chinese yuan	10,792	3,375
Hong Kong dollar	99,284	79,060
Indian rupee	32,765	19,231
Indonesian rupiah	14,538	6,364
Singapore dollar	36,026	17,758
South Korean won	47,156	29,682
Sterling	(4,993)	(4,758)
Taiwan dollar	40,763	20,172
Thailand baht	14,286	4,866
US dollar	36,909	15,997
Total	369,381	227,185

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20 Interest rate risk sensitivity and exposure

As the majority of the fund's financial assets are non-interest bearing, the risk is not considered significant and is therefore not disclosed.

21 Credit risk

Credit risk with regard to derivative balances is not considered significant and is therefore not disclosed.

22 Dividend distribution tables

This fund pays annual ordinary distributions and the following table sets out the distribution period.

Annual distribution period

	Start	End	Xd	Payment
Final	01.09.23	31.08.24	02.09.24	31.10.24

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

Ordinary distributions for the year to 31 August	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Final	41.5981	7.1096	48.7077	52.2763

Sterling Class 'A' Accumulation shares

Ordinary distributions for the year to 31 August	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Final	24.9941	41.7123	66.7064	64.5557

Sterling Class 'I' Income shares

Ordinary distributions for the year to 31 August	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Final	34.1065	23.2355	57.3420	61.3145

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Sterling Class 'I' Accumulation shares

Ordinary distributions for the year to 31 August	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Final	29.5431	32.1066	61.6497	59.3677

Sterling Class 'PP' Income shares

Ordinary distributions for the year to 31 August	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Final	0.9713	2.4050	3.3763	1.6690

Sterling Class 'PP' Accumulation shares

Ordinary distributions for the year to 31 August	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Final	0.0814	2.8440	2.9254	1.4945

Sterling Class 'R' Income shares

Ordinary distributions for the year to 31 August	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Final	3.5612	2.0607	5.6219	6.0229

Sterling Class 'R' Accumulation shares

Ordinary distributions for the year to 31 August	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Final	3.2422	2.2097	5.4519	5.2695

23 Events after the balance sheet date

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

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For the purposes of these financial statements, the Prospectus dated 30 August 2024 has been used.

Investment objective

The fund has two aims:

- To provide a higher total return (capital growth plus income), net of the ongoing charge figure, than that of the MSCI Europe ex UK Index over any five-year period; and
- To invest in companies that contribute towards the Paris Agreement climate change goal.

Investment policy

At least 80% of the fund is invested directly in equity securities and equity-related securities of companies across any sector and market capitalisation that are incorporated, domiciled or listed in Europe, excluding the UK. The fund has a concentrated portfolio and usually holds fewer than 35 companies.

The fund invests in securities that meet the ESG Criteria and Sustainability Criteria.

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

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

References to 'assessed' above mean assessment in accordance with the ESG Criteria and Sustainability Criteria document as disclosed in the ESG Information

section below. Further information on the exclusions applicable to the fund can be found in this document.

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

Derivatives may be used for efficient portfolio management and hedging.

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

Investment approach

The fund is a focused Europe ex UK equity fund, investing over the long term in sustainable companies which contribute to the long-term global warming objectives of the Paris Agreement, by either having a Low Carbon Intensity and/or a Reducing Carbon Intensity. Low Carbon Intensity means a carbon intensity lower than 50% of the weighted average carbon intensity of the fund's benchmark, the MSCI Europe ex UK Index. Reducing Carbon Intensity companies mean companies that have Science Based Targets aligned with the Paris Agreement or have committed to have them in place within a defined time period. The fund manager considers that active engagement with these companies is key to sustain positive change.

In addition, these companies need to demonstrate business models competitively positioned to protect their profitability as well as an ongoing commitment to decarbonisation. Importantly, the fund invests in businesses where short-term issues have provided a clear valuation opportunity. The fund employs a bottom-up stock picking approach, driven by the fundamental analysis of individual companies. The fund

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manager believes that this approach offers a powerful combination, providing the long-term compounded value of quality businesses, as well as the potential boost to a company's share price when a short-term issue has been resolved.

Sustainability considerations encompassing ESG factors are fully integrated into the investment process through ongoing engagement with investee companies. In particular, climate considerations, including investing in Low and/or Reducing Carbon Intensity companies and non-mandatory factors such as whether companies are providing direct solutions to the climate challenge via their products and services, play an important role in determining the investment universe, stock selection, and portfolio construction, alongside other sustainability considerations. The fund will typically have a weighted average carbon intensity of less than half that of the MSCI Europe ex UK Index.

ESG Information

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

- ESG Criteria and Sustainability Criteria: in the document titled 'M&G European Sustain Paris Aligned Fund – ESG Criteria and Sustainability Criteria' which includes the fund's exclusions approach.
- An Annual ESG and Sustainability Report providing an assessment of the sustainable objective of the fund will also be published when available.
- Any other periodic reporting against the sustainable objective of the fund.

Benchmark

MSCI Europe ex UK Index

The benchmark is the target for the fund's financial objective and is used to measure the fund's financial performance. The index has been chosen as the fund's benchmark as it best reflects the financial aspects of the fund's investment policy.

The benchmark is also used to define what a Low Carbon Intensity company is and to measure the fund's weighted average carbon intensity but does not otherwise constrain the fund's portfolio construction.

The fund is actively managed and within given constraints, the fund manager has complete freedom in choosing which investments to buy, hold and sell in the fund. The fund's holdings may deviate significantly from the benchmark's constituents, and as a result the fund's performance may deviate materially from the benchmark.

For each share class the benchmark will be denominated or hedged into the relevant share class currency. The benchmark for each share class will be shown in its respective KIID.

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 12 to 14.

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.

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Investment review

For the year ended 31 August 2024

Performance against objective

Between 1 September 2023 (the start of the review period) and 31 August 2024, the M&G European Sustain Paris Aligned Fund delivered a positive total return (the combination of income and growth of capital) across all of its sterling share classes, but underperformed its benchmark, the MSCI Europe ex UK Index, which returned 15.8% over the same period.

Over five years, the fund has outperformed its benchmark. The fund has therefore achieved its financial objective which is to provide a higher total return (capital growth plus income), net of the ongoing charge figure, than that of the MSCI Europe ex UK Index over any five-year period. The index delivered an annualised return of 7.8% pa over this period.

With regards to the fund's non-financial objective to invest in companies that contribute towards the Paris Agreement climate change goal (ie companies that have a low and/or reducing carbon intensity), data at the end of the period showed the fund's weighted average carbon intensity (WACI) was more than 50% lower than the WACI of the fund's benchmark.

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

Performance review

Global equities mostly performed well in the period under review. Markets were boosted by signs of easing inflation, hopes of interest rate cuts and excitement about artificial intelligence (AI). Indeed, the 'Magnificent Seven' mega-cap tech stocks generally thrived.

However, the period was punctuated by market dips. At the start of the 12 months, investors were forced to contend with the prospect that interest rates might remain higher for longer – a result of the US Federal Reserve's revised interest rate 'dot plot' (a chart which records each Federal Reserve official's projection for the central bank's key short-term interest rate) and continued strong inflation. Again, in April, fears that

interest rates might remain higher for longer and worries about tensions in the Middle East proved detrimental to markets.

Global equities also underwent a period of turbulence in July and August. Though markets gained during these months, the 'Magnificent Seven' mega-cap tech stocks suffered losses in July after earnings releases left investors underwhelmed. Furthermore, at the start of August, worries about an economic slowdown in the US and an unwinding of the yen carry trade had negative ramifications for markets. A carry trade involves borrowing in the currency of a country with low interest rates and investing that money in a country with a higher interest rate.

Stock selection in industrials and materials had a particularly harmful impact on relative returns. The fund's below-benchmark position in technology also dented relative performance. In contrast, stockpicking in healthcare and technology boosted relative returns, as did the fund's below-benchmark position in consumer staples.

Key detractors from relative performance included Akzo Nobel, Metso and Grifols. Grifols' share price tumbled at the start of the year after hedge fund Gotham City Research raised concerns about its accounting practices. The company's lower-than-expected 2024 guidance (issued in February) and another damaging report from Gotham City Research in March compounded its share price instability over the period.

The top contributors to relative performance were ALK-Abello and CTS Eventim. ALK-Abello released solid quarterly results and raised its full-year revenue guidance in May. This was largely due to strong demand for its tablets in Europe. In August, ALK-Abello once again published strong quarterly results and raised its full-year outlook. This provided a further boost to its share price.

Investment activities

During the period, we opened a position in Danish energy company, Orsted, taking advantage of its recent share price weakness. We also opened a position in Siemens. We think that Siemens offers a significant

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margin of safety (the difference between the current share price and what we believe to be the intrinsic value of the company).

We closed our positions in consumer goods company Unilever and healthcare company Grifols.

ESG Engagements

We met German industrial gases company Linde to encourage it to publish a Scope 3 inventory, particularly in relation to use of its products. We also urged the company to publish Scope 3 reduction targets. We further discussed calculation of its Scope 4 emissions and suggested that it disclose how its capex aligns with its carbon reduction strategy. The company has now published a Scope 3 inventory, with targets to follow. On the governance side, we recommended that Linde increase female representation at board level.

We met WH Smith to discuss the possibility of the UK retailer paying its workforce in line with the real living wage. We believe this could act as a retention mechanism. We have been engaging with the business on this issue for some time now.

WH Smith confirmed that it currently pays above the minimum wage, with salary increases more significant for those lower down in the firm's structure. We suggested that those employees who have remained with the company for a particular time period be paid an enhanced wage, or a real living wage equivalent. The company stated that it may consider this strategy. As in previous discussions, we highlighted the fact that we wished to avoid unintended consequences (for example, an increase in pay resulting in store closures).

We also met multinational technology conglomerate Siemens to ensure it had implemented effective policies and procedures in relation to forced labour. We specifically wished to discuss a case pertaining to China's Xinjiang region.

In 2019, a report by the Australian Strategic Policy Institute shone a spotlight on forced labour in Siemens' supply chain in China. MSCI had archived the controversial matter, but reopened it in March 2024 when the topic was picked up again by a

newspaper. Siemens has one supplier in the region, KTK. KTK supplies products to Siemens' mobility business.

In our view, Siemens Mobility's process for selecting vendors seems rigorous and is designed to ensure the company selects only reputable third-party suppliers. Indeed, Siemens Mobility has periodically audited KTK to ensure that it complies with the rules around labour and workplace conditions. For example, in 2020, it asked Intertek to carry out an assessment of KTK.

In 2020, Siemens introduced an 'ESG radar' which identifies and assesses possible environmental and social risks stemming from customer relationships. It also evaluates human rights and reputational risks. We were satisfied that Siemens had effective policies and procedures in place to deal with potential forced labour, both in Xinjiang and elsewhere.

Outlook

We believe that some companies offering decent long-term growth prospects now come at a much cheaper price tag as investor attention has been diverted to other areas.

Offshore wind has taken a battering. Indeed, US projects have been abandoned due to lack of profitability and aggressive contract terms. The industry has further been dented by political noise in one of the biggest election years ever and reduced interest from investors given high interest rates. Offshore wind operator stocks, once priced as 'high-growth' assets, have become 'no-growth' assets. We think the offshore wind market is likely to return to its growth trajectory: unprofitable projects have been or are being renegotiated and demand for electricity is likely to rise due to the rapid build-out of data centres.

Authorised Corporate Director's Report

Unfortunately, data centres also pose a significant environmental risk: not only do they require a lot of energy, but also vast quantities of water for cooling purposes. In our view, companies that can help boost data centre efficiency, such as Schneider Electric, Siemens and Legrand are likely to benefit from increasing revenue opportunities.

John William Olsen

Fund manager

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

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

Portfolio statement

Investments

Holding	as at 31.08.24 €'000	as at 31.08.24 %	as at 31.08.23 %
Equities	999,267	97.26	98.70
Chemicals	47,350	4.61	6.92
491,773 Akzo Nobel NV	28,257	2.75	
44,654 Linde PLC	19,093	1.86	
Electrical equipment	114,276	11.12	11.57
440,600 Legrand SA	44,501	4.33	
240,214 Schneider Electric SE	55,357	5.39	
691,594 Vestas Wind Systems AS	14,418	1.40	
Industrial conglomerates	33,575	3.27	0.00
197,058 Siemens AG	33,575	3.27	
Machinery	62,591	6.09	6.85
537,127 ANDRITZ AG	31,959	3.11	
3,331,741 Metso OYJ	30,632	2.98	
Commercial services & supplies	29,684	2.89	3.40
1,311,392 ISS AS	21,837	2.13	
128,437 Societe BIC SA	7,847	0.76	
Air freight & logistics	33,667	3.28	4.29
206,251 DSV AS	33,667	3.28	
Marine	26,976	2.63	4.05
96,068 Kuehne & Nagel International AG	26,976	2.63	
Textiles, apparel & luxury goods	32,154	3.13	2.12
203,156 Pandora AS	32,154	3.13	
Speciality retail	20,983	2.04	2.09
1,366,061 WH Smith PLC	20,983	2.04	
Food products	35,362	3.44	4.42
364,014 Nestle SA	35,362	3.44	
Personal products	0	0.00	2.29
Health care providers & services	16,730	1.63	2.35
478,673 Fresenius Medical Care AG	16,730	1.63	
Biotechnology	0	0.00	2.14
Pharmaceuticals	124,891	12.16	10.64
1,726,825 ALK-Abello AS	41,233	4.02	
668,573 Novo Nordisk AS	83,658	8.14	

Portfolio statement

Investments (continued)

Holding	as at 31.08.24 €'000	as at 31.08.24 %	as at 31.08.23 %
Equities (continued)			
Banks			
10,415,982 AIB Group PLC	56,663	5.52	
466,748 Bank of Georgia Group PLC	25,109	2.44	
1,268,181 FinecoBank Banca Fineco SpA	19,562	1.90	
1,724,405 ING Groep NV	28,328	2.76	
Insurance			
194,522 Hannover Rueck SE	49,875	4.85	
IT services			
517,974 Amadeus IT Group SA	31,700	3.08	
Software			
294,470 SAP SE	58,164	5.66	
Entertainment			
546,619 CTS Eventim AG & Co. KGaA	46,435	4.52	
1,187,333 Universal Music Group NV	28,354	2.76	
Interactive media & services			
691,030 Scout24 SE	47,681	4.64	
Electric utilities			
552,099 Orsted AS	29,157	2.84	
Total portfolio	999,267	97.26	98.70
Net other assets/(liabilities)	28,192	2.74	1.30
Net assets attributable to shareholders	1,027,459	100.00	100.00

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

Portfolio statement

Top ten portfolio transactions for the year to 31 August 2024

Largest purchases	€'000
Novo Nordisk AS	39,721
Siemens AG	38,059
Schneider Electric SE	32,708
Scout24 SE	32,453
Orsted AS	29,858
AIB Group PLC	28,786
SAP SE	27,379
Hannover Rueck SE	27,335
Nestle SA	26,326
Legrand SA	25,586
Other purchases	335,783
Total purchases	643,994

Largest sales	€'000
Unilever PLC	21,868
Schneider Electric SE	21,278
Novo Nordisk AS	18,526
Grifols SA Preference Shares	15,613
Linde PLC	13,915
Kuehne & Nagel International AG	13,405
SAP SE	11,039
Scout24 SE	9,733
Universal Music Group NV	6,465
AIB Group PLC	6,106
Other sales	73,438
Total sales	211,386

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

Financial highlights

Fund performance

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

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

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

Long-term performance by share class

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

Share class	One year % ^a	Three years % pa	Five years % pa	Ten years % pa
Sterling				
Class 'A' Income	+14.7	+6.7	+9.1	+9.2
Class 'A' Accumulation	+14.7	+6.7	+9.2	+9.2
Class 'I' Income	+15.2	+7.2	+9.6	+9.8
Class 'I' Accumulation	+15.2	+7.2	+9.6	+9.8
Class 'PP' Income	+15.3	n/a	n/a	n/a
Class 'PP' Accumulation	+15.3	n/a	n/a	n/a
Class 'R' Income	+14.9	+6.9	+9.3	+9.5
Class 'R' Accumulation	+14.9	+6.9	+9.3	+9.5
Benchmark	+15.8	+6.1	+7.8	+8.0

^a Not annualised.

Specific share class performance

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

'Operating charges' and 'Direct 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 shares

The share class was launched on 29 September 1989.

for the year to 31 August Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	273.62	226.16	270.13
Return before operating charges*	43.67	55.37	(36.50)
Operating charges	(2.74)	(2.41)	(2.34)
Return after operating charges*	40.93	52.96	(38.84)
Distributions	(6.92)	(5.50)	(5.13)
Closing NAV	307.63	273.62	226.16
*after direct transaction cost of	0.31	0.04	0.08
Performance			
Return after charges (%)	14.96	23.42	(14.38)
Other information			
Closing NAV (€'000)	159,650	150,291	136,893
Number of shares	43,652,215	47,096,644	52,001,854
Operating charges	0.95	0.95	0.95
Direct transaction costs (%)	0.11	0.02	0.03
Prices			
Highest share price	316.99	280.47	272.87
Lowest share price	252.95	211.66	213.73

Sterling Class 'A' Accumulation shares

The share class was launched on 29 September 1989.

for the year to 31 August Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	640.43	518.70	605.85
Return before operating charges*	102.37	127.27	(81.90)
Operating charges	(6.43)	(5.54)	(5.25)
Return after operating charges*	95.94	121.73	(87.15)
Distributions	(9.83)	(7.08)	(6.25)
Retained distributions	9.83	7.08	6.25
Closing NAV	736.37	640.43	518.70
*after direct transaction cost of	0.72	0.09	0.18
Performance			
Return after charges (%)	14.98	23.47	(14.38)
Other information			
Closing NAV (€'000)	132,432	123,537	113,157
Number of shares	15,127,470	16,539,897	18,742,076
Operating charges	0.95	0.95	0.95
Direct transaction costs (%)	0.11	0.02	0.03
Prices			
Highest share price	744.70	644.80	611.99
Lowest share price	592.05	485.62	481.39

Financial highlights

Sterling Class 'I' Income shares

The share class was launched on 3 August 2012.

for the year to 31 August Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	2,224.10	1,830.93	2,178.15
Return before operating charges*	355.82	449.16	(294.86)
Operating charges	(12.94)	(11.37)	(10.93)
Return after operating charges*	342.88	437.79	(305.79)
Distributions	(56.36)	(44.62)	(41.43)
Closing NAV	2,510.62	2,224.10	1,830.93
*after direct transaction cost of	2.51	0.32	0.65
Performance			
Return after charges (%)	15.42	23.91	(14.04)
Other information			
Closing NAV (€'000)	35,280	30,200	21,181
Number of shares	1,182,016	1,164,276	993,867
Operating charges	0.55	0.55	0.55
Direct transaction costs (%)	0.11	0.02	0.03
Prices			
Highest share price	2,584.11	2,279.15	2,201.88
Lowest share price	2,057.35	1,714.16	1,726.94

Sterling Class 'I' Accumulation shares

The share class was launched on 3 August 2012.

for the year to 31 August Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	2,900.51	2,339.81	2,721.99
Return before operating charges*	464.75	575.17	(368.53)
Operating charges	(16.93)	(14.47)	(13.65)
Return after operating charges*	447.82	560.70	(382.18)
Distributions	(56.86)	(42.55)	(38.21)
Retained distributions	56.86	42.55	38.21
Closing NAV	3,348.33	2,900.51	2,339.81
*after direct transaction cost of	3.28	0.41	0.81
Performance			
Return after charges (%)	15.44	23.96	(14.04)
Other information			
Closing NAV (€'000)	111,421	79,801	55,047
Number of shares	2,799,037	2,359,075	2,021,174
Operating charges	0.55	0.55	0.55
Direct transaction costs (%)	0.11	0.02	0.03
Prices			
Highest share price	3,382.54	2,919.57	2,751.67
Lowest share price	2,683.04	2,191.38	2,167.27

Financial highlights

Sterling Class 'PP' Income shares

The share class was launched on 2 September 2021.

for the year/period to 31 August	2024	2023	2022
Change in NAV per share	UK p	UK p	UK p
Opening NAV	102.27	84.10	100.00
Return before operating charges*	16.37	20.66	(13.60)
Operating charges	(0.49)	(0.44)	(0.41)
Return after operating charges*	15.88	20.22	(14.01)
Distributions	(2.59)	(2.05)	(1.89)
Closing NAV	115.56	102.27	84.10
*after direct transaction cost of	0.12	0.02	0.03
Performance			
Return after charges (%)	15.53	24.04	(14.01)
Other information			
Closing NAV (€'000)	2,687	1,389	363
Number of shares	1,955,948	1,164,882	370,882
Operating charges	0.45	0.45	0.45
Direct transaction costs (%)	0.11	0.02	0.03
Prices			
Highest share price	118.91	104.79	101.05
Lowest share price	94.62	78.74	79.29

Sterling Class 'PP' Accumulation shares

The share class was launched on 2 September 2021.

for the year/period to 31 August	2024	2023	2022
Change in NAV per share	UK p	UK p	UK p
Opening NAV	106.70	85.99	100.00
Return before operating charges*	17.11	21.15	(13.60)
Operating charges	(0.51)	(0.44)	(0.41)
Return after operating charges*	16.60	20.71	(14.01)
Distributions	(2.21)	(1.66)	(1.49)
Retained distributions	2.21	1.66	1.49
Closing NAV	123.30	106.70	85.99
*after direct transaction cost of	0.12	0.02	0.03
Performance			
Return after charges (%)	15.56	24.08	(14.01)
Other information			
Closing NAV (€'000)	552,355	1,059	529
Number of shares	376,799,368	851,236	529,126
Operating charges	0.45	0.45	0.45
Direct transaction costs (%)	0.11	0.02	0.03
Prices			
Highest share price	124.53	107.40	101.05
Lowest share price	98.72	80.55	79.62

Financial highlights

Sterling Class 'R' Income shares

The share class was launched on 3 August 2012.

for the year to 31 August Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	215.86	178.15	212.47
Return before operating charges*	34.48	43.64	(28.73)
Operating charges	(1.82)	(1.60)	(1.55)
Return after operating charges*	32.66	42.04	(30.28)
Distributions	(5.46)	(4.33)	(4.04)
Closing NAV	243.06	215.86	178.15
*after direct transaction cost of	0.24	0.03	0.06
Performance			
Return after charges (%)	15.13	23.60	(14.25)
Other information			
Closing NAV (€'000)	5,246	4,741	3,932
Number of shares	1,815,489	1,883,172	1,896,149
Operating charges	0.80	0.80	0.80
Direct transaction costs (%)	0.11	0.02	0.03
Prices			
Highest share price	250.34	221.24	214.68
Lowest share price	199.60	166.75	168.23

Sterling Class 'R' Accumulation shares

The share class was launched on 3 August 2012.

for the year to 31 August Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	281.90	227.97	265.87
Return before operating charges*	45.10	55.99	(35.96)
Operating charges	(2.39)	(2.06)	(1.94)
Return after operating charges*	42.71	53.93	(37.90)
Distributions	(4.77)	(3.50)	(3.12)
Retained distributions	4.77	3.50	3.12
Closing NAV	324.61	281.90	227.97
*after direct transaction cost of	0.32	0.04	0.08
Performance			
Return after charges (%)	15.15	23.66	(14.26)
Other information			
Closing NAV (€'000)	28,388	25,407	20,137
Number of shares	7,356,083	7,728,268	7,588,674
Operating charges	0.80	0.80	0.80
Direct transaction costs (%)	0.11	0.02	0.03
Prices			
Highest share price	328.15	283.79	268.64
Lowest share price	260.66	213.46	211.41

Financial statements and notes

Financial statements

Statement of total return

for the year to 31 August	Note	2024		2023	
		€'000	€'000	€'000	€'000
Income					
Net capital gains/(losses)	3		155,341		76,906
Revenue	5	25,349		8,835	
Expenses	6	(6,004)		(3,238)	
Interest payable and similar charges		0		(4)	
Net revenue/(expense) before taxation		19,345		5,593	
Taxation	7	(1,247)		(744)	
Net revenue/(expense) after taxation			18,098		4,849
Total return before distributions			173,439		81,755
Distributions	8		(19,792)		(6,424)
Change in net assets attributable to shareholders from investment activities			153,647		75,331

Statement of change in net assets attributable to shareholders

for the year to 31 August	2024		2023	
	€'000	€'000	€'000	€'000
Opening net assets attributable to shareholders		416,425		351,239
Amounts received on issue of shares	619,394		64,502	
Amounts paid on cancellation of shares	(177,447)		(77,664)	
		441,947		(13,162)
Dilution adjustments		1,361		132
Change in net assets attributable to shareholders from investment activities (see above)		153,647		75,331
Retained distributions on Accumulation shares		14,061		2,867
Unclaimed distributions		18		18
Closing net assets attributable to shareholders		1,027,459		416,425

Financial statements and notes

Financial statements

Balance sheet

as at 31 August	Note	2024 €'000	2023 €'000
Assets			
Fixed assets			
Investments		999,267	411,007
Current assets			
Debtors	9	3,993	15,573
Cash and bank balances	10	818	85
Cash equivalents		29,006	8,937
Total assets		1,033,084	435,602
Liabilities			
Creditors			
Bank overdrafts		0	(8,445)
Distribution payable		(3,831)	(3,372)
Other creditors	11	(1,794)	(7,360)
Total liabilities		(5,625)	(19,177)
Net assets attributable to shareholders		1,027,459	416,425

Financial statements and notes

Notes to the financial statements

1 Accounting policies

The financial statements have been prepared in accordance with the 'Summary of significant accounting policies' set out on pages 9 to 12.

The fund's functional and presentational currency is the euro as this better reflects the currency of its primary economic environment.

2 Distribution policy

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

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

3 Net capital gains/(losses)

for the year to 31 August	2024 €'000	2023 €'000
Non-derivative securities	155,457	76,944
Currency gains/(losses)	(70)	(33)
Reimbursement paid to M&G	(64)	(11)
Rebate of ongoing charges from underlying funds taken to capital	18	6
Net capital gains/(losses)	155,341	76,906

Financial statements and notes

4 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' within 'Notes to the financial statements' on pages 11 and 12. Total direct portfolio transaction costs are stated before dilution adjustments.

for the year to 31 August	2024 €'000	% of transaction	2023 €'000	% of transaction
a) Purchases				
Equities				
Equities before transaction costs	643,022		41,184	
Commissions	210	0.03	12	0.03
Taxes	762	0.12	33	0.08
Total purchases after transaction costs	643,994		41,229	
b) Sales				
Equities				
Equities before transaction costs	211,449		51,987	
Commissions	(63)	0.03	(15)	0.03
Total sales after transaction costs	211,386		51,972	
	2024 €'000	% of average NAV	2023 €'000	% of average NAV
c) Direct portfolio transaction costs				
Commissions paid				
Equities	273	0.03	27	0.01
Taxes paid				
Equities	762	0.08	33	0.01
Total direct portfolio transaction costs	1,035	0.11	60	0.02
		%		%
d) Indirect portfolio transaction costs				
Average portfolio dealing spread as at the balance sheet date		0.06		0.07

5 Revenue

for the year to 31 August	2024 €'000	2023 €'000
Bank interest	64	15
Dividends from equity investments: non-taxable	24,194	8,717
Dividends from equity investments: taxable	245	103
Interest distributions	846	0
Total revenue	25,349	8,835

Financial statements and notes

6 Expenses

for the year to 31 August	2024 €'000	2023 €'000
Payable to the ACD or associate		
Annual charge	6,004	3,238
Total expenses	6,004	3,238

Audit fees for the financial year ending 2024 were €12,000 (2023: €11,000) (including VAT), which are covered by the annual charge.

7 Taxation

for the year to 31 August	2024 €'000	2023 €'000
a) Analysis of charge in the year		
Corporation tax	0	0
Withholding tax	1,247	744
Deferred tax (note 7c)	0	0
Total taxation	1,247	744
b) Factors affecting taxation charge for the year		
Net revenue/(expense) before taxation	19,345	5,593
Corporation tax at 20%	3,869	1,119
Effects of:		
Revenue: non-taxable	(4,839)	(1,744)
Expenses not deductible for tax purposes	4	1
Current year expenses not utilised	966	624
Withholding tax	1,247	744
Total tax charge (note 7a)	1,247	744
c) Provision for deferred taxation		
Provision at the start of the year	0	0
Deferred tax in profit and loss account (note 7a)	0	0
Provision at the end of the year	0	0

The fund has not recognised a deferred tax asset of €10,328,000 (2023: €9,362,000) arising as a result of having excess management expenses. We do not expect this asset to be utilised in the foreseeable future.

Financial statements and notes

8 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	2024		2023	
	Inc €'000	Acc €'000	Inc €'000	Acc €'000
Dividend distributions				
Interim	738	1,085	378	0
Final	3,831	12,976	3,372	2,867
Total net distributions		18,630		6,617
Income deducted on cancellation of shares		1,793		322
Income received on issue of shares		(631)		(515)
Distributions		19,792		6,424
Net revenue/(expense) per statement of total return		18,098		4,849
Expenses offset against capital		1,694		1,575
Distributions		19,792		6,424

9 Debtors

as at 31 August	2024 €'000	2023 €'000
Amounts receivable on issues of shares	222	6,968
Currency deals outstanding	474	6,239
Rebate of ongoing charges from underlying funds	1	0
Withholding tax recoverable	3,296	2,302
Reimbursement receivable from M&G	0	64
Total debtors	3,993	15,573

10 Cash and bank balances

as at 31 August	2024 €'000	2023 €'000
Cash held as bank balances	818	85
Total cash and bank balances	818	85

Financial statements and notes

11 Other creditors

as at 31 August	2024 €'000	2023 €'000
Amounts payable on cancellation of shares	1,132	411
Annual charge payable	188	93
Currency deals outstanding	474	6,254
Purchases awaiting settlement	0	502
Payable to M&G (Lux) Pan European Select Fund	0	100
Total other creditors	1,794	7,360

12 Contingent assets, liabilities and outstanding commitments

There were no contingent assets, liabilities or outstanding commitments at the balance sheet date (2023: same).

13 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 14.

Share class	Opening 01.09.23	Issued	Movements Cancelled	Converted	Closing 31.08.24
Sterling					
Class 'A' Income	47,096,644	607,336	(4,051,765)	0	43,652,215
Class 'A' Accumulation	16,539,897	138,587	(1,551,014)	0	15,127,470
Class 'I' Income	1,164,276	130,122	(112,382)	0	1,182,016
Class 'I' Accumulation	2,359,075	1,334,943	(894,981)	0	2,799,037
Class 'PP' Income	1,164,882	853,381	(62,315)	0	1,955,948
Class 'PP' Accumulation	851,236	456,380,137	(80,432,005)	0	376,799,368
Class 'R' Income	1,883,172	85,410	(153,093)	0	1,815,489
Class 'R' Accumulation	7,728,268	581,111	(953,296)	0	7,356,083

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.

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14 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 %
Sterling	
Class 'A'	0.95
Class 'I'	0.55
Class 'PP'	Up to 0.70
Class 'R'	0.80

15 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 8. Amounts due to/from M&G Securities Limited in respect of share transactions at the year end are disclosed in notes 9 and 11 where applicable.

Amounts paid to M&G Securities Limited in respect of the annual charge, ACD's annual charge and administration charge are disclosed in note 6. Amounts due at the year end in respect of the annual charge are disclosed in note 11.

Amounts paid to M&G Securities Limited in respect of rebate arrangements for the annual charge are disclosed in notes 3 and 5. Amounts due at the year end from the ACD, and/or associate, in respect of these rebates are disclosed in note 9.

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 84.51% (2023: 13.50%) of the fund's shares.

16 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.

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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 2024 €'000	Liabilities 2024 €'000	Assets 2023 €'000	Liabilities 2023 €'000
Level 1	999,267	0	411,007	0
Level 2	0	0	0	0
Level 3	0	0	0	0
	999,267	0	411,007	0

17 Risk management policies

The general risk management policies for the fund are set out in note 3 to the financial statements on pages 12 to 14.

18 Market risk sensitivity

A five per cent increase in the value of the fund's investment portfolio would have the effect of increasing the return and net assets by €49,963,000 (2023: €20,550,000). A five per cent decrease would have an equal and opposite effect.

19 Currency risk sensitivity and exposure

A five per cent increase in the value of the fund's currency exposure would have the effect of increasing the return and net assets by €19,031,000 (2023: €8,046,000). A five per cent decrease would have an equal and opposite effect.

as at 31 August	2024 €'000	2023 €'000
Currency exposure		
Danish krone	256,697	88,224
Euro	646,833	255,496
Sterling	41,351	24,785
Swiss franc	63,485	36,000
US dollar	19,093	11,920
Total	1,027,459	416,425

20 Interest rate risk sensitivity and exposure

As the majority of the fund's financial assets are non-interest bearing, the risk is not considered significant and is therefore not disclosed.

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21 Credit risk

Credit risk with regard to derivative balances is not considered significant and is therefore not disclosed.

22 Dividend distribution tables

This fund pays semi-annual ordinary distributions and the following table sets out the distribution periods.

Semi-annual distribution periods

	Start	End	Xd	Payment
Interim	01.09.23	29.02.24	01.03.24	30.04.24
Final	01.03.24	31.08.24	02.09.24	31.10.24

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

Ordinary distributions for the year to 31 August	Group 2		Group 1 & 2 Distribution	
	Income 2024 UK p	Equalisation 2024 UK p	2024 UK p	2023 UK p
Interim	0.3741	0.7329	1.1070	0.5519
Final	3.1510	2.6596	5.8106	4.9456

Sterling Class 'A' Accumulation shares

Ordinary distributions for the year to 31 August	Group 2		Group 1 & 2 Distribution	
	Income 2024 UK p	Equalisation 2024 UK p	2024 UK p	2023 UK p
Interim	0.0000	0.0000	0.0000	0.0000
Final	4.0040	5.8235	9.8275	7.0770

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Sterling Class 'I' Income shares

Ordinary distributions for the year to 31 August	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Interim	2.9538	6.0517	9.0055	4.4717
Final	8.3719	38.9873	47.3592	40.1505

Sterling Class 'I' Accumulation shares

Ordinary distributions for the year to 31 August	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Interim	0.3962	3.3516	3.7478	0.0000
Final	17.6132	35.5012	53.1144	42.5453

Sterling Class 'PP' Income shares

Ordinary distributions for the year to 31 August	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Interim	0.4142	0.0000	0.4142	0.2054
Final	1.5929	0.5862	2.1791	1.8456

Sterling Class 'PP' Accumulation shares

Ordinary distributions for the year to 31 August	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Interim	0.1913	0.0000	0.1913	0.0021
Final	0.3720	1.6427	2.0147	1.6594

Sterling Class 'R' Income shares

Ordinary distributions for the year to 31 August	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Interim	0.2638	0.6098	0.8736	0.4348
Final	2.7536	1.8350	4.5886	3.8998

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Sterling Class 'R' Accumulation shares

Ordinary distributions for the year to 31 August	Income	Group 2	Group 1 & 2	
	2024	Equalisation	Distribution	
	UK p	2024	2024	2023
		UK p	UK p	UK p
Interim	0.0000	0.0112	0.0112	0.0000
Final	2.4314	2.3305	4.7619	3.4978

23 Events after the balance sheet date

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

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For the purposes of these financial statements, the Prospectus dated 30 August 2024 has been used.

Investment objective

The fund has two aims:

- To provide a higher total return (capital growth plus income), net of the ongoing charge figure, than that of the MSCI World Index over any five-year period; and
- To invest in companies that contribute towards the Paris Agreement climate change goal.

Investment policy

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

The fund invests in securities that meet the ESG Criteria and Sustainability Criteria.

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

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

References to 'assessed' above mean assessment in accordance with the ESG Criteria and Sustainability

Criteria document as disclosed in the ESG Information section below. Further information on the exclusions applicable to the fund can be found in this document.

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

Derivatives may be used for efficient portfolio management and hedging.

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

Investment approach

The fund is a focused core global equity fund, investing over the long term in sustainable companies which contribute to the long-term global warming objectives of the Paris Agreement, by either having a Low Carbon Intensity and/or a Reducing Carbon Intensity. Low Carbon Intensity means a carbon intensity lower than 50% of the weighted average carbon intensity of the fund's benchmark, the MSCI World Index. Reducing Carbon Intensity companies means companies that have Science Based Targets aligned with the Paris Agreement or have committed to have them in place within a defined time period. The fund manager considers that active engagement with these companies is key to sustain positive change.

In addition, these companies need to demonstrate business models competitively positioned to protect their profitability as well as an ongoing commitment to decarbonisation.

Importantly, the fund invests in businesses where short-term issues have provided a clear valuation opportunity. The fund employs a bottom-up stock picking approach, driven by the fundamental analysis of

Authorised Corporate Director's Report

individual companies. The fund manager believes that this approach offers a powerful combination, providing the long-term compounded value of quality businesses, as well as the potential boost to a company's share price when a short-term issue has been resolved.

Sustainability considerations encompassing ESG factors are fully integrated into the investment process through ongoing engagement with investee companies. In particular, climate considerations, including investing in Low and/or Reducing Carbon Intensity companies and non-mandatory factors such as whether companies are providing direct solutions to the climate challenge via their products and services, play an important role in determining the investment universe, stock selection, and portfolio construction, alongside other sustainability considerations. The fund will typically have a weighted average carbon intensity of less than half that of the MSCI World Index.

ESG Information

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

- ESG Criteria and Sustainability Criteria: in the document titled 'M&G Global Sustain Paris Aligned Fund – ESG Criteria and Sustainability Criteria' which includes the fund's exclusions approach.
- An Annual ESG and Sustainability Report providing an assessment of the sustainable objective of the fund will also be published when available.
- Any other periodic reporting against the sustainable objective of the fund.

Benchmark

MSCI World Index

The benchmark is the target for the fund's financial objective and is used to measure the fund's financial performance. The index has been chosen as the fund's benchmark as it best reflects the financial aspects of the fund's investment policy.

The benchmark is also used to define what a Low Carbon Intensity company is. The fund manager considers the fund's weighted average carbon intensity against the benchmark when constructing the portfolio, but the benchmark does not otherwise constrain portfolio construction.

The fund is actively managed and within given constraints, the fund manager has freedom in choosing which investments to buy, hold and sell in the fund. The fund's holdings may deviate significantly from the benchmark's constituents, and as a result the fund's performance may deviate materially from the benchmark.

For each share class the benchmark will be denominated or hedged into the relevant share class currency. The benchmark for each share class will be shown in its respective KIID.

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 12 to 14.

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.

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Investment review

For the year ended 31 August 2024

Performance against objective

Between 1 September 2023 (the start of the review period) and 31 August 2024, the M&G Global Sustain Paris Aligned Fund delivered a positive total return (the combination of income and growth of capital) across all of its sterling share classes, but underperformed its benchmark, the MSCI World Index, which returned 20.5% over the same period.

Over five years, the fund has underperformed its benchmark. It therefore has not met its financial objective which is to provide a higher total return (capital growth plus income), net of the ongoing charge figure, than that of the MSCI World Index over any five-year period. The benchmark returned 11.9% pa over this period.

With regards to the fund's non-financial objective to invest in companies that contribute towards the Paris Agreement climate change goal (ie companies that have a low and/or reducing carbon intensity), data at the end of the period showed the fund's weighted average carbon intensity (WACI) was more than 50% lower than the WACI of the fund's benchmark.

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

Performance review

Global equities mostly performed well in the period under review. Markets were boosted by signs of easing inflation, hopes of interest rate cuts and excitement about artificial intelligence (AI). Indeed, the 'Magnificent Seven' mega-cap tech stocks generally thrived.

However, the period was punctuated by market dips. At the start of the 12 months, investors were forced to contend with the prospect that interest rates might remain higher for longer – a result of the US Federal Reserve's revised interest rate 'dot plot' and continued strong inflation. Again, in April, fears that interest rates

might remain higher for longer and worries about tensions in the Middle East proved detrimental to markets.

Global equities also underwent a period of turbulence in July and August. Though markets gained during these months, the 'Magnificent Seven' mega-cap tech stocks suffered losses in July after earnings releases left investors underwhelmed. Furthermore, at the start of August, worries about an economic slowdown in the US and an unwinding of the yen carry trade had negative ramifications for markets.

Stock selection in the technology sector had a particularly harmful impact on relative returns. The fund's below-benchmark position in technology was also detrimental to relative performance. In contrast, stockpicking in financials and healthcare enhanced relative performance. The fund's lack of exposure to energy and below-benchmark position in consumer discretionary had a further positive effect on relative returns.

Key detractors from relative performance included SolarEdge, Becton Dickinson and WH Smith. SolarEdge's poor share price performance over the period reflects a beleaguered solar market. High interest rates (dampening demand for solar projects) and reduced incentives in California have dented the solar industry. Not holding NVIDIA also had a negative effect on the fund's relative returns: the tech company's share price has surged on the back of investor excitement about AI.

The top contributors to relative performance were Tokio Marine, American Express, Schneider Electric and Novo Nordisk. Novo Nordisk has become one of Europe's most valuable companies following exponential demand for its weight-loss drug, Wegovy and diabetes medication, Ozempic.

Investment activities

In December, we added Danish energy company, Orsted, to the fund, taking advantage of its recent share price weakness. We believe that potential developments such as favourable policy measures and the easing of supply issues could benefit the company.

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At the end of February, we added Siemens to the fund and decided to close our position in Danish pharma company ALK-Abello. We think that Siemens offers a significant margin of safety (the difference between the current share price and what we believe to be the intrinsic value of the company).

ESG engagements

We engaged with a number of companies during the course of the period. We met Danish pharmaceutical company Novo Nordisk to establish whether it had appropriate processes and checks in place to prevent misuse of its weight-loss medication, Wegovy. We also sought further information on its temporary suspension from the Association of the British Pharmaceutical Industry (ABPI). We believe Novo Nordisk is doing all it can to prevent abuse of Wegovy.

We also met Tencent to discuss the independence of its board. Given the long tenures of some board members and the fact that the role of chair and chief executive is not split, we suggested the company could hire a senior independent director to enhance board independence.

Tencent stated that it understood our view and would potentially consider the addition of new directors (although it did not provide a timeline for this). It also said that it intends to increase board-level female representation to 30%. Since 2017, it has added two new female board members. Further, the departure of the board's president has helped the board become more independent.

As part of a wider discussion on sustainability, we asked eBay to commit to a net zero target validated by the Science Based Targets initiative (SBTi). We also suggested that it link circular economy impacts to executive compensation. We talked through the company's Scope 3 engagement plan. In particular, we wanted further information on how it was working to improve the sustainability of delivery mechanisms and distribution. We also wished to know more about some recent controversies relating to products sold through its platform.

As in previous meetings, the company was receptive to our suggestions. We expect eBay to implement net zero

targets validated by the SBTi. It is conducting analysis to determine what targets should look like.

In terms of executive remuneration, we suggested non-financial KPIs that tie into eBay's own materiality matrix, with key areas including re-commerce and sustainable consumption, cybersecurity and data privacy, and seller transparency and buyer protections. We also suggested a 'volume of waste avoided' metric. We await an update from the company on this issue.

In terms of Scope 3, the company has taken a three-pronged approach: engaging with carriers; engaging with policy makers; and improving its own influence on the system (for example, through the language used in contracts). It is expecting to have an impact on distribution within the next two to three years and is looking to form a coalition with other like-minded businesses.

Finally, relating to controversies, the company said it had been investing multiple times what it had paid in fines to proactively root out illegal products. It has acquired 3PM Shield, which uses AI to remove items in conflict with the company's policies before they even appear for sale. We think eBay takes this issue extremely seriously and is taking the requisite steps to prevent future illicit sales.

Outlook

We believe that some companies offering decent long-term growth prospects now come at a much cheaper price tag as investor attention has been diverted to other areas.

Rooftop solar technology companies have experienced a sudden slowdown in demand due to rising mortgage rates and lower electricity prices. Distributors and installers hold sizeable inventories because of hyper growth in previous years. Destocking and reduced end-market demand have resulted in a deterioration in both earnings and multiples. However, we view the solar industry as a long-term growth market and believe that inventories will eventually clear.

Offshore wind has also taken a battering. Indeed, US projects have been abandoned due to lack of

Authorised Corporate Director's Report

profitability and aggressive contract terms. The industry has further been dented by political noise in one of the biggest election years ever and reduced interest from investors given high interest rates. Offshore wind operator stocks, once priced as 'high-growth' assets, have become 'no-growth' assets. We think the offshore wind market is likely to return to its growth trajectory: unprofitable projects have been or are being renegotiated and demand for electricity is likely to rise due to the rapid build-out of data centres.

Unfortunately, data centres also pose a significant environmental risk: not only do they require a lot of energy, but also vast quantities of water for cooling purposes. In our view, companies that can help boost data centre efficiency, such as Schneider Electric, Johnson Controls, Siemens and Ansys are likely to benefit from increasing revenue opportunities.

John William Olsen

Fund manager

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

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

Portfolio statement

Investments

Holding	as at 31.08.24 \$'000	as at 31.08.24 %	as at 31.08.23 %
Equities	949,060	98.79	97.59
Chemicals	22,996	2.39	3.24
48,541 Linde PLC	22,996	2.39	
Containers & packaging	19,097	1.99	1.72
305,558 Ball Corp.	19,097	1.99	
Building products	27,859	2.90	2.86
389,983 Johnson Controls International PLC	27,859	2.90	
Electrical equipment	47,387	4.93	4.39
185,583 Schneider Electric SE	47,387	4.93	
Industrial conglomerates	25,950	2.70	0.00
137,461 Siemens AG	25,950	2.70	
Machinery	37,690	3.92	4.28
209,922 Graco, Inc.	17,336	1.80	
772,601 Weir Group PLC	20,354	2.12	
Commercial services & supplies	10,758	1.12	1.29
583,087 ISS AS	10,758	1.12	
Marine	18,298	1.90	3.07
58,809 Kuehne & Nagel International AG	18,298	1.90	
Speciality retail	53,887	5.61	6.21
424,821 eBay, Inc.	24,990	2.60	
1,697,965 WH Smith PLC	28,897	3.01	
Food products	17,656	1.84	2.44
164,035 Nestle SA	17,656	1.84	
Household products	9,085	0.95	1.41
157,708 Reckitt Benckiser Group PLC	9,085	0.95	
Personal products	36,669	3.82	3.60
565,682 Unilever PLC	36,669	3.82	
Health care equipment & supplies	26,047	2.71	3.67
107,950 Becton Dickinson & Co.	26,047	2.71	
Health care providers & services	55,203	5.75	5.67
93,321 UnitedHealth Group, Inc.	55,203	5.75	
Pharmaceuticals	57,903	6.03	6.89
417,642 Novo Nordisk AS	57,903	6.03	

Portfolio statement

Investments (continued)

Holding	as at 31.08.24 \$'000	as at 31.08.24 %	as at 31.08.23 %	
Equities (continued)				
Banks				
1,389,416	HDFC Bank Ltd.	26,924	2.80	
958,900	ING Groep NV	17,454	1.82	
Consumer finance				
149,572	American Express Co.	39,104	4.07	
211,132	Discover Financial Services	29,207	3.04	
Capital markets				
261,380	Bank of New York Mellon Corp.	17,303	1.80	
74,909	Morningstar, Inc.	23,395	2.44	
Insurance				
1,123,900	Tokio Marine Holdings, Inc.	42,573	4.43	
IT services				
123,862	Visa, Inc.	34,063	3.55	
Software				
52,251	Adobe, Inc.	30,086	3.13	
81,108	ANSYS, Inc.	26,004	2.71	
136,816	Manhattan Associates, Inc.	36,144	3.76	
172,404	Microsoft Corp.	71,753	7.47	
Electronic equipment, instruments & components				
149,384	SolarEdge Technologies, Inc.	3,751	0.39	
Interactive media & services				
310,352	Alphabet, Inc.	50,578	5.26	
316,700	Tencent Holdings Ltd.	15,461	1.61	
Electric utilities				
320,858	Orsted AS	18,775	1.95	
Total portfolio		949,060	98.79	97.59
Net other assets/(liabilities)		11,599	1.21	2.41
Net assets attributable to shareholders		960,659	100.00	100.00

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

Portfolio statement

Top ten portfolio transactions for the year to 31 August 2024

Largest purchases	\$'000
Siemens AG	27,999
Orsted AS	18,681
Novo Nordisk AS	17,711
HDFC Bank Ltd.	12,666
ANSYS, Inc.	8,704
Microsoft Corp.	8,001
Ball Corp.	6,386
SolarEdge Technologies, Inc.	5,532
Alphabet, Inc.	5,328
UnitedHealth Group, Inc.	5,229
Other purchases	48,541
Total purchases	164,778

Largest sales	\$'000
Novo Nordisk AS	26,846
Manhattan Associates, Inc.	15,733
ALK-Abello AS	9,957
Microsoft Corp.	9,863
Linde PLC	8,724
Adobe, Inc.	8,272
Kuehne & Nagel International AG	7,657
Schneider Electric SE	7,524
UnitedHealth Group, Inc.	3,635
Alphabet, Inc.	3,609
Other sales	26,350
Total sales	128,170

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, historic prices, distribution rates, performance information (including a range of performance graphs) and other documents, please visit our website at mandg.com/investments

Long-term performance by share class

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

Share class	One year % ^a	Three years % pa	Five years % pa	Ten years % pa
Sterling				
Class 'A' Income	+14.7	+7.6	+10.9	+11.8
Class 'A' Accumulation	+14.7	+7.6	+10.9	+11.8
Class 'I' Income	+15.2	+8.0	+11.4	+12.4
Class 'I' Accumulation	+15.2	+8.0	+11.4	+12.4
Class 'PP' Income	+15.3	n/a	n/a	n/a
Class 'PP' Accumulation	+15.4	n/a	n/a	n/a
Class 'R' Income	+14.9	+7.7	+11.1	+12.1
Class 'R' Accumulation	+14.9	+7.7	+11.1	+12.1
Benchmark^b	+20.5	+9.1	+11.9	+12.5

^a Not annualised.

^b Prior to 31 December 2015, the benchmark was the MSCI ACWI Index. Thereafter it is the MSCI World 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).

'Operating charges' and 'Direct 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 shares

The share class was launched on 19 December 1967.

for the year to 31 August Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	619.15	580.61	588.39
Return before operating charges*	97.99	55.99	8.21
Operating charges	(7.53)	(7.73)	(7.58)
Return after operating charges*	90.46	48.26	0.63
Distributions	(9.92)	(9.72)	(8.41)
Closing NAV	699.69	619.15	580.61
*after direct transaction cost of	0.13	0.08	0.17
Performance			
Return after charges (%)	14.61	8.31	0.11
Other information			
Closing NAV (\$'000)	296,827	302,554	271,086
Number of shares	32,205,189	38,538,165	40,194,436
Operating charges	1.14	1.30	1.30
Direct transaction costs (%)	0.02	0.01	0.03
Prices			
Highest share price	719.63	633.28	620.80
Lowest share price	597.31	548.24	534.43

Sterling Class 'A' Accumulation shares

The share class was launched on 19 December 1967.

for the year to 31 August Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	1,334.74	1,232.03	1,230.67
Return before operating charges*	211.42	119.12	17.26
Operating charges	(16.39)	(16.41)	(15.90)
Return after operating charges*	195.03	102.71	1.36
Distributions	(5.70)	(4.87)	0.00
Retained distributions	5.70	4.87	0.00
Closing NAV	1,529.77	1,334.74	1,232.03
*after direct transaction cost of	0.27	0.18	0.36
Performance			
Return after charges (%)	14.61	8.34	0.11
Other information			
Closing NAV (\$'000)	183,992	153,612	133,918
Number of shares	9,130,687	9,076,347	9,357,553
Operating charges	1.14	1.30	1.30
Direct transaction costs (%)	0.02	0.01	0.03
Prices			
Highest share price	1,551.35	1,344.12	1,298.49
Lowest share price	1,287.65	1,163.62	1,117.85

Financial highlights

Sterling Class 'I' Income shares

The share class was launched on 3 August 2012.

for the year to 31 August Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	3,078.27	2,875.10	2,901.89
Return before operating charges*	488.52	278.00	40.69
Operating charges	(24.62)	(26.61)	(25.90)
Return after operating charges*	463.90	251.39	14.79
Distributions	(49.44)	(48.22)	(41.58)
Closing NAV	3,492.73	3,078.27	2,875.10
*after direct transaction cost of	0.63	0.42	0.84
Performance			
Return after charges (%)	15.07	8.74	0.51
Other information			
Closing NAV (\$'000)	68,601	55,827	40,031
Number of shares	1,491,071	1,430,255	1,198,645
Operating charges	0.74	0.90	0.90
Direct transaction costs (%)	0.02	0.01	0.03
Prices			
Highest share price	3,590.99	3,146.97	3,064.26
Lowest share price	2,971.50	2,715.77	2,644.19

Sterling Class 'I' Accumulation shares

The share class was launched on 3 August 2012.

for the year to 31 August Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	3,591.34	3,301.78	3,284.95
Return before operating charges*	569.92	319.87	46.03
Operating charges	(28.68)	(30.31)	(29.20)
Return after operating charges*	541.24	289.56	16.83
Distributions	(30.20)	(26.10)	(14.28)
Retained distributions	30.20	26.10	14.28
Closing NAV	4,132.58	3,591.34	3,301.78
*after direct transaction cost of	0.73	0.48	0.94
Performance			
Return after charges (%)	15.07	8.77	0.51
Other information			
Closing NAV (\$'000)	343,339	242,313	297,119
Number of shares	6,307,167	5,321,094	7,746,859
Operating charges	0.74	0.90	0.90
Direct transaction costs (%)	0.02	0.01	0.03
Prices			
Highest share price	4,189.50	3,614.87	3,468.86
Lowest share price	3,466.75	3,119.55	2,993.31

Financial highlights

Sterling Class 'PP' Income shares

The share class was launched on 2 September 2021.

for the year/period to 31 August	2024	2023	2022
Change in NAV per share	UK p	UK p	UK p
Opening NAV	107.06	99.70	100.00
Return before operating charges*	17.01	9.65	1.71
Operating charges	(0.71)	(0.62)	(0.60)
Return after operating charges*	16.30	9.03	1.11
Distributions	(1.72)	(1.67)	(1.41)
Closing NAV	121.64	107.06	99.70
*after direct transaction cost of	0.02	0.01	0.03
Performance			
Return after charges (%)	15.23	9.06	1.11
Other information			
Closing NAV (\$'000)	18,873	76	70
Number of shares	11,778,438	56,086	60,020
Operating charges	0.60	0.60	0.60
Direct transaction costs (%)	0.02	0.01	0.03
Prices			
Highest share price	125.05	109.41	105.97
Lowest share price	103.39	94.20	91.60

Sterling Class 'PP' Accumulation shares

The share class was launched on 2 September 2021.

for the year/period to 31 August	2024	2023	2022
Change in NAV per share	UK p	UK p	UK p
Opening NAV	110.30	101.10	100.00
Return before operating charges*	17.55	9.85	1.67
Operating charges	(0.74)	(0.65)	(0.57)
Return after operating charges*	16.81	9.20	1.10
Distributions	(1.09)	(1.10)	(0.74)
Retained distributions	1.09	1.10	0.74
Closing NAV	127.11	110.30	101.10
*after direct transaction cost of	0.02	0.02	0.03
Performance			
Return after charges (%)	15.24	9.10	1.10
Other information			
Closing NAV (\$'000)	20,402	1,258	116
Number of shares	12,185,179	899,486	98,787
Operating charges	0.60	0.60	0.60
Direct transaction costs (%)	0.02	0.01	0.03
Prices			
Highest share price	128.85	110.98	105.97
Lowest share price	106.52	95.55	91.60

Financial highlights

Sterling Class 'R' Income shares

The share class was launched on 3 August 2012.

for the year to 31 August Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	302.44	283.20	286.56
Return before operating charges*	47.94	27.32	4.02
Operating charges	(3.23)	(3.34)	(3.28)
Return after operating charges*	44.71	23.98	0.74
Distributions	(4.85)	(4.74)	(4.10)
Closing NAV	342.30	302.44	283.20
*after direct transaction cost of	0.06	0.04	0.08
Performance			
Return after charges (%)	14.78	8.47	0.26
Other information			
Closing NAV (\$'000)	4,619	4,263	3,564
Number of shares	1,024,371	1,111,682	1,083,301
Operating charges	0.99	1.15	1.15
Direct transaction costs (%)	0.02	0.01	0.03
Prices			
Highest share price	352.01	309.29	302.43
Lowest share price	291.84	267.44	260.59

Sterling Class 'R' Accumulation shares

The share class was launched on 3 August 2012.

for the year to 31 August Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	349.27	321.91	321.07
Return before operating charges*	55.36	31.15	4.50
Operating charges	(3.73)	(3.79)	(3.66)
Return after operating charges*	51.63	27.36	0.84
Distributions	(2.03)	(1.75)	(0.50)
Retained distributions	2.03	1.75	0.50
Closing NAV	400.90	349.27	321.91
*after direct transaction cost of	0.07	0.05	0.09
Performance			
Return after charges (%)	14.78	8.50	0.26
Other information			
Closing NAV (\$'000)	24,006	21,602	19,425
Number of shares	4,545,823	4,877,719	5,194,945
Operating charges	0.99	1.15	1.15
Direct transaction costs (%)	0.02	0.01	0.03
Prices			
Highest share price	406.51	351.66	338.87
Lowest share price	337.02	304.07	291.98

Financial statements and notes

Financial statements

Statement of total return

for the year to 31 August	Note	2024		2023	
		\$'000	\$'000	\$'000	\$'000
Income					
Net capital gains/(losses)	3		149,701		124,943
Revenue	5	14,606		14,191	
Expenses	6	(8,208)		(8,640)	
Interest payable and similar charges		(1)		(1)	
Net revenue/(expense) before taxation		6,397		5,550	
Taxation	7	(1,481)		(1,384)	
Net revenue/(expense) after taxation			4,916		4,166
Total return before distributions			154,617		129,109
Distributions	8		(8,960)		(8,457)
Change in net assets attributable to shareholders from investment activities			145,657		120,652

Statement of change in net assets attributable to shareholders

for the year to 31 August	2024		2023	
	\$'000	\$'000	\$'000	\$'000
Opening net assets attributable to shareholders		781,505		765,329
Amounts received on issue of shares	174,590		71,803	
Amounts paid on cancellation of shares	(144,838)		(178,902)	
		29,752		(107,099)
Dilution adjustments		221		173
Change in net assets attributable to shareholders from investment activities (see above)		145,657		120,652
Retained distributions on Accumulation shares		3,492		2,443
Unclaimed distributions		32		7
Closing net assets attributable to shareholders		960,659		781,505

Financial statements and notes

Financial statements

Balance sheet

as at 31 August	Note	2024 \$'000	2023 \$'000
Assets			
Fixed assets			
Investments		949,060	762,661
Current assets			
Debtors	9	4,582	5,920
Cash and bank balances	10	1,788	3,801
Cash equivalents		16,482	20,649
Total assets		971,912	793,031
Liabilities			
Creditors			
Bank overdrafts		(1,823)	(872)
Distribution payable		(5,512)	(5,692)
Other creditors	11	(3,270)	(4,544)
Deferred tax provision	7	(648)	(418)
Total liabilities		(11,253)	(11,526)
Net assets attributable to shareholders		960,659	781,505

Financial statements and notes

Notes to the financial statements

1 Accounting policies

The financial statements have been prepared in accordance with the 'Summary of significant accounting policies' set out on pages 9 to 12.

The fund's functional and presentational currency is US dollars as this better reflects the currency of its primary economic environment.

2 Distribution policy

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

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

3 Net capital gains/(losses)

for the year to 31 August	2024 \$'000	2023 \$'000
Non-derivative securities	149,822	125,399
Currency gains/(losses)	(121)	(456)
Net capital gains/(losses)	149,701	124,943

Financial statements and notes

4 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' within 'Notes to the financial statements' on pages 11 and 12. Total direct portfolio transaction costs are stated before dilution adjustments.

for the year to 31 August	2024 \$'000	% of transaction	2023 \$'000	% of transaction
a) Purchases				
Equities				
Equities before transaction costs	164,652		77,858	
Commissions	49	0.03	27	0.03
Taxes	77	0.05	18	0.02
Total purchases after transaction costs	164,778		77,903	
b) Sales				
Equities				
Equities before transaction costs	128,206		193,754	
Commissions	(33)	0.03	(53)	0.03
Taxes	(3)	0.00	(11)	0.01
Total sales after transaction costs	128,170		193,690	
	2024 \$'000	% of average NAV	2023 \$'000	% of average NAV
c) Direct portfolio transaction costs				
Commissions paid				
Equities	82	0.01	80	0.01
Taxes paid				
Equities	80	0.01	29	0.00
Total direct portfolio transaction costs	162	0.02	109	0.01
		%		%
d) Indirect portfolio transaction costs				
Average portfolio dealing spread as at the balance sheet date		0.07		0.04

Financial statements and notes

5 Revenue

for the year to 31 August	2024 \$'000	2023 \$'000
Bank interest	22	20
Dividends from equity investments: non-taxable	12,796	12,633
Dividends from equity investments: taxable	381	511
Interest distributions	1,387	1,009
Rebate of ongoing charges from underlying funds	20	18
Total revenue	14,606	14,191

6 Expenses

for the year to 31 August	2024 \$'000	2023 \$'000
Payable to the ACD or associate		
Annual charge	8,208	8,640
Total expenses	8,208	8,640

Audit fees for the financial year ending 2024 were £12,000 (2023: £11,000) (including VAT), which are covered by the annual charge.

Financial statements and notes

7 Taxation

for the year to 31 August	2024 \$'000	2023 \$'000
a) Analysis of charge in the year		
Corporation tax	0	0
Withholding tax	1,228	1,275
Capital gains tax (India)	23	109
Deferred tax provision on capital gains tax (India) (note 7c)	230	0
Total taxation	1,481	1,384
b) Factors affecting taxation charge for the year		
Net revenue/(expense) before taxation	6,397	5,550
Corporation tax at 20%	1,279	1,110
Effects of:		
Revenue: non-taxable	(2,559)	(2,527)
Current year expenses not utilised	1,280	1,417
Withholding tax	1,228	1,275
Capital gains tax (India)	253	109
Total tax charge (note 7a)	1,481	1,384
c) Provision for deferred taxation		
Provision at the start of the year	418	418
Deferred tax in profit and loss account (note 7a)	230	0
Provision at the end of the year	648	418

The fund has not recognised a deferred tax asset of \$39,966,000 (2023: \$38,686,000) arising as a result of having excess management expenses. We do not expect this asset to be utilised in the foreseeable future.

Financial statements and notes

8 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	2024		2023	
	Inc \$'000	Acc \$'000	Inc \$'000	Acc \$'000
Dividend distributions				
Final	5,512	3,492	5,692	2,443
Total net distributions		9,004		8,135
Income deducted on cancellation of shares		689		630
Income received on issue of shares		(733)		(308)
Distributions		8,960		8,457
Net revenue/(expense) per statement of total return		4,916		4,166
Expenses offset against capital		3,791		4,182
Capital gains tax offset against capital		253		109
Distributions		8,960		8,457

9 Debtors

as at 31 August	2024 \$'000	2023 \$'000
Amounts receivable on issues of shares	1,897	4,142
Currency deals outstanding	446	70
Distributions receivable	81	150
Dividends receivable	733	433
Rebate of ongoing charges from underlying funds	0	1
Withholding tax recoverable	1,425	1,124
Total debtors	4,582	5,920

10 Cash and bank balances

as at 31 August	2024 \$'000	2023 \$'000
Cash held as bank balances	1,788	3,801
Total cash and bank balances	1,788	3,801

Financial statements and notes

11 Other creditors

as at 31 August	2024 \$'000	2023 \$'000
Amounts payable on cancellation of shares	2,564	4,228
Annual charge payable	259	246
Currency deals outstanding	447	70
Total other creditors	3,270	4,544

12 Contingent assets, liabilities and outstanding commitments

There were no contingent assets, liabilities or outstanding commitments at the balance sheet date (2023: same).

13 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 14.

Share class	Opening 01.09.23	Issued	Movements Cancelled	Converted	Closing 31.08.24
Sterling					
Class 'A' Income	38,538,165	284,223	(6,617,199)	0	32,205,189
Class 'A' Accumulation	9,076,347	702,320	(647,980)	0	9,130,687
Class 'I' Income	1,430,255	185,312	(124,496)	0	1,491,071
Class 'I' Accumulation	5,321,094	2,057,838	(1,071,765)	0	6,307,167
Class 'PP' Income	56,086	14,235,862	(2,513,510)	0	11,778,438
Class 'PP' Accumulation	899,486	18,938,514	(7,652,821)	0	12,185,179
Class 'R' Income	1,111,682	69,947	(157,258)	0	1,024,371
Class 'R' Accumulation	4,877,719	481,245	(813,141)	0	4,545,823

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

14 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 to 27.11.23 %	Annual charge from 28.11.23 %
Sterling		
Class 'A'	1.30	1.10
Class 'I'	0.90	0.70
Class 'PP'	Up to 0.90	0.60
Class 'R'	1.15	0.95

15 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 8. Amounts due to/from M&G Securities Limited in respect of share transactions at the year end are disclosed in notes 9 and 11 where applicable.

Amounts paid to M&G Securities Limited in respect of the annual charge are disclosed in note 6. Amounts due at the year end in respect of the annual charge are disclosed in note 11.

Amounts paid to M&G Securities Limited in respect of rebate arrangements for the annual charge are disclosed in notes 3 and 5. Amounts due at the year end from the ACD, and/or associate, in respect of these rebates are disclosed in note 9.

At the balance sheet date, shareholders from within M&G plc, of which M&G Securities Limited is a wholly owned subsidiary, have holdings totaling 23.70% (2023: 39.29%) of the fund's shares.

16 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 2024 \$'000	Liabilities 2024 \$'000	Assets 2023 \$'000	Liabilities 2023 \$'000
Level 1	949,060	0	762,661	0
Level 2	0	0	0	0
Level 3	0	0	0	0
	949,060	0	762,661	0

17 Risk management policies

The general risk management policies for the fund are set out in note 3 to the financial statements on pages 12 to 14.

18 Market risk sensitivity

A five per cent increase in the value of the fund's investment portfolio would have the effect of increasing the return and net assets by \$47,453,000 (2023: \$38,133,000). A five per cent decrease would have an equal and opposite effect.

19 Currency risk sensitivity and exposure

A five per cent increase in the value of the fund's currency exposure would have the effect of increasing the return and net assets by \$19,603,000 (2023: \$14,607,000). A five per cent decrease would have an equal and opposite effect.

as at 31 August	2024 \$'000	2023 \$'000
Currency exposure		
Danish krone	87,761	64,924
Euro	90,940	48,584
Hong Kong dollar	15,461	13,022
Indian rupee	26,931	14,718
Japanese yen	42,573	24,721
Sterling	91,494	81,660
Swiss franc	36,903	44,510
US dollar	568,596	489,366
Total	960,659	781,505

20 Interest rate risk sensitivity and exposure

As the majority of the fund's financial assets are non-interest bearing, the risk is not considered significant and is therefore not disclosed.

Financial statements and notes

21 Credit risk

Credit risk with regard to derivative balances is not considered significant and is therefore not disclosed.

22 Dividend distribution tables

This fund pays annual ordinary distributions and the following table sets out the distribution period.

Annual distribution period

	Start	End	Xd	Payment
Final	01.09.23	31.08.24	02.09.24	31.10.24

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

Ordinary distributions for the year to 31 August	Group 2		Group 1 & 2 Distribution	
	Income	Equalisation	2024	2023
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Final	7.1472	2.7743	9.9215	9.7200

Sterling Class 'A' Accumulation shares

Ordinary distributions for the year to 31 August	Group 2		Group 1 & 2 Distribution	
	Income	Equalisation	2024	2023
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Final	4.7596	0.9424	5.7020	4.8742

Sterling Class 'I' Income shares

Ordinary distributions for the year to 31 August	Group 2		Group 1 & 2 Distribution	
	Income	Equalisation	2024	2023
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Final	25.1715	24.2681	49.4396	48.2177

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Sterling Class 'I' Accumulation shares

Ordinary distributions for the year to 31 August	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Final	19.5651	10.6370	30.2021	26.1037

Sterling Class 'PP' Income shares

Ordinary distributions for the year to 31 August	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Final	0.2927	1.4283	1.7210	1.6736

Sterling Class 'PP' Accumulation shares

Ordinary distributions for the year to 31 August	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Final	0.5035	0.5874	1.0909	1.0999

Sterling Class 'R' Income shares

Ordinary distributions for the year to 31 August	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Final	3.3478	1.5030	4.8508	4.7427

Sterling Class 'R' Accumulation shares

Ordinary distributions for the year to 31 August	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Final	1.3605	0.6717	2.0322	1.7497

23 Events after the balance sheet date

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

Authorised Corporate Director's Report

For the purposes of these financial statements, the Prospectus dated 30 August 2024 has been used.

Investment objective

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

Investment policy

The fund will invest at least 80% of its net asset value in the equity securities of companies across any sectors and market capitalisations that are domiciled in any country, including emerging markets.

The fund may also invest in collective investment schemes, other transferable securities and may hold cash for liquidity purposes.

Derivatives may be used for efficient portfolio management.

Investment approach

The investment process of the fund combines top-down and bottom-up analysis. The fund manager aims to identify themes arising from long-term structural shifts, changes or trends. Stocks that can benefit from these themes are then selected on the basis of their quality, growth and valuation.

Themes are identified through the analysis of global macroeconomics, demographics, government policies and spending, and technological innovation, among other considerations.

The bottom-up stock selection process is designed to identify well-run companies which can benefit from those themes and which are trading on attractive valuations with good, sustainable growth prospects.

The fund is invested across the market-cap spectrum and is geographically diversified.

Benchmark

MSCI ACWI Index

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

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

For each share class the benchmark will be denominated or hedged into the relevant share class currency. The benchmark for each share class will be shown in its respective KIID.

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 12 to 14.

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



The above number:

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

Authorised Corporate Director's Report

Investment review

For the year ended 31 August 2024

Performance against objective

Between 1 September 2023 (the start of the review period) and 31 August 2024, the fund delivered a positive total return (the combination of income and growth of capital) across all its share classes, but underperformed the benchmark MSCI ACWI Index which returned 19.6% in sterling terms.

Over five years, the fund generated a positive total return across all its share classes but underperformed relative to its benchmark, the MSCI ACWI Index, which returned 11.0% pa in sterling terms. The fund therefore did not meet the objective over the specified timeframe of five years for all 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

Global stockmarkets delivered positive, but divergent returns over the review period. Volatility remained elevated as investors fretted over the impact of high interest rates before signs of moderating inflation led to a strong rebound at the end of 2023. The US Federal Reserve (Fed) signalled that interest rate cuts would come sooner than originally predicted at its December meeting which fuelled the market rally. Early in the new year, however, investors scaled back hopes of imminent rate cuts as various data releases continued to suggest economic resilience in the US.

The bullish momentum in equity markets persisted during the second quarter of 2024, buoyed by strong corporate earnings and positive sentiment around the 'Magnificent Seven' group of mega-cap technology stocks. Emerging market equities rebounded from the volatility at the start of the new year, benefiting from economic growth and the conclusion of election results in major markets.

Towards the end of the review period, the market rotated away from the new economy bellwethers that

dominated the rally in the first half of the year, resulting in a broadening of market performance.

Sectorwise, consumer staples was one of the few relative outperformers in the fund, along with industrials and financials. The information technology sector was the largest detractor, followed by healthcare and utilities, due to unfavourable stock selection.

At the stock level, New Fortress Energy emerged as the most significant detractor from our portfolio's relative performance, following a decline in its earnings. The company's financial results fell short of expectations, exerting downward pressure on its stock price. Intel and Franco-Nevada declined in the sectors of technology and materials respectively, with fundamentals playing their part. Intel, a prominent technology firm within our fund, experienced a notable setback after reporting weaker-than-anticipated quarterly earnings. The company missed estimates for both revenue and earnings, which precipitated a decline in its share value. Despite substantial investments in research and development, Intel has struggled to keep pace with its competitors in the artificial intelligence data centre market. This, coupled with sluggish growth in critical business segments and pronounced cashflow challenges, has raised concerns about the company's near-term prospects.

Franco-Nevada, a Canadian gold-focused royalty company, disclosed a year-on-year decrease in revenue. However, the negative impact was somewhat mitigated by the attainment of record-high gold prices, which provided a partial counterbalance to the revenue shortfall. Performance relative to the MSCI ACWI Index was also hampered by the zero exposure to technology name NVIDIA, one of the so-called 'Magnificent Seven' stocks that have driven the technology rally for most of the review period. We continue to see more attractively priced long-term growth opportunities elsewhere.

Conversely, private infrastructure asset manager Brookfield was a standout performer in our real estate investment portfolio, delivering substantial gains. Similarly, Siemens Energy, a key player in the German energy sector, experienced a robust rally, positioning it

Authorised Corporate Director's Report

as a frontrunner among the new economy vanguards. The share price appreciation for both companies was underpinned by strong fundamental performance, with each reporting solid operating results during the review period.

We continue to believe that the cashflows running into perpetuity with minimal operating costs, capital commitment or environmental liabilities present a compelling opportunity for long-term investors. Our conviction in the long-term investment case remains as strong as ever and it remains a core holding.

Investment activities

During the 12-month review period, we actively managed our investment portfolio, aligning with our long-term investment horizon of three to five years. We made seven new acquisitions and divested from three positions, maintaining a consistent level of turnover.

At the outset of the period, we initiated a position in New Fortress Energy, attracted by its robust long-term growth prospects in the energy sector. We further bolstered our energy holdings by investing in Enbridge and Cameco, which offer exposure to oil and natural gas infrastructure and uranium fuel, respectively. We have been patiently following Cameco, the largest global provider of nuclear fuel (uranium) and services. Growing demand for clean energy is reinvigorating the growth in nuclear power at a time that supply is constrained after years of underinvestment and geopolitical challenges. The shares had declined over 30% in recent months, opening the door for us to start a position in a name that we believe will prove critical in the global pursuit of the drive to net-zero.

In the technology space, we added Oracle, a leading software company known for its cloud services, to our portfolio. We also invested in Mobileye Global, an Israeli company at the forefront of driver assistance systems, as part of the fund's 'Future of Mobility' sub-theme. To enhance our US tech exposure, we acquired shares in Teradata, a company central to the development of multi-cloud solutions and data analytics, under the fund's 'Data & Productivity' sub-theme. Additionally, we expanded our portfolio with APA, an Australian entity

specialising in natural gas and electricity assets, and Amazon.com. Amazon is a business that we have been tracking for some time and gives us exposure to its continued share gains in global e-commerce and the structural growth in cloud computing. The name will sit under the fund's 'Demographics' theme but also offers exposure to the 'Innovation' theme with alignment to 'Cloud & Connectivity' and 'Data & Productivity'. We also began a position in biopharma company Amgen. This idea has been sponsored strongly by our healthcare analyst team as they believe it could be the next big player to emerge in obesity and yet still trades at a modest valuation, particularly versus the leaders Novo Nordisk and Eli Lilly.

To reallocate capital more effectively, we exited positions in Laboratory Corp of America (LabCorp), Starpharma and Acciona Energias Renovables.

We remained active in our portfolio management, rotating capital away from strong performers and adding to weaker names where the long-term investment case remains intact.

Outlook

The volatility experienced in global asset markets in the last month of the review period could signal the beginning of a regime change but may also prove another false dawn. Much will depend on the path of US economic progress and associated action of the central banks. The looming US election further increases the likelihood for volatility.

There have been a number of position changes and target weight adjustments in reaction to this recent volatility and to encapsulate a lot of the investment team's work over the last few months. Positioning sizing has risen where conviction is greatest and where we see the best opportunity sets.

Macro cycles come and go but the core thematic pillars of demographics, infrastructure, environment and innovation will remain pervasive growth drivers for the businesses in the portfolio, in our opinion.

Authorised Corporate Director's Report

We remain grounded by the principles of finding strong growth stories with unrealised thematic optionality and not overpaying for growth.

We are content to stand apart from most other global thematic funds that carry style concentration risk.

Alex Araujo

Fund manager

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

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

Compliance of the fund with the Sustainable Finance Disclosure Regulation ('SFDR') and the EU Taxonomy Regulation

The fund is categorised as an Article 6 fund under SFDR. The investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Portfolio statement

Investments

Holding	as at 31.08.24 \$'000	as at 31.08.24 %	as at 31.08.23 %
Equities	2,897,167	99.17	99.13
United Kingdom	65,829	2.25	3.60
174,841 AstraZeneca PLC	30,544	1.04	
3,057,865 Segro PLC	35,285	1.21	
Austria	31,337	1.07	2.02
572,874 Erste Group Bank AG	31,337	1.07	
Denmark	28,046	0.96	1.41
479,300 Orsted AS	28,046	0.96	
Finland	0	0.00	1.26
France	30,949	1.06	2.42
257,324 Vinci SA	30,949	1.06	
Germany	137,974	4.72	6.04
162,645 Hannover Rueck SE	46,206	1.58	
813,031 Infineon Technologies AG	29,642	1.01	
177,229 Siemens AG	33,457	1.15	
1,000,948 Siemens Energy AG	28,669	0.98	
Italy	0	0.00	1.00
Netherlands	30,679	1.05	1.02
121,912 NXP Semiconductors NV	30,679	1.05	
Spain	0	0.00	0.89
Switzerland	73,712	2.52	2.99
163,233 Garmin Ltd.	29,593	1.01	
131,128 Roche Holding AG	44,119	1.51	
United States	1,422,529	48.70	43.65
491,639 Alexandria Real Estate Equities, Inc.	58,077	1.99	
713,916 Alphabet, Inc.	116,347	3.98	
336,812 Amazon.com, Inc.	58,403	2.00	
130,854 American Tower Corp.	29,301	1.00	
211,483 American Water Works Co., Inc.	30,074	1.03	
133,659 Amgen, Inc.	44,353	1.52	
239,718 Becton Dickinson & Co.	57,841	1.98	
582,884 Bristol-Myers Squibb Co.	28,905	0.99	
161,202 Cheniere Energy, Inc.	29,693	1.02	

Portfolio statement

Investments (continued)

Holding	as at 31.08.24 \$'000	as at 31.08.24 %	as at 31.08.23 %
Equities (continued)			
United States (continued)			
785,373 Crown Castle, Inc.	88,437	3.03	
1,239,965 CSX Corp.	42,158	1.44	
700,370 CVS Health Corp.	40,040	1.37	
118,991 Ecolab, Inc.	29,826	1.02	
53,351 Elevance Health, Inc.	29,497	1.01	
51,873 Equinix, Inc.	42,586	1.46	
3,626,865 Intel Corp.	75,258	2.58	
163,780 Lululemon Athletica, Inc.	44,169	1.51	
52,308 Martin Marietta Materials, Inc.	27,523	0.94	
280,584 Microsoft Corp.	116,776	4.00	
1,263,362 Mobileye Global, Inc.	17,807	0.61	
69,297 Motorola Solutions, Inc.	30,393	1.04	
2,765,372 New Fortress Energy, Inc.	34,131	1.17	
555,769 NextEra Energy, Inc.	44,520	1.52	
746,479 Oracle Corp.	104,954	3.59	
424,423 QUALCOMM, Inc.	72,788	2.49	
143,233 Republic Services, Inc.	29,560	1.01	
941,957 Teradata Corp.	26,724	0.92	
106,550 Visa, Inc.	29,302	1.00	
1,409,351 Weyerhaeuser Co.	43,086	1.48	
Canada	471,581	16.14	15.53
1,533,165 Brookfield Corp.	76,667	2.62	
1,085,194 Cameco Corp.	43,824	1.50	
1,446,836 Enbridge, Inc.	57,208	1.96	
708,253 Franco-Nevada Corp.	85,805	2.94	
1,049,689 Magna International, Inc.	43,856	1.50	
2,186,180 Manulife Financial Corp.	60,053	2.05	
5,048,576 PrairieSky Royalty Ltd.	104,168	3.57	
Japan	173,380	5.94	4.92
279,100 Shimano, Inc.	52,540	1.80	

Portfolio statement

Investments (continued)

Holding	as at 31.08.24 \$'000	as at 31.08.24 %	as at 31.08.23 %
Equities (continued)			
Japan (continued)			
11,528,100 Toray Industries, Inc.	59,542	2.04	
3,211,500 Toyota Motor Corp.	61,298	2.10	
Australia	87,517	3.00	1.05
11,030,382 APA Group	56,851	1.95	
326,423 Erinbar Ltd. ^a	0	0.00	
3,330,881 Transurban Group	30,666	1.05	
China	93,937	3.22	2.55
3,045,000 BYD Co. Ltd.	93,937	3.22	
Hong Kong	132,100	4.52	4.39
6,199,568 AIA Group Ltd.	43,892	1.50	
1,806,800 Tencent Holdings Ltd.	88,208	3.02	
Singapore	30,213	1.03	1.03
1,082,875 DBS Group Holdings Ltd.	30,213	1.03	
South Korea	42,582	1.46	1.40
765,596 Samsung Electronics Co. Ltd.	42,582	1.46	
Romania	44,802	1.53	1.96
1,628,119 Societatea De Producere A Energiei Electrice in Hidrocentrale Hidroelectrica SA	44,802	1.53	
Total portfolio	2,897,167	99.17	99.13
Net other assets/(liabilities)	24,134	0.83	0.87
Net assets attributable to shareholders	2,921,301	100.00	100.00

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

^a Unlisted/unquoted.

Portfolio statement

Top ten portfolio transactions for the year to 31 August 2024

Largest purchases	\$'000
Oracle Corp.	89,640
New Fortress Energy, Inc.	74,755
Enbridge, Inc.	68,549
APA Group	64,745
Amazon.com, Inc.	57,769
Intel Corp.	52,047
Franco-Nevada Corp.	45,720
Amgen, Inc.	43,925
BYD Co. Ltd.	43,004
Cameco Corp.	42,841
Other purchases	668,606
Total purchases	1,251,601

Largest sales	\$'000
Segro PLC	64,319
Comcast Corp.	57,299
Alphabet, Inc.	57,245
Brookfield Corp.	55,271
Erste Group Bank AG	45,942
PrairieSky Royalty Ltd.	45,232
Intel Corp.	43,453
L'Oreal SA	42,552
Nokia OYJ	40,103
Corp. ACCIONA Energias Renovables SA	38,912
Other sales	990,126
Total sales	1,480,454

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, historic prices, distribution rates, performance information (including a range of performance graphs) and other documents, please visit our website at mandg.com/investments

Long-term performance by share class

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

Share class	One year % ^a	Three years % pa	Five years % pa	Ten years % pa
Euro				
Class 'A' Income	+7.3	+2.9	+8.4	+7.7
Class 'A' Accumulation	+7.3	+2.9	+8.4	+7.7
Class 'C' Income	+8.4	+3.9	+9.4	+8.8
Class 'C' Accumulation	+8.4	+3.9	+9.4	+8.8
Benchmark (EUR)^b	+21.6	+8.6	+12.6	+10.8
Sterling				
Class 'A' Income	+5.9	+2.8	+7.4	+8.7
Class 'A' Accumulation	+5.9	+2.8	+7.4	+8.8
Class 'I' Income	+6.3	+3.2	+7.8	+9.4
Class 'I' Accumulation	+6.3	+3.2	+7.8	+9.4
Class 'PP' Income	+6.6	+3.4	+8.0	n/a
Class 'PP' Accumulation	+6.6	+3.4	+8.0	n/a
Class 'R' Income	+6.1	+2.9	+7.5	+9.1
Class 'R' Accumulation	+6.1	+2.9	+7.5	+9.1
Benchmark (GBP)^b	+19.6	+7.9	+11.0	+11.5
US dollar				
Class 'A' Accumulation	+9.4	+0.7	+8.4	+5.8
Class 'C' Accumulation	+10.5	n/a	n/a	n/a
Benchmark (USD)^b	+24.0	+6.3	+12.7	+8.9

^a Not annualised.

^b Prior to 17 November 2017 the benchmark was the FTSE Global Basics Composite Index (comprising all subsectors of the FTSE World Index except media, IT, telecommunications, financials and healthcare). Thereafter it is the MSCI ACWI Index.

Financial highlights

Specific share class performance

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

'Operating charges' and 'Direct 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

Euro Class 'A' Income shares

The share class was launched on 12 July 2013.

for the year to 31 August Change in NAV per share	2024 Euro €	2023 Euro €	2022 Euro €
Opening NAV	4,329.67	4,473.69	4,442.19
Return before operating charges*	399.21	27.06	211.22
Operating charges	(88.73)	(85.23)	(84.96)
Return after operating charges*	310.48	(58.17)	126.26
Distributions	(94.05)	(85.85)	(94.76)
Closing NAV	4,546.10	4,329.67	4,473.69
*after direct transaction cost of	2.21	2.69	1.61
Performance			
Return after charges (%)	7.17	(1.30)	2.84
Other information			
Closing NAV (\$'000)	5,833	5,464	5,526
Number of shares	115,811	116,074	123,773
Operating charges	1.97	1.95	1.86
Direct transaction costs (%)	0.04	0.06	0.03
Prices			
Highest share price	4,814.61	4,565.15	4,791.79
Lowest share price	4,094.48	4,052.61	4,234.52

Euro Class 'A' Accumulation shares

The share class was launched on 28 November 2001.

for the year to 31 August Change in NAV per share	2024 Euro €	2023 Euro €	2022 Euro €
Opening NAV	4,983.92	5,048.01	4,908.76
Return before operating charges*	459.40	32.12	233.11
Operating charges	(102.05)	(96.21)	(93.86)
Return after operating charges*	357.35	(64.09)	139.25
Distributions	(14.22)	(7.30)	(2.32)
Retained distributions	14.22	7.30	2.32
Closing NAV	5,341.27	4,983.92	5,048.01
*after direct transaction cost of	2.54	3.03	1.78
Performance			
Return after charges (%)	7.17	(1.27)	2.84
Other information			
Closing NAV (\$'000)	1,911,052	1,858,604	1,771,256
Number of shares	32,291,500	34,299,357	35,160,310
Operating charges	1.97	1.95	1.86
Direct transaction costs (%)	0.04	0.06	0.03
Prices			
Highest share price	5,542.08	5,152.82	5,294.80
Lowest share price	4,713.15	4,578.86	4,679.03

Financial highlights

Euro Class 'C' Income shares

The share class was launched on 8 August 2014.

for the year to 31 August Change in NAV per share	2024 Euro €	2023 Euro €	2022 Euro €
Opening NAV	5,206.32	5,325.02	5,234.80
Return before operating charges*	480.88	33.37	249.49
Operating charges	(52.86)	(49.67)	(46.50)
Return after operating charges*	428.02	(16.30)	202.99
Distributions	(112.95)	(102.40)	(112.77)
Closing NAV	5,521.39	5,206.32	5,325.02
*after direct transaction cost of	2.67	3.21	1.91
Performance			
Return after charges (%)	8.22	(0.31)	3.88
Other information			
Closing NAV (\$'000)	12	80	1,812
Number of shares	204	1,405	34,105
Operating charges	0.97	0.95	0.86
Direct transaction costs (%)	0.04	0.06	0.03
Prices			
Highest share price	5,838.97	5,483.50	5,701.24
Lowest share price	4,930.91	4,830.55	5,030.64

Euro Class 'C' Accumulation shares

The share class was launched on 28 November 2001.

for the year to 31 August Change in NAV per share	2024 Euro €	2023 Euro €	2022 Euro €
Opening NAV	6,149.73	6,169.33	5,939.35
Return before operating charges*	568.99	37.02	282.74
Operating charges	(62.04)	(56.62)	(52.76)
Return after operating charges*	506.95	(19.60)	229.98
Distributions	(80.38)	(72.88)	(70.13)
Retained distributions	80.38	72.88	70.13
Closing NAV	6,656.68	6,149.73	6,169.33
*after direct transaction cost of	3.13	3.66	2.16
Performance			
Return after charges (%)	8.24	(0.32)	3.87
Other information			
Closing NAV (\$'000)	5,742	6,996	6,715
Number of shares	77,851	104,632	109,064
Operating charges	0.97	0.95	0.86
Direct transaction costs (%)	0.04	0.06	0.03
Prices			
Highest share price	6,898.26	6,352.21	6,468.22
Lowest share price	5,825.34	5,603.83	5,707.42

Financial highlights

Sterling Class 'A' Income shares

The share class was launched on 28 February 1973.

for the year to 31 August	2024	2023	2022
Change in NAV per share	UK p	UK p	UK p
Opening NAV	1,240.21	1,276.07	1,259.79
Return before operating charges*	89.15	5.72	59.09
Operating charges	(17.69)	(17.12)	(16.03)
Return after operating charges*	71.46	(11.40)	43.06
Distributions	(26.51)	(24.46)	(26.78)
Closing NAV	1,285.16	1,240.21	1,276.07
*after direct transaction cost of	0.55	0.78	0.45
Performance			
Return after charges (%)	5.76	(0.89)	3.42
Other information			
Closing NAV (\$'000)	169,204	174,643	180,899
Number of shares	9,995,020	11,105,519	12,204,358
Operating charges	1.37	1.35	1.26
Direct transaction costs (%)	0.04	0.06	0.03
Prices			
Highest share price	1,368.89	1,342.42	1,340.14
Lowest share price	1,196.19	1,177.88	1,188.13

Sterling Class 'A' Accumulation shares

The share class was launched on 28 February 1973.

for the year to 31 August	2024	2023	2022
Change in NAV per share	UK p	UK p	UK p
Opening NAV	2,158.08	2,176.96	2,105.14
Return before operating charges*	155.15	10.31	98.65
Operating charges	(30.79)	(29.19)	(26.83)
Return after operating charges*	124.36	(18.88)	71.82
Distributions	(18.99)	(15.53)	(14.75)
Retained distributions	18.99	15.53	14.75
Closing NAV	2,282.44	2,158.08	2,176.96
*after direct transaction cost of	0.96	1.33	0.75
Performance			
Return after charges (%)	5.76	(0.87)	3.41
Other information			
Closing NAV (\$'000)	314,140	325,797	362,310
Number of shares	10,448,546	11,905,840	14,327,902
Operating charges	1.37	1.35	1.26
Direct transaction costs (%)	0.04	0.06	0.03
Prices			
Highest share price	2,382.00	2,290.80	2,239.29
Lowest share price	2,081.48	2,012.09	1,985.28

Financial highlights

Sterling Class 'I' Income shares

The share class was launched on 3 August 2012.

for the year to 31 August Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	2,143.64	2,197.00	2,160.97
Return before operating charges*	154.35	9.75	101.70
Operating charges	(21.69)	(20.81)	(18.92)
Return after operating charges*	132.66	(11.06)	82.78
Distributions	(45.93)	(42.30)	(46.75)
Closing NAV	2,230.37	2,143.64	2,197.00
*after direct transaction cost of	0.96	1.35	0.78
Performance			
Return after charges (%)	6.19	(0.50)	3.83
Other information			
Closing NAV (\$'000)	64,360	67,252	58,986
Number of shares	2,190,644	2,474,186	2,311,341
Operating charges	0.97	0.95	0.86
Direct transaction costs (%)	0.04	0.06	0.03
Prices			
Highest share price	2,372.85	2,315.27	2,307.64
Lowest share price	2,068.89	2,028.98	2,042.01

Sterling Class 'I' Accumulation shares

The share class was launched on 3 August 2012.

for the year to 31 August Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	2,575.79	2,587.97	2,492.60
Return before operating charges*	185.37	12.36	117.12
Operating charges	(26.06)	(24.54)	(21.75)
Return after operating charges*	159.31	(12.18)	95.37
Distributions	(33.03)	(28.28)	(29.17)
Retained distributions	33.03	28.28	29.17
Closing NAV	2,735.10	2,575.79	2,587.97
*after direct transaction cost of	1.15	1.59	0.89
Performance			
Return after charges (%)	6.18	(0.47)	3.83
Other information			
Closing NAV (\$'000)	390,762	405,150	344,826
Number of shares	10,846,045	12,404,711	11,470,538
Operating charges	0.97	0.95	0.86
Direct transaction costs (%)	0.04	0.06	0.03
Prices			
Highest share price	2,851.11	2,728.12	2,661.63
Lowest share price	2,485.89	2,393.20	2,355.25

Financial highlights

Sterling Class 'PP' Income shares

The share class was launched on 5 August 2019.

for the year to 31 August Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	128.34	131.22	128.77
Return before operating charges*	9.24	0.60	6.08
Operating charges	(1.04)	(0.99)	(0.86)
Return after operating charges*	8.20	(0.39)	5.22
Distributions	(2.75)	(2.49)	(2.77)
Closing NAV	133.79	128.34	131.22
*after direct transaction cost of	0.06	0.08	0.05
Performance			
Return after charges (%)	6.39	(0.30)	4.05
Other information			
Closing NAV (\$'000)	5,161	3,684	1,686
Number of shares	2,928,222	2,263,939	1,106,506
Operating charges	0.77	0.75	0.66
Direct transaction costs (%)	0.04	0.06	0.03
Prices			
Highest share price	142.25	138.40	137.78
Lowest share price	123.89	121.21	121.81

Sterling Class 'PP' Accumulation shares

The share class was launched on 8 April 2019.

for the year to 31 August Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	154.31	154.73	148.73
Return before operating charges*	11.13	0.75	7.00
Operating charges	(1.26)	(1.17)	(1.00)
Return after operating charges*	9.87	(0.42)	6.00
Distributions	(2.29)	(1.99)	(2.06)
Retained distributions	2.29	1.99	2.06
Closing NAV	164.18	154.31	154.73
*after direct transaction cost of	0.07	0.10	0.05
Performance			
Return after charges (%)	6.40	(0.27)	4.03
Other information			
Closing NAV (\$'000)	5,583	2,252	1,014
Number of shares	2,581,698	1,150,777	564,411
Operating charges	0.77	0.75	0.66
Direct transaction costs (%)	0.04	0.06	0.03
Prices			
Highest share price	171.05	163.26	159.12
Lowest share price	148.97	143.12	140.66

Financial highlights

Sterling Class 'R' Income shares

The share class was launched on 3 August 2012.

for the year to 31 August Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	210.77	216.55	213.54
Return before operating charges*	15.16	0.96	10.04
Operating charges	(2.68)	(2.59)	(2.41)
Return after operating charges*	12.48	(1.63)	7.63
Distributions	(4.51)	(4.15)	(4.62)
Closing NAV	218.74	210.77	216.55
*after direct transaction cost of	0.09	0.13	0.08
Performance			
Return after charges (%)	5.92	(0.75)	3.57
Other information			
Closing NAV (\$'000)	5,670	5,635	5,062
Number of shares	1,967,894	2,108,533	2,012,246
Operating charges	1.22	1.20	1.11
Direct transaction costs (%)	0.04	0.06	0.03
Prices			
Highest share price	232.89	227.95	227.48
Lowest share price	203.34	199.92	201.54

Sterling Class 'R' Accumulation shares

The share class was launched on 3 August 2012.

for the year to 31 August Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	250.59	252.40	243.71
Return before operating charges*	18.02	1.20	11.44
Operating charges	(3.19)	(3.01)	(2.75)
Return after operating charges*	14.83	(1.81)	8.69
Distributions	(2.58)	(2.16)	(2.18)
Retained distributions	2.58	2.16	2.18
Closing NAV	265.42	250.59	252.40
*after direct transaction cost of	0.11	0.15	0.09
Performance			
Return after charges (%)	5.92	(0.72)	3.57
Other information			
Closing NAV (\$'000)	25,608	26,050	25,701
Number of shares	7,324,146	8,198,421	8,765,926
Operating charges	1.22	1.20	1.11
Direct transaction costs (%)	0.04	0.06	0.03
Prices			
Highest share price	276.89	265.78	259.62
Lowest share price	241.75	233.33	230.00

Financial highlights

US dollar Class 'A' Accumulation shares

The share class was launched on 9 March 2007.

for the year to 31 August	2024	2023	2022
Change in NAV per share	US ¢	US ¢	US ¢
Opening NAV	1,921.63	1,786.45	2,060.07
Return before operating charges*	216.10	171.30	(237.10)
Operating charges	(39.03)	(36.12)	(36.52)
Return after operating charges*	177.07	135.18	(273.62)
Distributions	(5.59)	(2.85)	(0.65)
Retained distributions	5.59	2.85	0.65
Closing NAV	2,098.70	1,921.63	1,786.45
*after direct transaction cost of	0.85	1.14	0.69
Performance			
Return after charges (%)	9.21	7.57	(13.28)
Other information			
Closing NAV (\$'000)	18,165	23,170	24,463
Number of shares	865,545	1,205,761	1,369,355
Operating charges	1.97	1.95	1.86
Direct transaction costs (%)	0.04	0.06	0.03
Prices			
Highest share price	2,144.30	2,021.92	2,103.79
Lowest share price	1,763.59	1,583.41	1,730.45

US dollar Class 'C' Accumulation shares

The share class was launched on 17 November 2022.

for the year/period to 31 August	2024	2023
Change in NAV per share	US ¢	US ¢
Opening NAV	1,069.42	1,000.00
Return before operating charges*	120.99	77.62
Operating charges	(10.77)	(8.20)
Return after operating charges*	110.22	69.42
Distributions	(14.23)	(10.00)
Retained distributions	14.23	10.00
Closing NAV	1,179.64	1,069.42
*after direct transaction cost of	0.48	0.51
Performance		
Return after charges (%)	10.31	6.94
Other information		
Closing NAV (\$'000)	9	21
Number of shares	800	2,000
Operating charges	0.97	0.96
Direct transaction costs (%)	0.04	0.06
Prices		
Highest share price	1,203.75	1,124.17
Lowest share price	982.97	981.31

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Statement of total return

for the year to 31 August	Note	2024		2023	
		\$'000	\$'000	\$'000	\$'000
Income					
Net capital gains/(losses)	3		249,301		208,931
Revenue	5	70,198		65,418	
Expenses	6	(45,873)		(45,450)	
Interest payable and similar charges		(4)		(4)	
Net revenue/(expense) before taxation		24,321		19,964	
Taxation	7	(8,693)		(7,913)	
Net revenue/(expense) after taxation			15,628		12,051
Total return before distributions			264,929		220,982
Distributions	8		(18,858)		(15,462)
Change in net assets attributable to shareholders from investment activities			246,071		205,520

Statement of change in net assets attributable to shareholders

for the year to 31 August	2024		2023	
	\$'000	\$'000	\$'000	\$'000
Opening net assets attributable to shareholders		2,904,798		2,790,256
Amounts received on issue of shares	29,280		139,120	
Amounts paid on cancellation of shares	(271,988)		(240,239)	
		(242,708)		(101,119)
Dilution adjustments		246		239
Change in net assets attributable to shareholders from investment activities (see above)		246,071		205,520
Retained distributions on Accumulation shares		12,865		9,888
Unclaimed distributions		29		14
Closing net assets attributable to shareholders		2,921,301		2,904,798

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Financial statements

Balance sheet

as at 31 August	Note	2024 \$'000	2023 \$'000
Assets			
Fixed assets			
Investments		2,897,167	2,879,504
Current assets			
Debtors	9	12,523	17,913
Cash and bank balances	10	9,722	9,537
Cash equivalents		12,906	19,573
Total assets		2,932,318	2,926,527
Liabilities			
Creditors			
Distribution payable		(5,160)	(5,063)
Other creditors	11	(5,857)	(16,666)
Total liabilities		(11,017)	(21,729)
Net assets attributable to shareholders		2,921,301	2,904,798

Financial statements and notes

Notes to the financial statements

1 Accounting policies

The financial statements have been prepared in accordance with the 'Summary of significant accounting policies' set out on pages 9 to 12.

The fund's functional and presentational currency is US dollars as this better reflects the currency of its primary economic environment.

2 Distribution policy

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

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

3 Net capital gains/(losses)

for the year to 31 August	2024 \$'000	2023 \$'000
Non-derivative securities	247,592	206,861
Capital gains on US REIT	1,949	2,460
Currency gains/(losses)	(240)	(390)
Net capital gains/(losses)	249,301	208,931

Financial statements and notes

4 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' within 'Notes to the financial statements' on pages 11 and 12. Total direct portfolio transaction costs are stated before dilution adjustments.

for the year to 31 August	2024 \$'000	% of transaction	2023 \$'000	% of transaction
a) Purchases				
Equities				
Equities before transaction costs	1,251,003		1,127,324	
Commissions	386	0.03	467	0.04
Taxes	212	0.02	667	0.06
Total purchases after transaction costs	1,251,601		1,128,458	
b) Sales				
Equities				
Equities before transaction costs	1,481,096		1,218,005	
Commissions	(530)	0.04	(456)	0.04
Taxes	(112)	0.01	(178)	0.01
Total sales after transaction costs	1,480,454		1,217,371	
	2024 \$'000	% of average NAV	2023 \$'000	% of average NAV
c) Direct portfolio transaction costs				
Commissions paid				
Equities	916	0.03	923	0.03
Taxes paid				
Equities	324	0.01	845	0.03
Total direct portfolio transaction costs	1,240	0.04	1,768	0.06
		%		%
d) Indirect portfolio transaction costs				
Average portfolio dealing spread as at the balance sheet date		0.16		0.09

Financial statements and notes

5 Revenue

for the year to 31 August	2024 \$'000	2023 \$'000
Bank interest	89	81
Dividends from equity investments: non-taxable	55,496	57,869
Dividends from equity investments: taxable	5,473	2,072
Interest distributions	681	527
Property distribution: non-taxable	438	1,029
Property distribution: taxable	8,014	3,832
Rebate of ongoing charges from underlying funds	7	8
Total revenue	70,198	65,418

6 Expenses

for the year to 31 August	2024 \$'000	2023 \$'000
Payable to the ACD or associate		
Annual charge	45,873	45,450
Total expenses	45,873	45,450

Audit fees for the financial year ending 2024 were £12,000 (2023: £11,000) (including VAT), which are covered by the annual charge.

Financial statements and notes

7 Taxation

for the year to 31 August	2024 \$'000	2023 \$'000
a) Analysis of charge in the year		
Corporation tax	0	0
Withholding tax	8,401	7,544
Capital gains tax (US)	292	369
Deferred tax (note 7c)	0	0
Total taxation	8,693	7,913
b) Factors affecting taxation charge for the year		
Net revenue/(expense) before taxation	24,321	19,964
Corporation tax at 20%	4,864	3,993
Effects of:		
Revenue: non-taxable	(11,187)	(11,779)
Capital income subject to taxation	390	492
Current year expenses not utilised	6,249	7,519
Withholding tax	8,401	7,544
Withholding tax expensed	(316)	(225)
Capital gains tax (US)	292	369
Total tax charge (note 7a)	8,693	7,913
c) Provision for deferred taxation		
Provision at the start of the year	0	0
Deferred tax in profit and loss account (note 7a)	0	0
Provision at the end of the year	0	0

The fund has not recognised a deferred tax asset of \$215,575,000 (2023: \$209,326,000) arising as a result of having excess management expenses. We do not expect this asset to be utilised in the foreseeable future.

Financial statements and notes

8 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	2024		2023	
	Inc \$'000	Acc \$'000	Inc \$'000	Acc \$'000
Dividend distributions				
Final	5,160	12,865	5,063	9,888
Total net distributions		18,025		14,951
Income deducted on cancellation of shares		891		1,297
Income received on issue of shares		(58)		(786)
Distributions		18,858		15,462
Net revenue/(expense) per statement of total return		15,628		12,051
Expenses offset against capital		2,938		3,042
Capital gains tax offset against capital		292		369
Distributions		18,858		15,462

9 Debtors

as at 31 August	2024 \$'000	2023 \$'000
Amounts receivable from M&G Global Leaders Fund	26	84
Amounts receivable on issues of shares	87	2,113
Currency deals outstanding	343	6,419
Distributions receivable	34	59
Dividends receivable	5,026	4,113
Sales awaiting settlement	2,886	1,474
Withholding tax recoverable	4,121	3,651
Total debtors	12,523	17,913

10 Cash and bank balances

as at 31 August	2024 \$'000	2023 \$'000
Cash held as bank balances	9,722	9,537
Total cash and bank balances	9,722	9,537

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11 Other creditors

as at 31 August	2024 \$'000	2023 \$'000
Amounts payable on cancellation of shares	4,126	3,352
Annual charge payable	1,389	1,241
Currency deals outstanding	342	6,417
Purchases awaiting settlement	0	5,656
Total other creditors	5,857	16,666

12 Contingent assets, liabilities and outstanding commitments

There were no contingent assets, liabilities or outstanding commitments at the balance sheet date (2023: same).

13 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 14.

Share class	Opening 01.09.23	Movements			Closing 31.08.24
		Issued	Cancelled	Converted	
Euro					
Class 'A' Income	116,074	5,745	(6,008)	0	115,811
Class 'A' Accumulation	34,299,357	184,111	(2,191,968)	0	32,291,500
Class 'C' Income	1,405	0	(1,201)	0	204
Class 'C' Accumulation	104,632	0	(26,781)	0	77,851
Sterling					
Class 'A' Income	11,105,519	88,618	(1,199,117)	0	9,995,020
Class 'A' Accumulation	11,905,840	206,574	(1,663,868)	0	10,448,546
Class 'I' Income	2,474,186	42,535	(326,077)	0	2,190,644
Class 'I' Accumulation	12,404,711	124,383	(1,683,049)	0	10,846,045
Class 'PP' Income	2,263,939	1,265,430	(601,147)	0	2,928,222
Class 'PP' Accumulation	1,150,777	1,610,832	(179,911)	0	2,581,698
Class 'R' Income	2,108,533	35,179	(175,818)	0	1,967,894
Class 'R' Accumulation	8,198,421	131,951	(1,006,226)	0	7,324,146
US dollar					
Class 'A' Accumulation	1,205,761	30,202	(370,418)	0	865,545
Class 'C' Accumulation	2,000	0	(1,200)	0	800

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.

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14 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 %
Euro	
Class 'A'	1.90
Class 'C'	0.90
Sterling	
Class 'A'	1.30
Class 'I'	0.90
Class 'PP'	0.70
Class 'R'	1.15
US dollar	
Class 'A'	1.90
Class 'C'	0.90

15 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 8. Amounts due to/from M&G Securities Limited in respect of share transactions at the year end are disclosed in notes 9 and 11 where applicable.

Amounts paid to M&G Securities Limited in respect of the annual charge, ACD's annual management charge and administration charge are disclosed in note 6. Amounts due at the year end in respect of the annual charge are disclosed in note 11.

Amounts paid to M&G Securities Limited in respect of rebate arrangements for the annual charge are disclosed in notes 3 and 5. Amounts due at the year end from the ACD, and/or associate, in respect of these rebates are disclosed in note 9.

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 4.65% (2023: 5.12%) of the fund's shares.

16 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.

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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.

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 2024 \$'000	Liabilities 2024 \$'000	Assets 2023 \$'000	Liabilities 2023 \$'000
Basis of valuation				
Level 1	2,897,167	0	2,879,504	0
Level 2	0	0	0	0
Level 3	0	0	0	0
	2,897,167	0	2,879,504	0

17 Risk management policies

The general risk management policies for the fund are set out in note 3 to the financial statements on pages 12 to 14.

18 Market risk sensitivity

A five per cent increase in the value of the fund's investment portfolio would have the effect of increasing the return and net assets by \$144,858,000 (2023: \$143,975,000). A five per cent decrease would have an equal and opposite effect.

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19 Currency risk sensitivity and exposure

A five per cent increase in the value of the fund's currency exposure would have the effect of increasing the return and net assets by \$62,900,000 (2023: \$65,626,000). A five per cent decrease would have an equal and opposite effect.

as at 31 August	2024 \$'000	2023 \$'000
Currency exposure		
Australian dollar	89,356	30,423
Canadian dollar	293,852	191,824
Danish krone	28,221	41,154
Euro	204,480	399,021
Hong Kong dollar	227,499	203,351
Japanese yen	173,714	144,456
New Romanian leu	44,802	56,782
Singapore dollar	30,213	30,349
South Korean won	42,582	40,769
Sterling	78,253	116,257
Swiss franc	45,025	58,128
US dollar	1,663,304	1,592,284
Total	2,921,301	2,904,798

20 Interest rate risk sensitivity and exposure

As the majority of the fund's financial assets are non-interest bearing, the risk is not considered significant and is therefore not disclosed.

21 Credit risk

Credit risk with regard to derivative balances is not considered significant and is therefore not disclosed.

22 Dividend distribution tables

This fund pays annual ordinary distributions and the following table sets out the distribution period.

Annual distribution period

	Start	End	Xd	Payment
Final	01.09.23	31.08.24	02.09.24	31.10.24

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

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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.

Euro Class 'A' Income shares

Ordinary distributions for the year to 31 August	Group 2		Group 1 & 2 Distribution	
	Income	Equalisation	2024	2023
	2024 Euro ¢	2024 Euro ¢	2024 Euro ¢	2023 Euro ¢
Final	67.9567	26.0967	94.0534	85.8480

Euro Class 'A' Accumulation shares

Ordinary distributions for the year to 31 August	Group 2		Group 1 & 2 Distribution	
	Income	Equalisation	2024	2023
	2024 Euro ¢	2024 Euro ¢	2024 Euro ¢	2023 Euro ¢
Final	12.0027	2.2169	14.2196	7.3036

Euro Class 'C' Income shares

Ordinary distributions for the year to 31 August	Group 2		Group 1 & 2 Distribution	
	Income	Equalisation	2024	2023
	2024 Euro ¢	2024 Euro ¢	2024 Euro ¢	2023 Euro ¢
Final	5.3747	107.5762	112.9509	102.4038

Euro Class 'C' Accumulation shares

Ordinary distributions for the year to 31 August	Group 2		Group 1 & 2 Distribution	
	Income	Equalisation	2024	2023
	2024 Euro ¢	2024 Euro ¢	2024 Euro ¢	2023 Euro ¢
Final	50.7591	29.6223	80.3814	72.8812

Sterling Class 'A' Income shares

Ordinary distributions for the year to 31 August	Group 2		Group 1 & 2 Distribution	
	Income	Equalisation	2024	2023
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Final	21.0212	5.4909	26.5121	24.4566

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Sterling Class 'A' Accumulation shares

Ordinary distributions for the year to 31 August	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Final	13.3330	5.6559	18.9889	15.5256

Sterling Class 'I' Income shares

Ordinary distributions for the year to 31 August	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Final	29.9869	15.9456	45.9325	42.3042

Sterling Class 'I' Accumulation shares

Ordinary distributions for the year to 31 August	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Final	20.9222	12.1053	33.0275	28.2843

Sterling Class 'PP' Income shares

Ordinary distributions for the year to 31 August	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Final	1.3464	1.4060	2.7524	2.4892

Sterling Class 'PP' Accumulation shares

Ordinary distributions for the year to 31 August	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Final	1.5657	0.7245	2.2902	1.9859

Sterling Class 'R' Income shares

Ordinary distributions for the year to 31 August	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Final	3.1762	1.3335	4.5097	4.1521

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Sterling Class 'R' Accumulation shares

Ordinary distributions for the year to 31 August	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Final	1.5715	1.0112	2.5827	2.1614

US dollar Class 'A' Accumulation shares

Ordinary distributions for the year to 31 August	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 US ¢	2024 US ¢	2024 US ¢	2023 US ¢
Final	5.0042	0.5825	5.5867	2.8540

US dollar Class 'C' Accumulation shares

Ordinary distributions for the year to 31 August	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 US ¢	2024 US ¢	2024 US ¢	2023 US ¢
Final	0.1735	14.0540	14.2275	9.9990

23 Events after the balance sheet date

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

Authorised Corporate Director's Report

For the purposes of these financial statements, the Prospectus dated 30 August 2024 has been used.

Investment objective

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

Investment policy

At least 80% of the fund is invested directly in equity securities and equity related securities of companies across any sectors and market capitalisations that are incorporated, domiciled, or do most of their business in Japan. The fund usually holds a concentrated portfolio of fewer than 50 companies.

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

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

Derivatives may be used for efficient portfolio management and hedging.

Investment approach

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

The investment approach aims to exploit price volatility.

The fund manager believes that stockmarket mispricing can and often does occur because psychological factors (ie behavioural biases) prevent investors from always assessing investments rationally. As a result, market prices do not always reflect the fundamental value of companies. The fund seeks to profit from such behavioural biases.

The investment approach filters the fund's investment universe down to a focused list of companies whose shares trade on low valuations relative to their history

and the market. These companies are then subject to rigorous fundamental analysis to attain an understanding of a company's sustainable earnings. This fundamental analysis leads to a high level of conviction for each of the companies held in the fund.

The fund manager expects stock selection to be the main driver of performance.

Benchmark

MSCI Japan Index

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

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

For each share class the benchmark will be denominated or hedged into the relevant share class currency. The benchmark for each share class will be shown in its respective KIID.

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 12 to 14.

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 2024

Performance against objective

Between 1 September 2023 and 31 August 2024 (the period under review), the fund delivered positive returns across all share classes but the unhedged share classes trailed its benchmark, the MSCI Japan Index, which gained 15.8% over the same period – in contrast the hedged share classes outperformed the benchmark.

Over five years, the fund generated an annualised positive return across its share classes and outperformed the benchmark, which returned 6.9% pa over the period. Therefore, the fund achieved its objective to provide a combination of capital growth and income, net of the ongoing charge figure, higher than that of the MSCI Japan Index over any five-year period.

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

Performance review

The Japanese stockmarket enjoyed a powerful rally for much of the review period, peaking around the middle of July. The rally was mostly driven by large cap and low price-to-book stocks. The price-to-book ratio is a measure used to seek out companies believed to be undervalued. However, stock prices lost ground in the second half of the month, in common with other markets such as the US, where technology shares sold off markedly.

Then in early August 2024, Japanese equities experienced one of their biggest ever drawdowns. Whilst market drawdowns of this magnitude are typically associated with major and unexpected economic events, in this instance the volatility appears to have been caused by global asset allocations unwinding, and not due to the health of Japan's corporate sector or its economy. Almost as quickly as it fell, the market rebounded and ended the month only marginally lower than where it had started.

Over the 12 month period, the fund generated a positive return, but modestly underperformed its benchmark. We have largely been able to navigate the volatile markets, whilst sticking to our principles of looking for mispriced companies, many of whom we engage with.

Stock selection held back relative performance, with Rohm being the largest detractor. Other holdings that held back relative returns included Nippon Telegraph & Telephone (NTT) and Seven & i.

Seven & i is one of the fund's biggest active positions. Towards the end of the review period, Seven & i, saw a bid from its Canadian rival, Couche-Tard. If successful, it will be one of the largest mergers and acquisitions in Japan. We have in-depth knowledge of Seven's business and have been engaging with its management.

Conversely, the fund's top individual contributor was Hitachi. We think it is one of the best run businesses in

Authorised Corporate Director's Report

Japan. Other names that aided performance included Sanrio and ORIX.

Sanrio is a long-term investment and has been a key contributor to performance over that period. We have been working with the company, encouraging it to improve the commercialisation of its character intellectual property (IP); characters it owns include 'Hello Kitty'. The stock price continued to perform well as the company demonstrates its ability to monetise its IP.

ORIX continues to benefit from a gradual re-rating as the market reconsiders the company's structural earnings growth potential.

Investment activities

We aim to identify significant dislocations between the price and what we consider to be the risk of ownership of a company. We seek to exploit these dislocations using what we believe to be our greater perspective earned through our long-term research. In our opinion, our edge does not come from better forecasting, but rather from the superior pricing of risk.

In addition, we actively engage with companies in which we invest as we seek to add value in a range of areas. We believe this differentiates us as investment professionals and enables us to identify unique investment opportunities.

One of those examples is the Toyota group. At the end of 2023, we initiated a position in Denso due to valuation opportunities and Toyota's proactive unwinding of shareholdings, which we believe enhances governance and long-term returns for Toyota.

The market has been pessimistic about Nomura, but we invested after its share price underperformed, seeing management's focus on revitalization. We also started a position in AGC, which is well-positioned for growth in the semiconductor sector and undergoing a corporate transformation.

In the first half of the review period, we exited positions in Dentsu, Skymark Airlines, Rakuten Bank, and Earth. We were anchor investors in Rakuten Bank's April 2023 listing and closed our position after a substantial share price rise.

In March, we started positions in FANUC and Yaskawa Electric, seeing potential in robotics and automation. We funded these trades by selling Taisei and Kirin and taking profits from real estate holdings.

In July, we initiated positions in Olympus and Mitsubishi Electric. The August 'flash crash' allowed us to add names indiscriminately sold off and increase portfolio beta (risk) by tilting away from defensive names. We initiated positions in Tokio Marine, East Japan Railway, SCREEN, and Murata Manufacturing.

Outlook

Despite the unusual volatility in the stockmarket at the beginning of August, sentiment on the ground in Japan has been relatively calm. The Japanese economy continues along its path of structural improvement, especially in the listed corporate sector. Stockmarket earnings remain solid thanks to genuine self-help and ongoing structural reform of business models and capital policies. Earnings grew some 12% in the last financial year and earnings in the current fiscal year appear to be off to a strong start.

We are not in the business of predicting market episodes, but we are alert to their ongoing possibility. Indeed, we have noted a number of times in the past that it would be heroic to expect the normalisation of interest rates, after 20-plus years of experimental policy, to happen without the market slipping on an occasional 'banana skin'. Well, this just happened – and that's ok.

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With weak hands seemingly flushed out after the 'flash crash', the price one must pay for equity ownership in Japan has shrunk despite robust fundamentals. We remain of the opinion that Japanese equities represent an attractive, structural investment opportunity with an asymmetric prospective payoff profile.

Carl Vine

Fund manager

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

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

Portfolio statement

Investments

Holding	as at 31.08.24 ¥'000	as at 31.08.24 %	as at 31.08.23 %
Equities	681,427,237	99.77	98.54
Chemicals	22,488,635	3.29	2.48
1,651,700 FANUC Corp.	7,069,962	1.04	
1,999,900 Resonac Holdings Corp.	7,130,933	1.04	
11,044,600 Toray Industries, Inc.	8,287,740	1.21	
Building products	11,038,073	1.62	0.00
2,407,700 AGC, Inc.	11,038,073	1.62	
Construction & engineering	0	0.00	1.38
Electrical equipment	13,700,825	2.01	1.54
1,816,600 East Japan Railway Co.	5,074,385	0.74	
4,152,200 Ushio, Inc.	8,626,440	1.27	
Industrial conglomerates	33,957,109	4.97	4.26
7,569,600 Hitachi Ltd.	27,071,339	3.96	
2,813,800 Mitsubishi Electric Corp.	6,885,770	1.01	
Machinery	33,164,625	4.86	5.30
5,932,100 Hitachi Zosen Corp.	5,738,805	0.84	
1,462,800 Kawasaki Heavy Industries Ltd.	7,557,792	1.11	
1,268,300 Toyota Industries Corp.	14,493,571	2.12	
1,112,600 Yaskawa Electric Corp.	5,374,457	0.79	
Trading companies & distributors	27,689,364	4.05	4.10
8,835,800 Mitsui & Co. Ltd.	27,689,364	4.05	
Professional services	35,104,081	5.14	5.97
2,471,200 Dip Corp.	7,138,045	1.05	
4,046,000 Open Up Group, Inc.	7,955,766	1.16	
2,213,900 Recruit Holdings Co. Ltd.	20,010,270	2.93	
Road & rail	9,084,639	1.33	1.89
1,974,900 Keisei Electric Railway Co. Ltd.	9,084,639	1.33	
Transportation infrastructure	0	0.00	0.89
Auto components	15,657,438	2.29	0.01
1,812,100 Aisin Corp.	9,243,096	1.35	
2,735,500 Denso Corp.	6,132,917	0.90	
516,871 REE Automotive Ltd.	281,425	0.04	

Portfolio statement

Investments (continued)

Holding	as at 31.08.24 ¥'000	as at 31.08.24 %	as at 31.08.23 %
Equities (continued)			
Automobiles	51,665,305	7.57	10.45
9,919,500 Honda Motor Co. Ltd.	15,819,042	2.32	
10,603,300 Toyota Motor Corp.	29,403,557	4.31	
5,080,500 Yamaha Motor Co. Ltd.	6,442,706	0.94	
Household durables	69,896,408	10.23	7.32
8,006,400 Nikon Corp.	12,492,545	1.83	
6,646,700 Panasonic Holdings Corp.	8,081,385	1.18	
2,152,900 Sony Group Corp.	30,465,353	4.46	
3,094,000 Sumitomo Forestry Co. Ltd.	18,857,125	2.76	
Hotels, restaurants & leisure	0	0.00	1.08
Speciality retail	16,509,641	2.42	2.53
2,311,000 Murata Manufacturing Co. Ltd.	7,020,856	1.03	
2,545,400 Sanrio Co. Ltd.	9,488,785	1.39	
Food & staples retailing	31,171,101	4.56	4.59
14,837,700 Seven & i Holdings Co. Ltd.	31,171,101	4.56	
Beverages	0	0.00	0.77
Household products	0	0.00	0.59
Health care equipment & supplies	7,122,715	1.04	0.00
2,675,600 Olympus Corp.	7,122,715	1.04	
Biotechnology	10,648,766	1.56	1.82
4,159,800 PeptiDream, Inc.	10,648,766	1.56	
Pharmaceuticals	13,348,209	1.95	2.81
3,893,300 Astellas Pharma, Inc.	7,054,567	1.03	
1,453,300 Takeda Pharmaceutical Co. Ltd.	6,293,642	0.92	
Banks	44,641,486	6.54	7.28
29,110,500 Mitsubishi UFJ Financial Group, Inc.	44,641,486	6.54	
Diversified financial services	33,391,397	4.89	3.73
9,136,300 ORIX Corp.	33,391,397	4.89	
Consumer finance	14,094,496	2.06	2.50
4,366,000 Credit Saison Co. Ltd.	14,094,496	2.06	

Portfolio statement

Investments (continued)

Holding	as at 31.08.24 ¥'000	as at 31.08.24 %	as at 31.08.23 %
Equities (continued)			
Capital markets	12,120,092	1.77	0.82
11,459,500 Nomura Holdings, Inc.	9,738,094	1.42	
1,674,780 Sparx Group Co. Ltd.	2,381,998	0.35	
Insurance	7,582,465	1.11	0.00
1,377,800 Tokio Marine Holdings, Inc.	7,582,465	1.11	
IT services	27,236,312	3.99	3.32
1,197,000 NEC Corp.	15,451,989	2.26	
5,306,200 NTT Data Group Corp.	11,784,323	1.73	
Technology hardware, storage & peripherals	9,703,289	1.42	1.41
2,492,600 FUJIFILM Holdings Corp.	9,703,289	1.42	
Electronic equipment, instruments & components	22,047,411	3.23	3.12
1,004,800 Hamamatsu Photonics KK	3,899,759	0.57	
82,900 Keyence Corp.	5,759,887	0.84	
3,444,700 Taiyo Yuden Co. Ltd.	12,387,765	1.82	
Semiconductors & semiconductor equipment	33,918,708	4.97	4.40
3,727,300 Renesas Electronics Corp.	9,382,074	1.37	
4,622,300 Rohm Co. Ltd.	8,447,666	1.24	
618,200 SCREEN Holdings Co. Ltd.	6,754,438	0.99	
359,200 Tokyo Electron Ltd.	9,334,530	1.37	
Diversified telecommunication services	21,084,281	3.09	4.06
135,412,300 Nippon Telegraph & Telephone Corp.	21,084,281	3.09	
Wireless telecommunication services	20,173,709	2.95	2.78
2,389,000 SoftBank Group Corp.	20,173,709	2.95	
Media	0	0.00	1.64
Real estate management & development	33,186,657	4.86	3.70
6,617,400 Mitsubishi Estate Co. Ltd.	16,548,800	2.42	
10,569,400 Mitsui Fudosan Co. Ltd.	16,637,857	2.44	
Portfolio of investments	681,427,237	99.77	98.54
Share class hedging	3,212	0.00	0.00
Forward currency contracts for share class hedging	3,212	0.00	0.00
€990,986 Bought for ¥186,232,142 (expires 11.09.24)	3,217	0.00	
£(8,780) Sold for ¥1,674,008 (expires 11.09.24)	(5)	0.00	

Portfolio statement

Investments (continued)

Holding	as at 31.08.24 ¥'000	as at 31.08.24 %	as at 31.08.23 %
Total portfolio	681,430,449	99.77	98.54
Net other assets/(liabilities)	1,553,453	0.23	1.46
Net assets attributable to shareholders	682,983,902	100.00	100.00

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

Portfolio statement

Top ten portfolio transactions for the year to 31 August 2024

Largest purchases	¥'000
Mitsubishi UFJ Financial Group, Inc.	23,399,285
Toyota Motor Corp.	20,508,315
Seven & i Holdings Co. Ltd.	18,409,902
Sony Group Corp.	17,801,564
ORIX Corp.	14,903,169
Nippon Telegraph & Telephone Corp.	14,250,650
Hitachi Ltd.	13,284,664
Mitsui & Co. Ltd.	13,220,600
AGC, Inc.	12,890,391
SoftBank Group Corp.	11,615,957
Other purchases	274,139,978
Total purchases	434,424,475

Largest sales	¥'000
Hitachi Ltd.	16,420,965
Sanrio Co. Ltd.	10,326,432
Fast Retailing Co. Ltd.	8,916,015
Toyota Motor Corp.	6,573,161
Taisei Corp.	6,073,198
Dentsu Group, Inc.	6,047,560
Rakuten Bank Ltd.	6,023,389
Yamaha Motor Co. Ltd.	5,626,697
NEC Corp.	5,222,155
Resonac Holdings Corp.	4,971,259
Other sales	58,333,773
Total sales	134,534,604

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, historic prices, distribution rates, performance information (including a range of performance graphs) and other documents, please visit our website at mandg.com/investments

Long-term performance by share class

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

Share class	One year % ^a	Three years % pa	Five years % pa	Ten years % pa
Sterling				
Class 'A' Income	+14.6	+10.0	+10.1	+9.9
Class 'A' Accumulation	+14.6	+10.0	+10.1	+9.9
Class 'I' Income	+15.1	+10.5	+10.5	+10.5
Class 'I' Accumulation	+15.1	+10.5	+10.5	+10.5
Class 'I-H' Accumulation	+23.0	n/a	n/a	n/a
Class 'PP' Income	+15.2	+10.6	+10.7	n/a
Class 'PP' Accumulation	+15.2	+10.6	+10.7	n/a
Class 'PP-H' Accumulation	+22.2	n/a	n/a	n/a
Class 'R' Income	+14.8	+10.2	+10.2	+10.3
Class 'R' Accumulation	+14.8	+10.2	+10.2	+10.3
Benchmark	+15.8	+5.8	+6.9	+9.3

^a Not annualised.

Specific share class performance

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

'Operating charges' and 'Direct 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 shares

The share class was launched on 9 May 1977.

for the year to 31 August Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	66.86	61.52	60.12
Return before operating charges*	10.48	7.23	3.64
Operating charges	(0.63)	(0.57)	(0.73)
Return after operating charges*	9.85	6.66	2.91
Distributions	(1.37)	(1.32)	(1.51)
Closing NAV	75.34	66.86	61.52
*after direct transaction cost of	0.02	0.03	0.03
Performance			
Return after charges (%)	14.73	10.83	4.84
Other information			
Closing NAV (¥'000)	16,760,971	16,908,397	14,515,768
Number of shares	116,255,110	136,672,256	146,451,136
Operating charges	0.91	0.95	1.19
Direct transaction costs (%)	0.03	0.06	0.05
Prices			
Highest share price	79.36	70.15	64.65
Lowest share price	65.34	57.57	57.01

Sterling Class 'A' Accumulation shares

The share class was launched on 6 April 1971.

for the year to 31 August Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	86.18	77.72	74.15
Return before operating charges*	13.54	9.19	4.47
Operating charges	(0.82)	(0.73)	(0.90)
Return after operating charges*	12.72	8.46	3.57
Distributions	(0.93)	(0.94)	(0.99)
Retained distributions	0.93	0.94	0.99
Closing NAV	98.90	86.18	77.72
*after direct transaction cost of	0.02	0.04	0.04
Performance			
Return after charges (%)	14.76	10.89	4.81
Other information			
Closing NAV (¥'000)	2,076,551	1,693,672	1,194,472
Number of shares	10,971,113	10,621,808	9,538,946
Operating charges	0.91	0.95	1.18
Direct transaction costs (%)	0.03	0.06	0.05
Prices			
Highest share price	103.13	89.53	79.73
Lowest share price	84.25	72.74	70.31

Financial highlights

Sterling Class 'I' Income shares

The share class was launched on 3 August 2012.

for the year to 31 August Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	2,742.38	2,513.17	2,445.79
Return before operating charges*	431.22	297.14	147.22
Operating charges	(14.84)	(13.82)	(18.37)
Return after operating charges*	416.38	283.32	128.85
Distributions	(56.48)	(54.11)	(61.47)
Closing NAV	3,102.28	2,742.38	2,513.17
*after direct transaction cost of	0.74	1.45	1.24
Performance			
Return after charges (%)	15.18	11.27	5.27
Other information			
Closing NAV (¥'000)	33,934,355	10,491,859	2,320,591
Number of shares	5,715,703	2,067,717	573,139
Operating charges	0.51	0.54	0.72
Direct transaction costs (%)	0.03	0.06	0.05
Prices			
Highest share price	3,262.35	2,874.62	2,631.19
Lowest share price	2,681.52	2,352.88	2,324.33

Sterling Class 'I' Accumulation shares

The share class was launched on 3 August 2012.

for the year to 31 August Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	3,342.44	3,001.04	2,851.62
Return before operating charges*	525.01	358.06	171.12
Operating charges	(18.07)	(16.66)	(21.70)
Return after operating charges*	506.94	341.40	149.42
Distributions	(50.74)	(48.45)	(49.66)
Retained distributions	50.74	48.45	49.66
Closing NAV	3,849.38	3,342.44	3,001.04
*after direct transaction cost of	0.93	1.75	1.42
Performance			
Return after charges (%)	15.17	11.38	5.24
Other information			
Closing NAV (¥'000)	124,705,606	74,771,185	21,718,714
Number of shares	16,928,005	12,090,310	4,492,054
Operating charges	0.51	0.54	0.74
Direct transaction costs (%)	0.03	0.06	0.05
Prices			
Highest share price	4,007.01	3,467.80	3,066.97
Lowest share price	3,267.87	2,810.31	2,709.29

Financial highlights

Sterling Class 'I-H' Accumulation shares

The share class was launched on 14 June 2023.

for the year/period to 31 August	2024	2023
Change in NAV per share	UK p	UK p
Opening NAV	101.87	100.00
Return before operating charges*	24.26	2.00
Operating charges	(0.64)	(0.13)
Return after operating charges*	23.62	1.87
Distributions	(1.62)	(0.05)
Retained distributions	1.62	0.05
Closing NAV	125.49	101.87
*after direct transaction cost of	0.03	0.01
Performance		
Return after charges (%)	23.19	1.87
Other information		
Closing NAV (¥'000)	184,998	3,782
Number of shares	770,302	20,063
Operating charges	0.53	0.57
Direct transaction costs (%)	0.03	0.06
Prices		
Highest share price	137.57	102.58
Lowest share price	98.30	97.45

Financial highlights

Sterling Class 'PP' Income shares

The share class was launched on 5 August 2019.

for the year to 31 August	2024	2023	2022
Change in NAV per share	UK p	UK p	UK p
Opening NAV	126.52	115.83	112.49
Return before operating charges*	19.90	13.72	6.71
Operating charges	(0.55)	(0.54)	(0.54)
Return after operating charges*	19.35	13.18	6.17
Distributions	(2.61)	(2.49)	(2.83)
Closing NAV	143.26	126.52	115.83
*after direct transaction cost of	0.03	0.07	0.06
Performance			
Return after charges (%)	15.29	11.38	5.48
Other information			
Closing NAV (¥'000)	386,247,809	137,738,738	5,669,845
Number of shares	1,408,765,573	588,404,534	30,383,634
Operating charges	0.41	0.44	0.45
Direct transaction costs (%)	0.03	0.06	0.05
Prices			
Highest share price	150.59	132.59	121.03
Lowest share price	123.73	108.46	107.02

Sterling Class 'PP' Accumulation shares

The share class was launched on 8 April 2019.

for the year to 31 August	2024	2023	2022
Change in NAV per share	UK p	UK p	UK p
Opening NAV	144.75	129.84	123.13
Return before operating charges*	22.76	15.51	7.30
Operating charges	(0.63)	(0.60)	(0.59)
Return after operating charges*	22.13	14.91	6.71
Distributions	(2.36)	(2.23)	(2.39)
Retained distributions	2.36	2.23	2.39
Closing NAV	166.88	144.75	129.84
*after direct transaction cost of	0.04	0.08	0.06
Performance			
Return after charges (%)	15.29	11.48	5.45
Other information			
Closing NAV (¥'000)	118,383,944	65,597,700	1,504,705
Number of shares	370,685,002	244,919,163	7,193,276
Operating charges	0.41	0.44	0.46
Direct transaction costs (%)	0.03	0.06	0.05
Prices			
Highest share price	173.63	150.15	132.45
Lowest share price	141.55	121.60	117.10

Financial highlights

Sterling Class 'PP-H' Accumulation shares

The share class was launched on 14 June 2023.

for the year/period to 31 August	2024	2023
Change in NAV per share	UK p	UK p
Opening NAV	100.12	100.00
Return before operating charges*	25.02	0.22
Operating charges	(0.53)	(0.10)
Return after operating charges*	24.49	0.12
Distributions	(1.75)	(0.07)
Retained distributions	1.75	0.07
Closing NAV	124.61	100.12
*after direct transaction cost of	0.03	0.01
Performance		
Return after charges (%)	24.46	0.12
Other information		
Closing NAV (¥'000)	7,203	3,707
Number of shares	30,205	20,010
Operating charges	0.43	0.47
Direct transaction costs (%)	0.03	0.06
Prices		
Highest share price	137.86	102.65
Lowest share price	98.42	97.46

Financial highlights

Sterling Class 'R' Income shares

The share class was launched on 3 August 2012.

for the year to 31 August Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	269.24	247.12	241.10
Return before operating charges*	41.94	29.37	14.59
Operating charges	(2.14)	(1.94)	(2.52)
Return after operating charges*	39.80	27.43	12.07
Distributions	(5.53)	(5.31)	(6.05)
Closing NAV	303.51	269.24	247.12
*after direct transaction cost of	0.08	0.14	0.12
Performance			
Return after charges (%)	14.78	11.10	5.01
Other information			
Closing NAV (¥'000)	81,260	68,482	43,256
Number of shares	139,898	137,466	108,648
Operating charges	0.76	0.80	1.02
Direct transaction costs (%)	0.03	0.06	0.05
Prices			
Highest share price	319.53	282.10	259.34
Lowest share price	262.91	231.28	228.83

Sterling Class 'R' Accumulation shares

The share class was launched on 3 August 2012.

for the year to 31 August Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	325.28	292.79	278.90
Return before operating charges*	50.98	34.80	16.81
Operating charges	(2.60)	(2.31)	(2.92)
Return after operating charges*	48.38	32.49	13.89
Distributions	(4.05)	(3.99)	(4.16)
Retained distributions	4.05	3.99	4.16
Closing NAV	373.66	325.28	292.79
*after direct transaction cost of	0.09	0.17	0.14
Performance			
Return after charges (%)	14.87	11.10	4.98
Other information			
Closing NAV (¥'000)	601,205	429,153	282,987
Number of shares	840,728	713,060	599,927
Operating charges	0.76	0.80	1.03
Direct transaction costs (%)	0.03	0.06	0.05
Prices			
Highest share price	389.41	337.66	299.92
Lowest share price	317.90	274.08	264.64

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Statement of total return

for the year to 31 August		2024		2023	
	Note	¥'000	¥'000	¥'000	¥'000
Income					
Net capital gains/(losses)	3		78,482,586		35,122,882
Revenue	5	10,625,062		2,451,528	
Expenses	6	(2,380,913)		(695,108)	
Interest payable and similar charges		(23,114)		(7,006)	
Net revenue/(expense) before taxation		8,221,035		1,749,414	
Taxation	7	(1,062,286)		(245,100)	
Net revenue/(expense) after taxation			7,158,749		1,504,314
Total return before distributions			85,641,335		36,627,196
Distributions	8		(8,580,333)		(1,849,284)
Change in net assets attributable to shareholders from investment activities			77,061,002		34,777,912

Statement of change in net assets attributable to shareholders

for the year to 31 August		2024		2023	
		¥'000	¥'000	¥'000	¥'000
Opening net assets attributable to shareholders			307,706,675		47,250,338
Amounts received on issue of shares		332,310,726		239,496,199	
Amounts paid on cancellation of shares		(37,721,717)		(15,778,708)	
			294,589,009		223,717,491
Dilution adjustments			439,537		333,039
Change in net assets attributable to shareholders from investment activities (see above)			77,061,002		34,777,912
Retained distributions on Accumulation shares			3,187,032		1,627,751
Unclaimed distributions			647		144
Closing net assets attributable to shareholders			682,983,902		307,706,675

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Balance sheet

as at 31 August	Note	2024 ¥'000	2023 ¥'000
Assets			
Fixed assets			
Investments		681,430,454	303,229,460
Current assets			
Debtors	9	3,097,999	2,838,718
Cash and bank balances	10	9,969,216	7,635,863
Total assets		694,497,669	313,704,041
Liabilities			
Investment liabilities		(5)	0
Creditors			
Distribution payable		(4,470,934)	(1,704,471)
Other creditors	11	(7,042,828)	(4,292,895)
Total liabilities		(11,513,767)	(5,997,366)
Net assets attributable to shareholders		682,983,902	307,706,675

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Notes to the financial statements

1 Accounting policies

The financial statements have been prepared in accordance with the 'Summary of significant accounting policies' set out on pages 9 to 12.

The fund's functional and presentational currency is Japanese yen as this better reflects the currency of its primary economic environment.

2 Distribution policy

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

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

3 Net capital gains/(losses)

for the year to 31 August	2024 ¥'000	2023 ¥'000
Non-derivative securities	78,308,703	34,873,083
Derivative contracts	72,250	(77,973)
Currency gains/(losses)	101,633	327,772
Net capital gains/(losses)	78,482,586	35,122,882

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4 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' within 'Notes to the financial statements' on pages 11 and 12. Total direct portfolio transaction costs are stated before dilution adjustments.

for the year to 31 August	2024 ¥'000	% of transaction	2023 ¥'000	% of transaction
a) Purchases				
Equities				
Equities before transaction costs	434,324,165		255,106,522	
Commissions	100,310	0.02	59,928	0.02
Total purchases after transaction costs	434,424,475		255,166,450	
b) Sales				
Equities				
Equities before transaction costs	134,572,001		33,882,256	
Commissions	(37,397)	0.03	(12,990)	0.04
Total sales after transaction costs	134,534,604		33,869,266	
	2024 ¥'000	% of average NAV	2023 ¥'000	% of average NAV
c) Direct portfolio transaction costs				
Commissions paid				
Equities	137,707	0.03	72,918	0.06
Derivatives	0	0.00	409	0.00
Total commissions paid	137,707	0.03	73,327	0.06
Taxes paid				
Derivatives	0	0.00	196	0.00
Total direct portfolio transaction costs	137,707	0.03	73,523	0.06
		%		%
d) Indirect portfolio transaction costs				
Average portfolio dealing spread as at the balance sheet date		0.36		0.21

5 Revenue

for the year to 31 August	2024 ¥'000	2023 ¥'000
Bank interest	2,199	529
Dividends from equity investments: non-taxable	10,622,863	2,450,999
Total revenue	10,625,062	2,451,528

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6 Expenses

for the year to 31 August	2024 ¥'000	2023 ¥'000
Payable to the ACD or associate		
Annual charge	2,380,913	695,108
Total expenses	2,380,913	695,108

Audit fees for the financial year ending 2024 were £12,000 (2023: £11,000) (including VAT), which are covered by the annual charge.

7 Taxation

for the year to 31 August	2024 ¥'000	2023 ¥'000
a) Analysis of charge in the year		
Corporation tax	0	0
Withholding tax	1,062,286	245,100
Deferred tax (note 7c)	0	0
Total taxation	1,062,286	245,100
b) Factors affecting taxation charge for the year		
Net revenue/(expense) before taxation	8,221,035	1,749,414
Corporation tax at 20%	1,644,207	349,883
Effects of:		
Revenue: non-taxable	(2,124,573)	(490,200)
Current year expenses not utilised	480,366	140,317
Withholding tax	1,062,286	245,100
Total tax charge (note 7a)	1,062,286	245,100
c) Provision for deferred taxation		
Provision at the start of the year	0	0
Deferred tax in profit and loss account (note 7a)	0	0
Provision at the end of the year	0	0

The fund has not recognised a deferred tax asset of ¥1,930,648,000 (2023: ¥1,450,282,000) arising as a result of having excess management expenses. We do not expect this asset to be utilised in the foreseeable future.

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8 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	2024		2023	
	Inc ¥'000	Acc ¥'000	Inc ¥'000	Acc ¥'000
Dividend distributions				
Interim	2,840,885	1,254,599	373,279	504,223
Final	4,470,934	1,932,433	1,704,471	1,123,528
Total net distributions		10,498,851		3,705,501
Income deducted on cancellation of shares		254,569		113,024
Income received on issue of shares		(2,173,087)		(1,969,241)
Distributions		8,580,333		1,849,284
Net revenue/(expense) per statement of total return		7,158,749		1,504,314
Expenses offset against capital		1,421,562		345,119
Undistributed income brought forward		171		22
Undistributed income carried forward		(149)		(171)
Distributions		8,580,333		1,849,284

9 Debtors

as at 31 August	2024 ¥'000	2023 ¥'000
Amounts receivable on issues of shares	981,487	1,446,880
Currency deals outstanding	889	918,199
Dividends receivable	1,044,459	473,639
Sales awaiting settlement	1,071,164	0
Total debtors	3,097,999	2,838,718

10 Cash and bank balances

as at 31 August	2024 ¥'000	2023 ¥'000
Cash held as bank balances	9,969,216	7,635,863
Total cash and bank balances	9,969,216	7,635,863

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11 Other creditors

as at 31 August	2024 ¥'000	2023 ¥'000
Amounts payable on cancellation of shares	617,531	304,062
Annual charge payable	86,881	40,472
Currency deals outstanding	893	917,785
Purchases awaiting settlement	6,337,523	3,030,576
Total other creditors	7,042,828	4,292,895

12 Contingent assets, liabilities and outstanding commitments

There were no contingent assets, liabilities or outstanding commitments at the balance sheet date (2023: same).

13 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 14.

Share class	Opening 01.09.23	Issued	Movements		Closing 31.08.24
			Cancelled	Converted	
Sterling					
Class 'A' Income	136,672,256	1,217,753	(21,634,899)	0	116,255,110
Class 'A' Accumulation	10,621,808	2,661,699	(2,312,394)	0	10,971,113
Class 'I' Income	2,067,717	3,978,728	(330,742)	0	5,715,703
Class 'I' Accumulation	12,090,310	7,377,480	(2,539,785)	0	16,928,005
Class 'I-H' Accumulation	20,063	1,303,619	(553,380)	0	770,302
Class 'PP' Income	588,404,534	844,499,010	(24,137,971)	0	1,408,765,573
Class 'PP' Accumulation	244,919,163	148,865,951	(23,100,112)	0	370,685,002
Class 'PP-H' Accumulation	20,010	2,990,457	(2,980,262)	0	30,205
Class 'R' Income	137,466	39,035	(36,603)	0	139,898
Class 'R' Accumulation	713,060	393,162	(265,494)	0	840,728

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.

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14 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 %
Sterling	
Class 'A'	0.95
Class 'I'	0.55
Class 'I-H'	0.58
Class 'PP'	0.45
Class 'PP-H'	0.48
Class 'R'	0.80

15 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 8. Amounts due to/from M&G Securities Limited in respect of share transactions at the year end are disclosed in notes 9 and 11 where applicable.

Amounts paid to M&G Securities Limited in respect of the annual charge, ACD's annual management charge and administration charge are disclosed in note 6. Amounts due at the year end in respect of the annual charge 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 5.87% (2023: 13.45%) of the fund's shares.

16 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.

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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 2024 ¥'000	Liabilities 2024 ¥'000	Assets 2023 ¥'000	Liabilities 2023 ¥'000
Level 1	681,427,237	0	303,229,406	0
Level 2	3,217	(5)	54	0
Level 3	0	0	0	0
	681,430,454	(5)	303,229,460	0

17 Risk management policies

The general risk management policies for the fund are set out in note 3 to the financial statements on pages 12 to 14.

18 Market risk sensitivity

A five per cent increase in the value of the fund's investment portfolio would have the effect of increasing the return and net assets by ¥34,071,522,000 (2023:¥15,161,473,000). A five per cent decrease would have an equal and opposite effect.

19 Currency risk sensitivity and exposure

Currency risk is not considered significant for the fund and is therefore not disclosed.

20 Interest rate risk sensitivity and exposure

As the majority of the fund's financial assets are non-interest bearing, the risk is not considered significant and is therefore not disclosed.

21 Credit risk

The fund is exposed to credit risk through derivative positions with counterparties.

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 2024	Forward currency contracts ¥'000
State Street Bank	3,212
Total	3,212

as at 31 August 2023	Forward currency contracts ¥'000
State Street Bank	54
Total	54

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22 Exchange rate risk for hedged share classes

Hedged share classes operate currency hedges designed to reduce the impact of exchange rates in certain circumstances. As a result, profit and loss on the currency hedges may impact the liquidity of the overall fund. On a day to day basis this is monitored using reporting from the outsourced provider of the hedged share class service. On an ongoing basis the size of the hedged share classes is monitored to ensure that unforeseen exchange rate volatility could adequately manage without significantly impacting all shareholders.

23 Dividend distribution tables

This fund pays semi-annual ordinary distributions and the following table sets out the distribution periods.

Semi-annual distribution periods

	Start	End	Xd	Payment
Interim	01.09.23	29.02.24	01.03.24	30.04.24
Final	01.03.24	31.08.24	02.09.24	31.10.24

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

Ordinary distributions for the year to 31 August	Group 2		Group 1 & 2 Distribution	
	Income 2024 UK p	Equalisation 2024 UK p	2024 UK p	2023 UK p
Interim	0.1283	0.4745	0.6028	0.6314
Final	0.1683	0.6038	0.7721	0.6910

Sterling Class 'A' Accumulation shares

Ordinary distributions for the year to 31 August	Group 2		Group 1 & 2 Distribution	
	Income 2024 UK p	Equalisation 2024 UK p	2024 UK p	2023 UK p
Interim	0.0737	0.3038	0.3775	0.4354
Final	0.1186	0.4383	0.5569	0.5054

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Sterling Class 'I' Income shares

Ordinary distributions for the year to 31 August	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Interim	5.5187	19.2178	24.7365	25.8093
Final	5.0285	26.7180	31.7465	28.2987

Sterling Class 'I' Accumulation shares

Ordinary distributions for the year to 31 August	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Interim	2.7728	18.5789	21.3517	22.7159
Final	12.0359	17.3568	29.3927	25.7302

Sterling Class 'I-H' Accumulation shares

Ordinary distributions for the year to 31 August	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Interim	0.0783	0.5955	0.6738	n/a
Final	0.3314	0.6182	0.9496	0.0472

Sterling Class 'PP' Income shares

Ordinary distributions for the year to 31 August	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Interim	0.2206	0.9208	1.1414	1.1896
Final	0.4426	1.0229	1.4655	1.3050

Sterling Class 'PP' Accumulation shares

Ordinary distributions for the year to 31 August	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Interim	0.2861	0.7114	0.9975	1.0467
Final	0.3904	0.9674	1.3578	1.1810

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Sterling Class 'PP-H' Accumulation shares

Ordinary distributions for the year to 31 August	Income	Group 2	Group 1 & 2	
	2024	Equalisation	Distribution	
	UK p	2024	2024	2023
	UK p	UK p	UK p	UK p
Interim	0.1202	0.6100	0.7302	n/a
Final	0.1080	0.9074	1.0154	0.0686

Sterling Class 'R' Income shares

Ordinary distributions for the year to 31 August	Income	Group 2	Group 1 & 2	
	2024	Equalisation	Distribution	
	UK p	2024	2024	2023
	UK p	UK p	UK p	UK p
Interim	0.4944	1.9309	2.4253	2.5368
Final	0.7305	2.3784	3.1089	2.7781

Sterling Class 'R' Accumulation shares

Ordinary distributions for the year to 31 August	Income	Group 2	Group 1 & 2	
	2024	Equalisation	Distribution	
	UK p	2024	2024	2023
	UK p	UK p	UK p	UK p
Interim	0.3829	1.2863	1.6692	1.8560
Final	0.2634	2.1219	2.3853	2.1310

24 Events after the balance sheet date

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

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For the purposes of these financial statements, the Prospectus dated 30 August 2024 has been used.

Investment objective

The fund aims to provide a higher total return (the combination of capital growth and income), net of the ongoing charge figure, than that of the Russell/Nomura Mid-Small Cap Index over any five-year period.

Investment policy

At least 80% of the fund is invested in the equity securities and equity related instruments of smaller companies that are incorporated, domiciled, or do most of their business, in Japan.

Smaller companies are defined as the bottom half in terms of total market capitalisation of all publicly listed companies in Japan.

The fund usually holds a concentrated portfolio of fewer than 60 companies.

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

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

Derivatives may be used for efficient portfolio management and hedging.

Investment approach

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

The investment approach aims to take advantage of price volatility.

The fund manager believes that stock market mispricing can and often does occur because psychological factors (ie behavioural biases) prevent investors from always assessing investments rationally. As a result, market prices do not always reflect the

fundamental value of companies. The fund seeks to profit from such behavioural biases.

The investment approach filters the fund's investment universe down to a focused list of companies whose shares trade on low valuations relative to their history and the market. These companies are then subject to rigorous fundamental analysis to attain an understanding of a company's sustainable earnings. This fundamental analysis leads to a high level of conviction for each of the companies held in the fund.

The fund manager expects stock selection to be the main driver of performance.

Benchmark

Russell/Nomura Mid-Small Cap Index

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

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

For each share class the benchmark will be denominated or hedged into the relevant share class currency. The benchmark for each share class will be shown in its respective KIID.

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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 12 to 14.

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 2024

Performance against objective

Between 1 September 2023 and 31 August 2024 (the period under review), the fund delivered positive returns across all share classes, but trailed its benchmark, the Russell/Nomura Mid-Small Cap Index, which gained 10.9% over the same period.

Over five years, the fund generated an annualised positive return across its share classes and outperformed the benchmark, which returned 4.7% pa over the period. Therefore, the fund achieved its objective to provide a combination of capital growth and income, net of the ongoing charge figure, higher than that of the Russell/Nomura Mid-Small Cap Index over any five-year period.

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

Performance review

The Japanese stockmarket enjoyed a powerful rally for much of the review period, peaking around the middle of July. The rally was mostly driven by large cap and low price-to-book stocks, while small cap names underperformed the wider market. The price-to-book ratio is a measure used to seek out companies believed to be undervalued. However, stock prices lost ground in the second half of the month, in common with other markets such as the US, where technology shares sold off markedly.

Then in early August 2024, Japanese equities experienced one of their biggest ever drawdowns. Whilst market drawdowns of this magnitude are typically associated with major and unexpected economic events, in this instance the volatility appears to have been caused by global asset allocations unwinding, and not due to the health of Japan's corporate sector or its economy. Almost as quickly as it fell, the market rebounded and ended the month only marginally lower than where it had started.

Over a 12 month period, the fund generated a positive return, but underperformed its benchmark. The fund aims to largely invest in smaller companies across the corporate sector but the benchmark has a higher weighting to larger cap names. This discrepancy means that the fund struggled in a large-cap led market.

Stock selection held back relative performance with Rohm being the largest detractor. Despite struggling in recent months, we feel that the company is a quality business and its silicon carbide power chips hold exciting prospects for electric car makers. The stock underperformed due to the pessimistic view on the non-artificial intelligence (non-AI) related semiconductor cycle.

Another detractor was Skymark Airlines. The management team is executing well and revenues are buoyant. However, the market has not been prepared to

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look through the lumpy maintenance schedule that continues to pressure near-term earnings.

Conversely, the fund's top individual contributor was Trial. We successfully participated in the IPO of Trial in March 2024. We believe its format and execution offers long-term growth and high returns on invested capital. We took profits on the stock.

Other names that aided performance included Sumitomo Forestry and Sanrio.

We first invested in Sumitomo Forestry when it was trading on a low single digit price-to-earnings ratio, which was caused by market fears that earnings at its US housing business were 'at the top of the cycle'. We took the opposing view and continue to believe the stock is attractively valued and in particular feel the market is underpaying for the carbon-credit optionality in what is one of Japan's largest forestry companies. The share price has performed well as the market has re-rated its house building business.

Sanrio is a long-term investment and has been a key contributor to performance over that period. We have been working with the company, encouraging it to improve the commercialisation of its character intellectual property (IP); characters include 'Hello Kitty'. The stock price performed well as the company demonstrates its ability to monetise its IP.

Investment activities

We aim to identify significant dislocations between the price and what we consider to be the risk of ownership of a company. We seek to exploit these dislocations using what we believe to be our greater perspective earned through our long-term research. In our opinion, our edge does not come from better forecasting, but rather from the superior pricing of risk.

In addition, we actively engage with companies in which we invest as we seek to add value in a range of areas. We believe this differentiates us as investment professionals and enables us to identify unique investment opportunities.

We feel this is especially true in the small and mid-cap space, where coverage by the investment community is

more limited. New investments made during the review period exemplify our approach, where we seek to add value through understanding the business like a business owner, and not simply as a passive investor.

We have been active throughout the year and begun several new holdings. We have initiated positions in undervalued high-quality names such as Seven & i, Yokogawa Electric, Yaskawa Electric, Pilot, Morinaga, Mitsubishi Logisnext and SCREEN. Other new entries include well-known names such as Mitsubishi Estate, Suzuki Motor, Panasonic and some lesser known names such as Aisin, Seibu Giken and Shibaura Machine.

These purchases were funded by some well-timed exits including Kamigumi, Rakuten Bank, Suruga Bank, Honda Motor, Resonac, Megachips and Trial. There were also names we sold, because we saw better opportunities elsewhere, such as Dentsu, Kirin and Nomura.

We continue to look for undiscovered gems in the mid-small cap space in corporate Japan and feel the opportunity set is very rich.

Outlook

Despite the unusual volatility in the stockmarket at the beginning of August, sentiment on the ground in Japan has been relatively calm. The Japanese economy continues along its path of structural improvement, especially in the listed corporate sector. Stockmarket earnings remain solid thanks to genuine self-help and ongoing structural reform of business models and capital policies. Earnings grew some 12% in the last financial year and earnings in the current fiscal year appear to be off to a strong start.

We are not in the business of predicting market episodes, but we are alert to their ongoing possibility. Indeed, we have noted a number of times in the past that it would be heroic to expect the normalisation of interest rates, after 20-plus years of experimental policy, to happen without the market slipping on an occasional 'banana skin'. Well, this just happened – and that's ok.

Authorised Corporate Director's Report

With weak hands seemingly flushed out after the 'flash crash' in August, the price one must pay for equity ownership in Japan has shrunk despite robust fundamentals. We remain of the opinion that Japanese equities represent an attractive, structural investment opportunity with an asymmetric prospective payoff profile.

Carl Vine

Fund manager

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

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

Portfolio statement

Investments

Holding	as at 31.08.24 ¥'000	as at 31.08.24 %	as at 31.08.23 %
Equities	39,838,232	99.44	97.94
Software & computer services	1,955,921	4.88	0.00
117,000 BIROGY, Inc.	551,959	1.38	
192,300 NET One Systems Co. Ltd.	655,570	1.63	
299,000 Simplex Holdings, Inc.	748,392	1.87	
Technology hardware & equipment	4,638,918	11.58	10.33
80,400 NEC Corp.	1,037,878	2.59	
74,400 Pilot Corp.	320,439	0.80	
776,200 QD Laser, Inc.	319,895	0.80	
512,000 Rohm Co. Ltd.	935,726	2.34	
57,200 SCREEN Holdings Co. Ltd.	624,966	1.56	
207,500 Taiyo Yuden Co. Ltd.	746,207	1.86	
184,800 Tazmo Co. Ltd.	653,807	1.63	
Medical equipment & services	0	0.00	1.43
Pharmaceuticals & biotechnology	968,421	2.42	2.07
378,301 PeptiDream, Inc.	968,421	2.42	
Banks	520,005	1.30	3.47
144,000 Sumitomo Mitsui Trust Holdings, Inc.	520,005	1.30	
Investment banking & brokerage services	1,910,466	4.77	4.70
353,700 ORIX Corp.	1,292,705	3.23	
317,955 Sparx Group Co. Ltd.	452,220	1.13	
290,448 YCP Holdings Global Ltd.	165,541	0.41	
Life insurance	0	0.00	1.70
Real estate investment & services	1,659,102	4.14	2.96
2,038,700 Ichigo, Inc.	780,071	1.95	
351,500 Mitsubishi Estate Co. Ltd.	879,031	2.19	
Automobiles & parts	3,956,092	9.87	13.29
119,400 Aisin Corp.	609,031	1.52	
79,400 KYB Corp.	373,811	0.93	
224,900 Niterra Co. Ltd.	971,400	2.42	
57,972 REE Automotive Ltd.	31,565	0.08	
424,200 Suzuki Motor Corp.	720,248	1.80	

Portfolio statement

Investments (continued)

Holding	as at 31.08.24 ¥'000	as at 31.08.24 %	as at 31.08.23 %
Equities (continued)			
Automobiles & parts (continued)			
73,500 Toyota Industries Corp.	839,925	2.10	
323,400 Yamaha Motor Co. Ltd.	410,112	1.02	
Household goods & home construction	1,141,545	2.85	2.04
187,300 Sumitomo Forestry Co. Ltd.	1,141,545	2.85	
Leisure goods	2,189,903	5.47	6.45
547,800 Nikon Corp.	854,743	2.13	
604,500 Panasonic Holdings Corp.	734,981	1.84	
161,000 Sanrio Co. Ltd.	600,179	1.50	
Media	0	0.00	1.88
Travel & leisure	561,609	1.40	1.34
802,330 Skymark Airlines, Inc.	561,609	1.40	
Beverages	0	0.00	1.36
Food producers	1,275,979	3.18	1.68
181,000 Morinaga & Co. Ltd.	496,203	1.24	
85,900 Toyo Suisan Kaisha Ltd.	779,776	1.94	
Personal care, drug & grocery stores	1,552,187	3.87	1.99
725,500 Axxzia, Inc.	615,859	1.54	
445,700 Seven & i Holdings Co. Ltd.	936,328	2.33	
Construction & materials	867,675	2.17	2.25
896,900 Hitachi Zosen Corp.	867,675	2.17	
Electronic & electrical equipment	2,584,625	6.45	5.94
108,300 Hamamatsu Photonics KK	420,326	1.05	
153,700 PILLAR Corp.	669,531	1.67	
447,200 Ushio, Inc.	929,085	2.32	
138,000 Yokogawa Electric Corp.	565,683	1.41	
General industrials	1,249,461	3.12	2.37
290,400 Noritsu Koki Co. Ltd.	1,249,461	3.12	
Industrial engineering	4,705,874	11.75	4.50
389,100 CKD Corp.	1,147,256	2.86	
1,100,100 Mitsubishi Logisnext Co. Ltd.	1,509,266	3.77	
175,500 Nabtesco Corp.	436,064	1.09	

Portfolio statement

Investments (continued)

Holding	as at 31.08.24 ¥'000	as at 31.08.24 %	as at 31.08.23 %
Equities (continued)			
Industrial engineering (continued)			
1,088,000 Nippon Thompson Co. Ltd.	557,756	1.39	
146,800 Shibaura Machine Co. Ltd.	543,495	1.36	
106,000 Yaskawa Electric Corp.	512,037	1.28	
Industrial support services	4,236,565	10.57	11.12
261,600 Central Security Patrols Co. Ltd.	710,725	1.77	
300,800 Credit Saison Co. Ltd.	971,055	2.42	
288,300 Dip Corp.	832,753	2.08	
303,500 Open Up Group, Inc.	596,781	1.49	
248,500 SBS Holdings, Inc.	639,932	1.60	
316,600 Seibu Giken Co. Ltd.	485,319	1.21	
Industrial transportation	475,645	1.19	6.42
103,400 Keisei Electric Railway Co. Ltd.	475,645	1.19	
Chemicals	3,388,239	8.46	8.65
107,400 Earth Corp.	567,909	1.42	
274,700 NOF Corp.	624,001	1.56	
151,400 Sumitomo Bakelite Co. Ltd.	587,472	1.47	
271,800 T Hasegawa Co. Ltd.	839,334	2.09	
1,025,500 Toray Industries, Inc.	769,523	1.92	
Total portfolio	39,838,232	99.44	97.94
Net other assets/(liabilities)	224,766	0.56	2.06
Net assets attributable to shareholders	40,062,998	100.00	100.00

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

Portfolio statement

Top ten portfolio transactions for the year to 31 August 2024

Largest purchases	¥'000
Mitsubishi Logisnext Co. Ltd.	1,517,605
Mitsubishi Estate Co. Ltd.	1,436,728
Seven & i Holdings Co. Ltd.	1,236,492
Panasonic Holdings Corp.	950,187
Trial Holdings, Inc.	949,860
Seibu Giken Co. Ltd.	829,055
Rohm Co. Ltd.	825,571
Pilot Corp.	823,812
Aisin Corp.	793,502
Suzuki Motor Corp.	775,237
Other purchases	20,111,270
Total purchases	30,249,319

Largest sales	¥'000
Trial Holdings, Inc.	1,426,943
Honda Motor Co. Ltd.	1,336,903
Suruga Bank Ltd.	1,253,283
Sanrio Co. Ltd.	1,042,733
Ichigo, Inc.	1,029,885
KYB Corp.	1,017,487
Sakai Moving Service Co. Ltd.	990,084
T&D Holdings, Inc.	923,568
Resonac Holdings Corp.	908,456
Niterra Co. Ltd.	863,198
Other sales	20,641,951
Total sales	31,434,491

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, historic prices, distribution rates, performance information (including a range of performance graphs) and other documents, please visit our website at mandg.com/investments

Long-term performance by share class

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

Share class	One year % ^a	Three years % pa	Five years % pa	Ten years % pa
Sterling				
Class 'A' Income	+8.6	+8.1	+12.3	+11.2
Class 'A' Accumulation	+8.6	+8.1	+12.3	+11.2
Class 'I' Income	+9.0	+8.5	+12.7	+11.9
Class 'I' Accumulation	+9.0	+8.5	+12.7	+11.9
Class 'PP' Income	+9.1	+8.6	n/a	n/a
Class 'PP' Accumulation	+9.1	+8.6	n/a	n/a
Class 'R' Income	+8.7	+8.2	+12.5	+11.6
Class 'R' Accumulation	+8.7	+8.2	+12.5	+11.6
Benchmark	+10.9	+3.8	+4.7	+8.4

^a Not annualised.

Specific share class performance

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

'Operating charges' and 'Direct 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 shares

The share class was launched on 15 May 1984.

for the year to 31 August Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	691.05	629.61	620.45
Return before operating charges*	67.76	82.60	31.28
Operating charges	(7.64)	(6.95)	(7.84)
Return after operating charges*	60.12	75.65	23.44
Distributions	(15.56)	(14.21)	(14.28)
Closing NAV	735.61	691.05	629.61
*after direct transaction cost of	0.24	0.28	0.34
Performance			
Return after charges (%)	8.70	12.02	3.78
Other information			
Closing NAV (¥'000)	729,033	721,864	616,884
Number of shares	517,859	564,565	608,155
Operating charges	1.10	1.10	1.28
Direct transaction costs (%)	0.03	0.04	0.06
Prices			
Highest share price	771.02	734.77	677.49
Lowest share price	664.00	595.66	570.71

Sterling Class 'A' Accumulation shares

The share class was launched on 15 May 1984.

for the year to 31 August Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	841.17	750.93	723.73
Return before operating charges*	82.50	98.50	36.03
Operating charges	(9.30)	(8.26)	(8.83)
Return after operating charges*	73.20	90.24	27.20
Distributions	(9.39)	(8.90)	(8.00)
Retained distributions	9.39	8.90	8.00
Closing NAV	914.37	841.17	750.93
*after direct transaction cost of	0.29	0.33	0.40
Performance			
Return after charges (%)	8.70	12.02	3.76
Other information			
Closing NAV (¥'000)	1,942,247	1,743,814	1,706,313
Number of shares	1,109,923	1,120,429	1,410,395
Operating charges	1.10	1.10	1.22
Direct transaction costs (%)	0.03	0.04	0.06
Prices			
Highest share price	938.52	876.55	790.12
Lowest share price	808.25	710.59	665.59

Financial highlights

Sterling Class 'I' Income shares

The share class was launched on 3 August 2012.

for the year to 31 August Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	3,518.58	3,192.88	3,133.69
Return before operating charges*	346.21	420.48	156.99
Operating charges	(24.72)	(22.59)	(25.55)
Return after operating charges*	321.49	397.89	131.44
Distributions	(79.40)	(72.19)	(72.25)
Closing NAV	3,760.67	3,518.58	3,192.88
*after direct transaction cost of	1.23	1.43	1.75
Performance			
Return after charges (%)	9.14	12.46	4.19
Other information			
Closing NAV (¥'000)	3,290,693	3,468,376	2,248,538
Number of shares	457,229	532,753	437,120
Operating charges	0.70	0.70	0.81
Direct transaction costs (%)	0.03	0.04	0.06
Prices			
Highest share price	3,934.50	3,737.85	3,422.32
Lowest share price	3,382.92	3,022.35	2,891.71

Sterling Class 'I' Accumulation shares

The share class was launched on 3 August 2012.

for the year to 31 August Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	4,223.81	3,754.88	3,604.44
Return before operating charges*	414.77	495.81	180.26
Operating charges	(29.84)	(26.88)	(29.82)
Return after operating charges*	384.93	468.93	150.44
Distributions	(64.70)	(59.25)	(53.97)
Retained distributions	64.70	59.25	53.97
Closing NAV	4,608.74	4,223.81	3,754.88
*after direct transaction cost of	1.48	1.70	2.00
Performance			
Return after charges (%)	9.11	12.49	4.17
Other information			
Closing NAV (¥'000)	26,185,654	23,298,692	11,539,074
Number of shares	2,968,877	2,981,214	1,907,470
Operating charges	0.70	0.70	0.83
Direct transaction costs (%)	0.03	0.04	0.06
Prices			
Highest share price	4,722.13	4,396.76	3,935.69
Lowest share price	4,060.14	3,555.13	3,325.49

Financial highlights

Sterling Class 'PP' Income shares

The share class was launched on 28 June 2021.

for the year to 31 August Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	112.34	101.84	99.74
Return before operating charges*	11.06	13.43	5.00
Operating charges	(0.67)	(0.63)	(0.60)
Return after operating charges*	10.39	12.80	4.40
Distributions	(2.54)	(2.30)	(2.30)
Closing NAV	120.19	112.34	101.84
*after direct transaction cost of	0.04	0.05	0.06
Performance			
Return after charges (%)	9.25	12.57	4.41
Other information			
Closing NAV (¥'000)	1,767,651	3,306,722	1,363,384
Number of shares	7,684,847	15,907,995	8,309,530
Operating charges	0.60	0.60	0.60
Direct transaction costs (%)	0.03	0.04	0.06
Prices			
Highest share price	125.69	119.32	108.93
Lowest share price	108.03	96.42	92.22

Sterling Class 'PP' Accumulation shares

The share class was launched on 28 June 2021.

for the year to 31 August Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	117.38	104.25	99.84
Return before operating charges*	11.55	13.76	5.02
Operating charges	(0.72)	(0.63)	(0.61)
Return after operating charges*	10.83	13.13	4.41
Distributions	(1.92)	(1.75)	(1.72)
Retained distributions	1.92	1.75	1.72
Closing NAV	128.21	117.38	104.25
*after direct transaction cost of	0.04	0.05	0.06
Performance			
Return after charges (%)	9.23	12.59	4.42
Other information			
Closing NAV (¥'000)	5,508,575	3,736,960	2,719,343
Number of shares	22,450,887	17,205,925	16,191,195
Operating charges	0.60	0.60	0.60
Direct transaction costs (%)	0.03	0.04	0.06
Prices			
Highest share price	131.31	122.17	109.03
Lowest share price	112.85	98.72	92.31

Financial highlights

Sterling Class 'R' Income shares

The share class was launched on 3 August 2012.

for the year to 31 August Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	345.57	314.37	309.33
Return before operating charges*	33.94	41.31	15.49
Operating charges	(3.30)	(3.01)	(3.33)
Return after operating charges*	30.64	38.30	12.16
Distributions	(7.79)	(7.10)	(7.12)
Closing NAV	368.42	345.57	314.37
*after direct transaction cost of	0.12	0.14	0.17
Performance			
Return after charges (%)	8.87	12.18	3.93
Other information			
Closing NAV (¥'000)	65,234	71,512	54,566
Number of shares	92,522	111,842	107,735
Operating charges	0.95	0.95	1.08
Direct transaction costs (%)	0.03	0.04	0.06
Prices			
Highest share price	385.88	367.32	337.79
Lowest share price	332.12	297.48	284.87

Sterling Class 'R' Accumulation shares

The share class was launched on 3 August 2012.

for the year to 31 August Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	410.74	366.06	352.27
Return before operating charges*	40.25	48.18	17.59
Operating charges	(3.92)	(3.50)	(3.80)
Return after operating charges*	36.33	44.68	13.79
Distributions	(5.22)	(4.88)	(4.41)
Retained distributions	5.22	4.88	4.41
Closing NAV	447.07	410.74	366.06
*after direct transaction cost of	0.14	0.16	0.20
Performance			
Return after charges (%)	8.85	12.21	3.91
Other information			
Closing NAV (¥'000)	573,911	551,951	407,247
Number of shares	670,782	726,266	690,533
Operating charges	0.95	0.95	1.08
Direct transaction costs (%)	0.03	0.04	0.06
Prices			
Highest share price	458.57	427.80	384.61
Lowest share price	394.68	346.47	324.36

Financial statements and notes

Financial statements

Statement of total return

for the year to 31 August		2024		2023	
	Note	¥'000	¥'000	¥'000	¥'000
Income					
Net capital gains/(losses)	3		4,879,408		6,692,944
Revenue	5	1,002,351		670,238	
Expenses	6	(293,804)		(192,841)	
Interest payable and similar charges		(2,388)		(1,901)	
Net revenue/(expense) before taxation		706,159		475,496	
Taxation	7	(100,225)		(67,015)	
Net revenue/(expense) after taxation			605,934		408,481
Total return before distributions			5,485,342		7,101,425
Distributions	8		(661,904)		(448,053)
Change in net assets attributable to shareholders from investment activities			4,823,438		6,653,372

Statement of change in net assets attributable to shareholders

for the year to 31 August		2024		2023	
		¥'000	¥'000	¥'000	¥'000
Opening net assets attributable to shareholders			36,899,891		20,655,349
Amounts received on issue of shares		12,501,618		13,926,186	
Amounts paid on cancellation of shares		(14,684,280)		(4,769,435)	
			(2,182,662)		9,156,751
Dilution adjustments			45,529		26,920
Change in net assets attributable to shareholders from investment activities (see above)			4,823,438		6,653,372
Retained distributions on Accumulation shares			476,785		407,493
Unclaimed distributions			17		6
Closing net assets attributable to shareholders			40,062,998		36,899,891

Financial statements and notes

Financial statements

Balance sheet

as at 31 August	Note	2024 ¥'000	2023 ¥'000
Assets			
Fixed assets			
Investments		39,838,232	36,138,392
Current assets			
Debtors	9	444,503	852,999
Cash and bank balances	10	388,511	617,962
Total assets		40,671,246	37,609,353
Liabilities			
Creditors			
Distribution payable		(123,578)	(155,269)
Other creditors	11	(484,670)	(554,193)
Total liabilities		(608,248)	(709,462)
Net assets attributable to shareholders		40,062,998	36,899,891

Financial statements and notes

Notes to the financial statements

1 Accounting policies

The financial statements have been prepared in accordance with the 'Summary of significant accounting policies' set out on pages 9 to 12.

The fund's functional and presentational currency is Japanese yen as this better reflects the currency of its primary economic environment.

2 Distribution policy

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

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

3 Net capital gains/(losses)

for the year to 31 August	2024 ¥'000	2023 ¥'000
Non-derivative securities	4,885,011	6,665,786
Currency gains/(losses)	(5,603)	27,158
Net capital gains/(losses)	4,879,408	6,692,944

Financial statements and notes

4 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' within 'Notes to the financial statements' on pages 11 and 12. Total direct portfolio transaction costs are stated before dilution adjustments.

for the year to 31 August	2024 ¥'000	% of transaction	2023 ¥'000	% of transaction
a) Purchases				
Equities				
Equities before transaction costs	30,242,014		24,141,164	
Commissions	7,305	0.02	6,662	0.03
Total purchases after transaction costs	30,249,319		24,147,826	
b) Sales				
Equities				
Equities before transaction costs	31,441,570		14,869,088	
Commissions	(7,079)	0.02	(5,159)	0.03
Total sales after transaction costs	31,434,491		14,863,929	
	2024 ¥'000	% of average NAV	2023 ¥'000	% of average NAV
c) Direct portfolio transaction costs				
Commissions paid				
Equities	14,384	0.03	11,821	0.04
Total direct portfolio transaction costs	14,384	0.03	11,821	0.04
		%		%
d) Indirect portfolio transaction costs				
Average portfolio dealing spread as at the balance sheet date		0.45		0.28

5 Revenue

for the year to 31 August	2024 ¥'000	2023 ¥'000
Bank interest	103	90
Dividends from equity investments: non-taxable	1,002,248	670,148
Total revenue	1,002,351	670,238

Financial statements and notes

6 Expenses

for the year to 31 August	2024 ¥'000	2023 ¥'000
Payable to the ACD or associate		
Annual charge	293,804	192,841
Total expenses	293,804	192,841

Audit fees for the financial year ending 2024 were £12,000 (2023: £11,000) (including VAT), which are covered by the annual charge.

7 Taxation

for the year to 31 August	2024 ¥'000	2023 ¥'000
a) Analysis of charge in the year		
Corporation tax	0	0
Withholding tax	100,225	67,015
Deferred tax (note 7c)	0	0
Total taxation	100,225	67,015
b) Factors affecting taxation charge for the year		
Net revenue/(expense) before taxation	706,159	475,496
Corporation tax at 20%	141,232	95,099
Effects of:		
Revenue: non-taxable	(200,450)	(134,029)
Current year expenses not utilised	59,218	38,930
Withholding tax	100,225	67,015
Total tax charge (note 7a)	100,225	67,015
c) Provision for deferred taxation		
Provision at the start of the year	0	0
Deferred tax in profit and loss account (note 7a)	0	0
Provision at the end of the year	0	0

The fund has not recognised a deferred tax asset of ¥749,341,000 (2023: ¥690,123,000) arising as a result of having excess management expenses. We do not expect this asset to be utilised in the foreseeable future.

Financial statements and notes

8 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	2024		2023	
	Inc ¥'000	Acc ¥'000	Inc ¥'000	Acc ¥'000
Dividend distributions				
Final	123,578	476,785	155,269	407,493
Total net distributions		600,363		562,762
Income deducted on cancellation of shares		155,123		50,020
Income received on issue of shares		(93,582)		(164,729)
Distributions		661,904		448,053
Net revenue/(expense) per statement of total return		605,934		408,481
Expenses offset against capital		55,971		39,573
Undistributed income brought forward		4		3
Undistributed income carried forward		(5)		(4)
Distributions		661,904		448,053

9 Debtors

as at 31 August	2024 ¥'000	2023 ¥'000
Amounts receivable on issues of shares	30,086	426,569
Currency deals outstanding	191,201	236,314
Dividends receivable	102,611	91,521
Sales awaiting settlement	120,605	98,595
Total debtors	444,503	852,999

10 Cash and bank balances

as at 31 August	2024 ¥'000	2023 ¥'000
Cash held as bank balances	388,511	617,962
Total cash and bank balances	388,511	617,962

Financial statements and notes

11 Other creditors

as at 31 August	2024 ¥'000	2023 ¥'000
Amounts payable on cancellation of shares	268,503	144,833
Annual charge payable	8,574	7,042
Currency deals outstanding	191,160	236,203
Purchases awaiting settlement	16,433	166,115
Total other creditors	484,670	554,193

12 Contingent assets, liabilities and outstanding commitments

There were no contingent assets, liabilities or outstanding commitments at the balance sheet date (2023: same).

13 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 14.

Share class	Opening 01.09.23	Issued	Movements		Closing 31.08.24
			Cancelled	Converted	
Sterling					
Class 'A' Income	564,565	39,922	(86,628)	0	517,859
Class 'A' Accumulation	1,120,429	119,920	(130,426)	0	1,109,923
Class 'I' Income	532,753	98,200	(173,724)	0	457,229
Class 'I' Accumulation	2,981,214	644,930	(657,267)	0	2,968,877
Class 'PP' Income	15,907,995	13,368,708	(21,591,856)	0	7,684,847
Class 'PP' Accumulation	17,205,925	15,305,020	(10,060,058)	0	22,450,887
Class 'R' Income	111,842	17,241	(36,561)	0	92,522
Class 'R' Accumulation	726,266	354,726	(410,210)	0	670,782

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

14 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 %
Sterling	
Class 'A'	1.10
Class 'I'	0.70
Class 'PP'	0.60
Class 'R'	0.95

15 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 8. Amounts due to/from M&G Securities Limited in respect of share transactions at the year end are disclosed in notes 9 and 11 where applicable.

Amounts paid to M&G Securities Limited in respect of the annual charge are disclosed in note 6. Amounts due at the year end in respect of the annual charge 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 0.24% (2023: 0.22%) of the fund's shares.

16 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 2024	Liabilities 2024	Assets 2023	Liabilities 2023
Basis of valuation	¥'000	¥'000	¥'000	¥'000
Level 1	39,838,232	0	36,138,392	0
Level 2	0	0	0	0
Level 3	0	0	0	0
	39,838,232	0	36,138,392	0

17 Risk management policies

The general risk management policies for the fund are set out in note 3 to the financial statements on pages 12 to 14.

18 Market risk sensitivity

A five per cent increase in the value of the fund's investment portfolio would have the effect of increasing the return and net assets by ¥1,991,912,000 (2023: ¥1,806,920,000). A five per cent decrease would have an equal and opposite effect.

19 Currency risk sensitivity and exposure

Currency risk is not considered significant for the fund and is therefore not disclosed.

20 Interest rate risk sensitivity and exposure

As the majority of the fund's financial assets are non-interest bearing, the risk is not considered significant and is therefore not disclosed.

21 Credit risk

Credit risk with regard to derivative balances is not considered significant and is therefore not disclosed.

22 Dividend distribution tables

This fund pays annual ordinary distributions and the following table sets out the distribution period.

Annual distribution period

	Start	End	Xd	Payment
Final	01.09.23	31.08.24	02.09.24	31.10.24

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

Financial statements and notes

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

Ordinary distributions for the year to 31 August	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Final	11.1388	4.4258	15.5646	14.2088

Sterling Class 'A' Accumulation shares

Ordinary distributions for the year to 31 August	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Final	2.7744	6.6167	9.3911	8.9037

Sterling Class 'I' Income shares

Ordinary distributions for the year to 31 August	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Final	47.6571	31.7382	79.3953	72.1859

Sterling Class 'I' Accumulation shares

Ordinary distributions for the year to 31 August	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Final	34.2654	30.4365	64.7019	59.2534

Sterling Class 'PP' Income shares

Ordinary distributions for the year to 31 August	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Final	1.6111	0.9251	2.5362	2.3035

Sterling Class 'PP' Accumulation shares

Ordinary distributions for the year to 31 August	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Final	0.9291	0.9913	1.9204	1.7476

Financial statements and notes

Sterling Class 'R' Income shares

Ordinary distributions for the year to 31 August	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Final	5.1250	2.6637	7.7887	7.0995

Sterling Class 'R' Accumulation shares

Ordinary distributions for the year to 31 August	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Final	2.9534	2.2708	5.2242	4.8782

23 Events after the balance sheet date

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

Authorised Corporate Director's Report

For the purposes of these financial statements, the Prospectus dated 30 August 2024 has been used.

Investment objective

The fund has two aims:

- To provide a higher total return (the combination of capital growth and income), net of the ongoing charge figure, than that of the S&P 500 Index over any five-year period; and
- To provide an income stream that increases every year in USD terms.

Investment policy

At least 80% of the fund is invested directly in equity securities and equity-related securities of companies across any sector and market capitalisation that are incorporated, domiciled or do most of their business in the US and Canada. The fund usually holds a concentrated portfolio of fewer than 50 companies.

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

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

Derivatives may be used for efficient portfolio management and hedging.

Investment approach

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

The fund manager aims to create a diversified portfolio with exposure to a broad range of sectors.

Companies with different drivers of dividend growth are selected to construct a portfolio that has the potential to cope in a variety of market conditions.

Benchmark

S&P 500 Index

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

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

For each share class the benchmark will be denominated or hedged into the relevant share class currency. The benchmark for each share class will be shown in its respective KIID.

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 12 to 14.

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



The above number:

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

Authorised Corporate Director's Report

Investment review

For the year ended 31 August 2024

Distribution summary

Over the 12-month review period to 31 August 2024, the fund distributed income of 51.9026 pence per sterling Class 'A' Income share. This represents a 0.9% increase from last year. The sterling Class 'I' Income share distributed 64.2016 pence, which is 1.1% higher than last year's payment. In US dollars, the currency in which the fund's income objective is determined, the distribution rose 4.6% from last year for the sterling Class 'A' Income share and 4.8% for the sterling Class 'I' Income share.

Despite concerns about persistent inflation and more recently the health of the broader economy after a prolonged period of higher interest rates, the momentum in US dividends continued during the 12 months under review. Dividends provide a strong signal of corporate confidence, and corporate America remains resolutely optimistic. (Dividends represent a share in the profits of a company and are paid out to the company's shareholders at set times of the year.)

Against this backdrop, the fund benefited from rising dividends across a range of sectors. In contrast to previous years when the majority of holdings delivered dividend increases in the region of 5-15%, we continued to see an unusually high number of companies raising their dividends by 15% or more.

We have been encouraged by the robust dividend growth from the fund's largest holdings, many of which are technology-related companies. Microsoft extended its long sequence of dividend growth with a 10% increase in software, while Broadcom rewarded shareholders with a 14% uplift in semiconductors. Visa and Mastercard raised their dividends by 16% in digital payments. Equinix provided the biggest boost during the review period as the data centre company raised its dividend by 25%.

Financials provided another source of impressive growth, led by the new holding in ARES Management which reported a 21% increase. JPMorgan Chase raised

its dividend twice in 2024 with an annualised growth rate of 19%. American Express and Arthur J Gallagher reported increases in the core 5-15% range, while Progressive paid a special dividend in line with the company's cash return policy.

Healthcare continued to offer reliable growth among the defensive sectors, with UnitedHealth, Elevance Health and the new purchase of McKesson among the holdings reporting double-digit increases. In utilities, NextEra Energy raised its dividend by 10%, in line with previous years. (Defensive stocks are companies that tend to have stable earnings and are less affected by peaks and troughs in the economy.)

Strong dividend growth was also apparent in more economically sensitive sectors. The recent purchases of Sherwin-Williams and Rollins, which have exposure to the housing market, reported double-digit growth.

It was not all good news, however, as VF announced a dividend cut. Having reassessed the investment case, we subsequently exited the position. While the outcome was disappointing, VF was very much an outlier and we are pleased that the majority of the fund's holdings continued to deliver solid, and in some cases spectacular, dividend growth.

That being said, we remain vigilant about the outlook for dividends given the uncertainties in the US economy. Balance sheet strength is a key consideration in our company research to ensure that dividends can be sustained in the current climate. We take comfort from the fact that many of our holdings are carrying net cash. Caution is prudent, in our view, but we continue to believe that the fund is well placed to deliver on its objective of providing a rising income stream.

Performance against objective

Between 1 September 2023 (the start of the review period) and 31 August 2024, the fund delivered a positive total return (the combination of income and growth of capital) across all its share classes, but performance relative to the S&P 500 Index, which returned 22.6% in sterling, was mixed. The hedged share classes outperformed the fund's benchmark, the

Authorised Corporate Director's Report

S&P 500 Index, in contrast to the unhedged share classes which underperformed.

Over five years, the fund generated positive returns across all its share classes, but underperformed the S&P 500 Index which delivered an annualised return of 14.2% in sterling. Therefore the fund did not meet the objective of providing a higher total return, net of the Ongoing Charge Figure, than that of the S&P 500 Index over any five-year period.

The fund delivered on the objective of growing the distribution every year in US dollars. The growth in distributed income for the financial year was 4.6% in US dollars for the sterling Class 'A' Income share and 4.8% in US dollars for the sterling Class 'I' Income share.

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 US stockmarket rose during the 12-month review period, with the major indices – the S&P 500 Index, Dow Jones Industrial Average and the NASDAQ Composite Index – reaching all-time highs. The new economy dominated the leaderboard: NVIDIA, the standard bearer for Artificial Intelligence (AI), doubled in technology and Meta Platforms, the owner of Facebook, surged 70% in communication services. Financials outperformed, led by a strong rally in banks, in contrast to other sectors with greater economic sensitivity which struggled to keep up: energy, materials and industrials were left behind in a rising market. Defensive stocks were out of favour for the majority of the review period until a late resurgence: consumer staples, healthcare and utilities underperformed.

Against this backdrop, the fund generated a positive return but its unhedged share classes underperformed the S&P 500 Index, not helped by market timing differences. The product return, which is priced at midday in London, did not include the gains on the last trading day of the review period when the fund's benchmark, S&P 500 Index, rose 1%.

Sector allocation added value, driven by an overweight relative to the benchmark in financials and an underweight in consumer discretionary which was held back by Tesla's declines. Tesla does not pay a dividend and is therefore ineligible for our dividend growth strategy.

Stock selection made a positive contribution in technology, with Broadcom as the standout performer. The shares returned more than 70% as the semiconductor company was seen as a potential beneficiary of the structural growth in AI. QUALCOMM and Motorola Solutions were the other notable winners in technology.

American Express, Progressive and JPMorgan Chase delivered strong gains in financials, while Equifax, a credit bureau, performed in a similar vein.

The fund's limited exposure to NVIDIA and Meta Platforms provided the biggest drag on performance relative to the S&P 500 Index. We invested in these new economy bellwethers during the 12 months under review, but we sold NVIDIA after an unusually short holding period following a burst of strong performance. Meta Platforms became a potential investment candidate for the first time on the announcement of its maiden dividend in February, but we were unable to capture its previous gains under its prior status as a non-dividend-payer.

Visa and Mastercard featured prominently among the detractors as the shares made little progress in the second half of the review period. The long-term investment case for the digital payment companies remains unchanged. Air Products & Chemicals declined due to scepticism about the industrial gases company's ability to deliver on its strategic plan. The position was sold towards the end of the review period as the shares recovered from their lows.

Investment activities

We made 12 new purchases and 11 complete sales during the 12-month review period, a level of turnover consistent with our long-term investment horizon of three to five years. The number of holdings increased to 45.

Authorised Corporate Director's Report

The fund's exposure to healthcare increased, helped by the new purchases of AbbVie and McKesson. We also added to UnitedHealth and Elevance Health on weakness as the sector experienced its customary underperformance ahead of an election. We bought more Rexford Industrial Realty and NextEra Energy after negative sentiment took their toll on real estate investment trusts (REITs) and utilities. Concerns about interest-rate sensitivity were overdone, in our view, and we were subsequently rewarded with a strong rebound in share prices.

By contrast, Sysco, Mondelēz International, Estee Lauder and Costco Wholesale were sold as a source of cash for better ideas, resulting in the fund's consumer staples exposure being reduced to zero.

We invested in Meta Platforms and Alphabet for the first time after the owners of Facebook and Google, respectively, started paying dividends. These newcomers to the dividend-paying fold provide access to long-term growth trends on undemanding valuations and diversify our exposure to the new economy. The new purchases were funded by profit-taking in strong performers including Broadcom and Microsoft. NVIDIA was bought and sold during the review period after a strong rally driven by the AI tailwind rendered the valuation untenable. The semiconductor exposure declined after we sold KLA in its entirety and reduced Lam Research after their phenomenal run.

We invested in Rollins and Sherwin-Williams as potential beneficiaries of a recovery in the housing market, supplemented by Canadian Pacific Kansas City which provides exposure to economic sensitivity by way of railroads. Trane Technologies, which also has housing market exposure, was sold after strong performance.

In financials, we bought ARES Management which provides access to the structural growth in alternative investments. We sold VF in consumer discretionary after its dividend cut. In energy, we switched our holding in Schlumberger into Cheniere Energy, the leading producer of liquefied natural gas (LNG) in the US.

Vertiv, a provider of critical infrastructure and services for data centres, and Texas Roadhouse, a restaurant chain with significant scope for expansion, were the final purchases during the review period. Air Products & Chemicals and S&P Global were sold as a source of cash.

Outlook

We believe that the fund is well placed for its higher exposure to quality companies, where valuations are attractive after a period of underperformance. We would highlight the need to be selective as valuations vary across defensive areas of the market. We have a preference for healthcare and some interest-rate sensitives, but remain cautious on consumer staples.

We are also optimistic about the long-term opportunity in AI. We see a buying opportunity for beneficiaries of this structural trend, backed by growing dividends, following the recent selloff in technology. We have been increasing exposure to AI application at the expense of AI infrastructure. Valuation remains a critical aspect of our company analysis to ensure that we do not overpay for the growth we seek.

The buying opportunity is not confined to technology and AI, in our view. We see attractive entry points for a variety of companies with compelling long-term growth prospects, a view endorsed by a recent research trip to the US. We remain active in our quest for new ideas.

We continue to believe that the majority of our holdings can sustain dividend growth in the 5-15% range over the long term, while offering an attractive yield. We are undeterred in our pursuit of dividend growth and remain committed to its viability not only as a source of rising income, but also as a total return strategy in the US market over the long term.

John Weavers

Fund manager

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

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

Portfolio statement

Investments

Holding	as at 31.08.24 \$'000	as at 31.08.24 %	as at 31.08.23 %
Equities	1,014,916	98.46	99.49
Energy equipment & services	0	0.00	1.56
Oil, gas & consumable fuels	40,926	3.97	1.91
56,537 Cheniere Energy, Inc.	10,414	1.01	
999,704 Gibson Energy, Inc.	16,305	1.58	
157,121 ONEOK, Inc.	14,207	1.38	
Chemicals	22,889	2.22	4.86
281,106 Methanex Corp.	13,042	1.26	
27,217 Sherwin-Williams Co.	9,847	0.96	
Building products	0	0.00	0.52
Trading companies & distributors	2,813	0.27	0.37
7,997 Pool Corp.	2,813	0.27	
Commercial services & supplies	10,114	0.98	0.00
201,196 Rollins, Inc.	10,114	0.98	
Professional services	13,337	1.29	1.80
43,605 Equifax, Inc.	13,337	1.29	
Transportation infrastructure	11,014	1.07	0.00
133,484 Canadian Pacific Kansas City Ltd.	11,014	1.07	
Textiles, apparel & luxury goods	2,219	0.22	1.82
26,524 NIKE, Inc.	2,219	0.22	
Speciality retail	27,896	2.71	3.84
59,248 Lowe's Cos., Inc.	14,668	1.42	
48,177 Tractor Supply Co.	13,228	1.29	
Food & staples retailing	0	0.00	1.94
Food products	0	0.00	0.54
Personal products	0	0.00	0.41
Health care providers & services	96,279	9.34	6.73
60,247 Elevance Health, Inc.	33,310	3.23	
106,450 UnitedHealth Group, Inc.	62,969	6.11	
Biotechnology	26,732	2.59	0.00
136,625 AbbVie, Inc.	26,732	2.59	
Pharmaceuticals	42,384	4.11	2.29
19,594 McKesson Corp.	10,921	1.06	

Portfolio statement

Investments (continued)

Holding	as at 31.08.24 \$'000	as at 31.08.24 %	as at 31.08.23 %
Equities (continued)			
Pharmaceuticals (continued)			
180,410 Merck & Co., Inc.	21,236	2.06	
55,773 Zoetis, Inc.	10,227	0.99	
Life sciences tools & services	17,095	1.66	2.69
18,185 Texas Roadhouse, Inc.	3,078	0.30	
22,866 Thermo Fisher Scientific, Inc.	14,017	1.36	
Banks	30,363	2.95	2.60
136,341 JPMorgan Chase & Co.	30,363	2.95	
Consumer finance	23,991	2.33	2.27
91,764 American Express Co.	23,991	2.33	
Capital markets	55,987	5.43	5.82
178,705 ARES Management Corp.	25,949	2.52	
35,088 BlackRock, Inc.	30,038	2.91	
Insurance	43,860	4.26	2.55
84,780 Arthur J Gallagher & Co.	24,761	2.40	
75,994 Progressive Corp.	19,099	1.86	
IT services	135,552	13.15	16.63
42,701 Accenture PLC	14,580	1.41	
128,031 Mastercard, Inc.	61,502	5.97	
86,955 Vertiv Holdings Co.	7,072	0.69	
190,533 Visa, Inc.	52,398	5.08	
Software	91,857	8.91	10.63
27,144 Intuit, Inc.	17,008	1.65	
179,843 Microsoft Corp.	74,849	7.26	
Communications equipment	12,223	1.19	1.02
27,869 Motorola Solutions, Inc.	12,223	1.19	
Electronic equipment, instruments & components	5,669	0.55	0.62
25,346 CDW Corp.	5,669	0.55	
Semiconductors & semiconductor equipment	104,339	10.12	14.42
424,762 Broadcom, Inc.	68,064	6.60	
9,714 Lam Research Corp.	7,849	0.76	

Portfolio statement

Investments (continued)

Holding	as at 31.08.24 \$'000	as at 31.08.24 %	as at 31.08.23 %
Equities (continued)			
Semiconductors & semiconductor equipment (continued)			
46,678 NXP Semiconductors NV	11,747	1.14	
97,256 QUALCOMM, Inc.	16,679	1.62	
Diversified telecommunication services	20,564	1.99	3.07
292,475 Cogent Communications Holdings, Inc.	20,564	1.99	
Interactive media & services	67,344	6.53	0.00
145,034 Alphabet, Inc.	23,636	2.29	
83,855 Meta Platforms, Inc.	43,708	4.24	
Electric utilities	37,401	3.63	1.64
466,898 NextEra Energy, Inc.	37,401	3.63	
Equity real estate investment trusts (REITs)	72,068	6.99	6.94
58,038 American Tower Corp.	12,996	1.26	
33,324 Equinix, Inc.	27,358	2.65	
627,241 Rexford Industrial Realty, Inc.	31,714	3.08	
Portfolio of investments	1,014,916	98.46	99.49
Share class hedging	429	0.04	0.00
Forward currency contracts for share class hedging	429	0.04	0.00
£174,461 Bought for C\$305,717 (expires 11.09.24)	3	0.00	
C\$286 Bought for £161 (expires 11.09.24)	0	0.00	
£11,231,927 Bought for US\$14,361,186 (expires 11.09.24)	435	0.04	
£(263,754) Sold for US\$338,631 (expires 11.09.24)	(9)	0.00	
Total portfolio	1,015,345	98.50	99.49
Net other assets/(liabilities)	15,451	1.50	0.51
Net assets attributable to shareholders	1,030,796	100.00	100.00

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

Portfolio statement

Top ten portfolio transactions for the year to 31 August 2024

Largest purchases	\$'000
Meta Platforms, Inc.	39,974
ARES Management Corp.	24,516
Alphabet, Inc.	24,446
AbbVie, Inc.	24,107
Rexford Industrial Realty, Inc.	19,512
UnitedHealth Group, Inc.	19,103
NextEra Energy, Inc.	18,062
Elevance Health, Inc.	11,160
Canadian Pacific Kansas City Ltd.	11,144
McKesson Corp.	11,116
Other purchases	165,832
Total purchases	368,972

Largest sales	\$'000
Broadcom, Inc.	50,774
Air Products & Chemicals, Inc.	25,969
Mastercard, Inc.	24,813
Microsoft Corp.	21,602
American Tower Corp.	18,076
S&P Global, Inc.	16,967
NVIDIA Corp.	14,021
BlackRock, Inc.	13,831
Schlumberger NV	13,612
KLA Corp.	13,434
Other sales	148,341
Total sales	361,440

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, historic prices, distribution rates, performance information (including a range of performance graphs) and other documents, please visit our website at mandg.com/investments

Long-term performance by share class

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

Share class	One year % ^a	Three years % pa	Five years % pa	Ten years % pa
Sterling				
Class 'A' Income	+21.1	+10.9	+11.8	+14.2
Class 'A' Accumulation	+21.1	+10.9	+11.8	+14.2
Class 'I' Income	+21.6	+11.3	+12.3	+14.8
Class 'I' Accumulation	+21.6	+11.3	+12.3	+14.8
Class 'I-H' Income	+25.3	+8.3	n/a	n/a
Class 'I-H' Accumulation	+25.3	+8.3	n/a	n/a
Class 'PP' Income	+21.7	+11.4	+12.4	n/a
Class 'PP' Accumulation	+21.7	+11.4	+12.4	n/a
Class 'PP-H' Income	+25.4	+8.4	n/a	n/a
Class 'PP-H' Accumulation	+25.4	+8.4	n/a	n/a
Class 'R' Income	+21.3	+11.0	+12.0	+14.4
Class 'R' Accumulation	+21.3	+11.0	+12.0	+14.5
Benchmark	+22.6	+11.1	+14.2	+15.7

^a Not annualised.

Specific share class performance

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

'Operating charges' and 'Direct 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 shares

The share class was launched on 28 March 1977.

for the year to 31 August Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	3,056.67	3,020.34	2,809.30
Return before operating charges*	675.42	117.63	285.86
Operating charges	(34.92)	(29.87)	(27.88)
Return after operating charges*	640.50	87.76	257.98
Distributions	(51.90)	(51.43)	(46.94)
Closing NAV	3,645.27	3,056.67	3,020.34
*after direct transaction cost of	0.57	0.46	0.60
Performance			
Return after charges (%)	20.95	2.91	9.18
Other information			
Closing NAV (\$'000)	117,865	98,777	103,018
Number of shares	2,454,639	2,548,533	2,936,311
Operating charges	1.02	1.01	0.95
Direct transaction costs (%)	0.02	0.02	0.02
Prices			
Highest share price	3,727.01	3,110.16	3,182.50
Lowest share price	2,961.86	2,731.87	2,691.01

Sterling Class 'A' Accumulation shares

The share class was launched on 18 December 1972.

for the year to 31 August Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	4,593.15	4,461.06	4,083.98
Return before operating charges*	1,019.14	176.26	417.58
Operating charges	(52.68)	(44.17)	(40.50)
Return after operating charges*	966.46	132.09	377.08
Distributions	(30.95)	(35.44)	(26.17)
Retained distributions	30.95	35.44	26.17
Closing NAV	5,559.61	4,593.15	4,461.06
*after direct transaction cost of	0.86	0.68	0.88
Performance			
Return after charges (%)	21.04	2.96	9.23
Other information			
Closing NAV (\$'000)	113,445	96,731	134,662
Number of shares	1,549,076	1,660,877	2,598,674
Operating charges	1.02	1.01	0.95
Direct transaction costs (%)	0.02	0.02	0.02
Prices			
Highest share price	5,650.33	4,610.04	4,669.69
Lowest share price	4,450.78	4,035.58	3,923.81

Financial highlights

Sterling Class 'I' Income shares

The share class was launched on 3 August 2012.

for the year to 31 August Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	3,773.62	3,714.05	3,440.82
Return before operating charges*	835.37	145.41	350.74
Operating charges	(26.46)	(22.33)	(19.79)
Return after operating charges*	808.91	123.08	330.95
Distributions	(64.20)	(63.51)	(57.72)
Closing NAV	4,518.33	3,773.62	3,714.05
*after direct transaction cost of	0.70	0.57	0.74
Performance			
Return after charges (%)	21.44	3.31	9.62
Other information			
Closing NAV (\$'000)	192,836	180,400	175,906
Number of shares	3,239,980	3,770,130	4,077,324
Operating charges	0.62	0.61	0.55
Direct transaction costs (%)	0.02	0.02	0.02
Prices			
Highest share price	4,618.14	3,831.22	3,913.03
Lowest share price	3,658.71	3,360.96	3,302.38

Sterling Class 'I' Accumulation shares

The share class was launched on 3 August 2012.

for the year to 31 August Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	4,499.06	4,352.28	3,968.50
Return before operating charges*	1,000.29	173.08	406.71
Operating charges	(31.88)	(26.30)	(22.93)
Return after operating charges*	968.41	146.78	383.78
Distributions	(49.96)	(51.53)	(42.99)
Retained distributions	49.96	51.53	42.99
Closing NAV	5,467.47	4,499.06	4,352.28
*after direct transaction cost of	0.85	0.67	0.86
Performance			
Return after charges (%)	21.52	3.37	9.67
Other information			
Closing NAV (\$'000)	465,878	334,517	299,227
Number of shares	6,468,695	5,863,761	5,918,724
Operating charges	0.62	0.61	0.55
Direct transaction costs (%)	0.02	0.02	0.02
Prices			
Highest share price	5,554.92	4,505.53	4,555.25
Lowest share price	4,362.14	3,939.04	3,820.27

Financial highlights

Sterling Class 'I-H' Income shares

The share class was launched on 6 December 2019.

for the year to 31 August Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	130.80	120.57	133.48
Return before operating charges*	33.74	13.16	(10.12)
Operating charges	(0.95)	(0.79)	(0.76)
Return after operating charges*	32.79	12.37	(10.88)
Distributions	(2.25)	(2.14)	(2.03)
Closing NAV	161.34	130.80	120.57
*after direct transaction cost of	0.02	0.02	0.03
Performance			
Return after charges (%)	25.07	10.26	(8.15)
Other information			
Closing NAV (\$'000)	77	77	57
Number of shares	36,080	46,244	40,956
Operating charges	0.65	0.64	0.58
Direct transaction costs (%)	0.02	0.02	0.02
Prices			
Highest share price	162.34	133.19	144.68
Lowest share price	120.98	104.09	114.28

Sterling Class 'I-H' Accumulation shares

The share class was launched on 6 December 2019.

for the year to 31 August Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	139.81	126.63	137.90
Return before operating charges*	36.29	14.03	(10.48)
Operating charges	(1.03)	(0.85)	(0.79)
Return after operating charges*	35.26	13.18	(11.27)
Distributions	(1.52)	(1.52)	(1.31)
Retained distributions	1.52	1.52	1.31
Closing NAV	175.07	139.81	126.63
*after direct transaction cost of	0.03	0.02	0.03
Performance			
Return after charges (%)	25.22	10.41	(8.17)
Other information			
Closing NAV (\$'000)	6,273	4,799	2,068
Number of shares	2,720,331	2,707,268	1,406,052
Operating charges	0.65	0.64	0.58
Direct transaction costs (%)	0.02	0.02	0.02
Prices			
Highest share price	175.11	141.40	149.94
Lowest share price	129.35	109.34	119.22

Financial highlights

Sterling Class 'PP' Income shares

The share class was launched on 5 August 2019.

for the year to 31 August Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	138.75	136.40	126.25
Return before operating charges*	30.73	5.35	12.88
Operating charges	(0.82)	(0.69)	(0.60)
Return after operating charges*	29.91	4.66	12.28
Distributions	(2.36)	(2.31)	(2.13)
Closing NAV	166.30	138.75	136.40
*after direct transaction cost of	0.03	0.02	0.03
Performance			
Return after charges (%)	21.56	3.42	9.73
Other information			
Closing NAV (\$'000)	74,401	49,619	43,168
Number of shares	33,963,761	28,202,521	27,245,938
Operating charges	0.52	0.51	0.45
Direct transaction costs (%)	0.02	0.02	0.02
Prices			
Highest share price	169.96	140.77	143.72
Lowest share price	134.55	123.45	121.22

Sterling Class 'PP' Accumulation shares

The share class was launched on 8 April 2019.

for the year to 31 August Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	160.48	155.09	141.27
Return before operating charges*	35.71	6.18	14.49
Operating charges	(0.97)	(0.79)	(0.67)
Return after operating charges*	34.74	5.39	13.82
Distributions	(1.96)	(1.99)	(1.69)
Retained distributions	1.96	1.99	1.69
Closing NAV	195.22	160.48	155.09
*after direct transaction cost of	0.03	0.02	0.03
Performance			
Return after charges (%)	21.65	3.48	9.78
Other information			
Closing NAV (\$'000)	29,901	16,093	14,757
Number of shares	11,627,904	7,908,640	8,191,130
Operating charges	0.52	0.51	0.45
Direct transaction costs (%)	0.02	0.02	0.02
Prices			
Highest share price	198.33	160.62	162.32
Lowest share price	155.62	140.38	136.07

Financial highlights

Sterling Class 'PP-H' Income shares

The share class was launched on 6 December 2019.

for the year to 31 August Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	131.77	121.36	134.23
Return before operating charges*	34.00	13.24	(10.18)
Operating charges	(0.82)	(0.67)	(0.64)
Return after operating charges*	33.18	12.57	(10.82)
Distributions	(2.26)	(2.16)	(2.05)
Closing NAV	162.69	131.77	121.36
*after direct transaction cost of	0.02	0.02	0.03
Performance			
Return after charges (%)	25.18	10.36	(8.06)
Other information			
Closing NAV (\$'000)	40	34	28
Number of shares	18,500	20,150	20,150
Operating charges	0.55	0.54	0.48
Direct transaction costs (%)	0.02	0.02	0.02
Prices			
Highest share price	163.70	134.17	145.54
Lowest share price	121.88	104.79	115.02

Sterling Class 'PP-H' Accumulation shares

The share class was launched on 6 December 2019.

for the year to 31 August Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	140.42	127.01	138.26
Return before operating charges*	36.45	14.14	(10.62)
Operating charges	(0.88)	(0.73)	(0.63)
Return after operating charges*	35.57	13.41	(11.25)
Distributions	(1.68)	(1.64)	(1.43)
Retained distributions	1.68	1.64	1.43
Closing NAV	175.99	140.42	127.01
*after direct transaction cost of	0.03	0.02	0.03
Performance			
Return after charges (%)	25.33	10.56	(8.14)
Other information			
Closing NAV (\$'000)	8,431	5,821	863
Number of shares	3,636,619	3,269,648	584,937
Operating charges	0.55	0.54	0.48
Direct transaction costs (%)	0.02	0.02	0.02
Prices			
Highest share price	176.03	142.00	150.32
Lowest share price	129.92	109.70	119.58

Financial highlights

Sterling Class 'R' Income shares

The share class was launched on 3 August 2012.

for the year to 31 August Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	369.57	364.63	338.64
Return before operating charges*	81.72	14.23	34.49
Operating charges	(3.62)	(3.08)	(2.83)
Return after operating charges*	78.10	11.15	31.66
Distributions	(6.28)	(6.21)	(5.67)
Closing NAV	441.39	369.57	364.63
*after direct transaction cost of	0.07	0.06	0.07
Performance			
Return after charges (%)	21.13	3.06	9.35
Other information			
Closing NAV (\$'000)	3,073	2,442	2,233
Number of shares	528,536	521,220	527,221
Operating charges	0.87	0.86	0.80
Direct transaction costs (%)	0.02	0.02	0.02
Prices			
Highest share price	451.23	375.72	384.19
Lowest share price	358.18	329.86	324.62

Sterling Class 'R' Accumulation shares

The share class was launched on 3 August 2012.

for the year to 31 August Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	437.52	424.30	387.86
Return before operating charges*	97.15	16.82	39.69
Operating charges	(4.30)	(3.60)	(3.25)
Return after operating charges*	92.85	13.22	36.44
Distributions	(3.66)	(3.98)	(3.14)
Retained distributions	3.66	3.98	3.14
Closing NAV	530.37	437.52	424.30
*after direct transaction cost of	0.08	0.07	0.08
Performance			
Return after charges (%)	21.22	3.12	9.40
Other information			
Closing NAV (\$'000)	18,576	15,258	13,673
Number of shares	2,658,915	2,750,284	2,774,189
Operating charges	0.87	0.86	0.80
Direct transaction costs (%)	0.02	0.02	0.02
Prices			
Highest share price	538.96	438.76	444.12
Lowest share price	424.05	383.90	372.92

Financial statements and notes

Financial statements

Statement of total return

for the year to 31 August	Note	2024		2023	
		\$'000	\$'000	\$'000	\$'000
Income					
Net capital gains/(losses)	3		207,540		87,817
Revenue	5	16,393		16,262	
Expenses	6	(5,840)		(5,241)	
Interest payable and similar charges		0		0	
Net revenue/(expense) before taxation		10,553		11,021	
Taxation	7	(2,058)		(2,105)	
Net revenue/(expense) after taxation			8,495		8,916
Total return before distributions			216,035		96,733
Distributions	8		(10,850)		(11,046)
Change in net assets attributable to shareholders from investment activities			205,185		85,687

Statement of change in net assets attributable to shareholders

for the year to 31 August	2024		2023	
	\$'000	\$'000	\$'000	\$'000
Opening net assets attributable to shareholders		804,568		789,660
Amounts received on issue of shares	158,914		116,053	
Amounts paid on cancellation of shares	(143,252)		(192,083)	
		15,662		(76,030)
Dilution adjustments		91		99
Change in net assets attributable to shareholders from investment activities (see above)		205,185		85,687
Retained distributions on Accumulation shares		5,263		5,119
Unclaimed distributions		27		33
Closing net assets attributable to shareholders		1,030,796		804,568

Financial statements and notes

Financial statements

Balance sheet

as at 31 August	Note	2024 \$'000	2023 \$'000
Assets			
Fixed assets			
Investments		1,015,354	800,479
Current assets			
Debtors	9	3,578	2,749
Cash and bank balances	10	638	1,653
Cash equivalents		14,543	3,972
Total assets		1,034,113	808,853
Liabilities			
Investment liabilities		(9)	(14)
Creditors			
Distribution payable		(2,331)	(2,280)
Other creditors	11	(977)	(1,991)
Total liabilities		(3,317)	(4,285)
Net assets attributable to shareholders		1,030,796	804,568

Financial statements and notes

Notes to the financial statements

1 Accounting policies

The financial statements have been prepared in accordance with the 'Summary of significant accounting policies' set out on pages 9 to 12.

The fund's functional and presentational currency is US dollars as this better reflects the currency of its primary economic environment.

2 Distribution policy

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

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

3 Net capital gains/(losses)

for the year to 31 August	2024 \$'000	2023 \$'000
Non-derivative securities	206,941	87,510
Derivative contracts	502	573
Currency gains/(losses)	97	(266)
Net capital gains/(losses)	207,540	87,817

Financial statements and notes

4 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' within 'Notes to the financial statements' on pages 11 and 12. Total direct portfolio transaction costs are stated before dilution adjustments.

for the year to 31 August	2024 \$'000	% of transaction	2023 \$'000	% of transaction
a) Purchases				
Equities				
Equities before transaction costs	368,895		201,985	
Commissions	77	0.02	54	0.03
Total purchases after transaction costs	368,972		202,039	
b) Sales				
Equities				
Equities before transaction costs	361,517		263,558	
Commissions	(72)	0.02	(67)	0.03
Taxes	(5)	0.00	(3)	0.00
Total sales after transaction costs	361,440		263,488	
	2024 \$'000	% of average NAV	2023 \$'000	% of average NAV
c) Direct portfolio transaction costs				
Commissions paid				
Equities	149	0.02	121	0.02
Taxes paid				
Equities	5	0.00	3	0.00
Total direct portfolio transaction costs	154	0.02	124	0.02
		%		%
d) Indirect portfolio transaction costs				
Average portfolio dealing spread as at the balance sheet date		0.05		0.02

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5 Revenue

for the year to 31 August	2024 \$'000	2023 \$'000
Bank interest	19	11
Dividends from equity investments: non-taxable	13,774	14,595
Dividends from equity investments: taxable	0	9
Interest distributions	658	466
Property distribution: taxable	1,932	1,172
Rebate of ongoing charges from underlying funds	10	9
Total revenue	16,393	16,262

6 Expenses

for the year to 31 August	2024 \$'000	2023 \$'000
Payable to the ACD or associate		
Annual charge	5,840	5,241
Total expenses	5,840	5,241

Audit fees for the financial year ending 2024 were £12,000 (2023: £12,000) (including VAT), which are covered by the annual charge.

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7 Taxation

for the year to 31 August	2024 \$'000	2023 \$'000
a) Analysis of charge in the year		
Corporation tax	0	0
Withholding tax	2,058	2,119
Capital gains tax (US)	0	(14)
Deferred tax (note 7c)	0	0
Total taxation	2,058	2,105
b) Factors affecting taxation charge for the year		
Net revenue/(expense) before taxation	10,553	11,021
Corporation tax at 20%	2,111	2,204
Effects of:		
Revenue: non-taxable	(2,755)	(2,920)
Capital income subject to taxation	0	(27)
Current year expenses not utilised	700	781
Withholding tax	2,058	2,118
Withholding tax expensed	(56)	(37)
Capital gains tax (US)	0	(14)
Total tax charge (note 7a)	2,058	2,105
c) Provision for deferred taxation		
Provision at the start of the year	0	0
Deferred tax in profit and loss account (note 7a)	0	0
Provision at the end of the year	0	0

The fund has not recognised a deferred tax asset of \$45,517,000 (2023: \$44,817,000) arising as a result of having excess management expenses. We do not expect this asset to be utilised in the foreseeable future.

Financial statements and notes

8 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	2024		2023	
	Inc \$'000	Acc \$'000	Inc \$'000	Acc \$'000
Dividend distributions				
First interim	1,056	933	1,126	1,100
Second interim	1,087	1,061	1,141	945
Third interim	1,076	1,002	1,104	1,022
Final	2,331	2,267	2,280	2,052
Total net distributions		10,813		10,770
Income deducted on cancellation of shares		478		594
Income received on issue of shares		(441)		(318)
Distributions		10,850		11,046
Net revenue/(expense) per statement of total return		8,495		8,916
Expenses offset against capital		2,355		2,144
Capital gains tax offset against capital		0		(14)
Distributions		10,850		11,046

9 Debtors

as at 31 August	2024 \$'000	2023 \$'000
Amounts receivable on issues of shares	2,756	0
Currency deals outstanding	28	641
Distributions receivable	69	28
Dividends receivable	685	887
Sales awaiting settlement	0	1,162
Withholding tax recoverable	40	31
Total debtors	3,578	2,749

10 Cash and bank balances

as at 31 August	2024 \$'000	2023 \$'000
Cash held as bank balances	638	1,653
Total cash and bank balances	638	1,653

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11 Other creditors

as at 31 August	2024 \$'000	2023 \$'000
Amounts payable on cancellation of shares	753	811
Annual charge payable	196	140
Currency deals outstanding	28	641
Purchases awaiting settlement	0	399
Total other creditors	977	1,991

12 Contingent assets, liabilities and outstanding commitments

There were no contingent assets, liabilities or outstanding commitments at the balance sheet date (2023: same).

13 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 14.

Share class	Opening 01.09.23	Movements			Closing 31.08.24
		Issued	Cancelled	Converted	
Sterling					
Class 'A' Income	2,548,533	19,108	(113,002)	0	2,454,639
Class 'A' Accumulation	1,660,877	61,701	(173,502)	0	1,549,076
Class 'I' Income	3,770,130	148,060	(678,210)	0	3,239,980
Class 'I' Accumulation	5,863,761	1,790,752	(1,185,818)	0	6,468,695
Class 'I-H' Income	46,244	26,354	(36,518)	0	36,080
Class 'I-H' Accumulation	2,707,268	409,431	(396,368)	0	2,720,331
Class 'PP' Income	28,202,521	7,888,694	(2,127,454)	0	33,963,761
Class 'PP' Accumulation	7,908,640	4,564,187	(844,923)	0	11,627,904
Class 'PP-H' Income	20,150	5,000	(6,650)	0	18,500
Class 'PP-H' Accumulation	3,269,648	738,902	(371,931)	0	3,636,619
Class 'R' Income	521,220	81,433	(74,117)	0	528,536
Class 'R' Accumulation	2,750,284	468,891	(560,260)	0	2,658,915

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.

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14 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 %
Sterling	
Class 'A'	0.95
Class 'I'	0.55
Class 'I-H'	0.58
Class 'PP'	0.45
Class 'PP-H'	0.48
Class 'R'	0.80

15 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 8. Amounts due to/from M&G Securities Limited in respect of share transactions at the year end are disclosed in notes 9 and 11 where applicable.

Amounts paid to M&G Securities Limited in respect of the annual charge are disclosed in note 6. Amounts due at the year end in respect of the annual charge are disclosed in note 11.

Amounts paid to M&G Securities Limited in respect of rebate arrangements for the annual charge are disclosed in notes 3 and 5. Amounts due at the year end from the ACD, and/or associate, in respect of these rebates are disclosed in note 9.

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 1.86% (2023: 2.20%) of the fund's shares.

16 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.

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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 2024 \$'000	Liabilities 2024 \$'000	Assets 2023 \$'000	Liabilities 2023 \$'000
Level 1	1,014,916	0	800,477	0
Level 2	438	(9)	2	(14)
Level 3	0	0	0	0
	1,015,354	(9)	800,479	(14)

17 Risk management policies

The general risk management policies for the fund are set out in note 3 to the financial statements on pages 12 to 14.

18 Market risk sensitivity

A five per cent increase in the value of the fund's investment portfolio would have the effect of increasing the return and net assets by \$50,767,000 (2023: \$40,023,000). A five per cent decrease would have an equal and opposite effect.

19 Currency risk sensitivity and exposure

A five per cent increase in the value of the fund's currency exposure would have the effect of increasing the return and net assets by \$1,536,000 (2023: \$971,000). A five per cent decrease would have an equal and opposite effect.

as at 31 August	2024 \$'000	2023 \$'000
Currency exposure		
Canadian dollar	16,078	11,265
Sterling	14,634	8,152
US dollar	1,000,084	785,151
Total	1,030,796	804,568

20 Interest rate risk sensitivity and exposure

As the majority of the fund's financial assets are non-interest bearing, the risk is not considered significant and is therefore not disclosed.

21 Credit risk

The fund is exposed to credit risk through derivative positions with counterparties.

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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 2024	Forward currency contracts \$'000
State Street Bank	429
Total	429

as at 31 August 2023	Forward currency contracts \$'000
State Street Bank	(12)
Total	(12)

22 Exchange rate risk for hedged share classes

Hedged share classes operate currency hedges designed to reduce the impact of exchange rates in certain circumstances. As a result, profit and loss on the currency hedges may impact the liquidity of the overall fund. On a day to day basis this is monitored using reporting from the outsourced provider of the hedged share class service. On an ongoing basis the size of the hedged share classes is monitored to ensure that unforeseen exchange rate volatility could adequately manage without significantly impacting all shareholders.

23 Dividend distribution tables

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

Quarterly distribution periods

	Start	End	Xd	Payment
First interim	01.09.23	30.11.23	01.12.23	31.01.24
Second interim	01.12.23	29.02.24	01.03.24	30.04.24
Third interim	01.03.24	31.05.24	03.06.24	31.07.24
Final	01.06.24	31.08.24	02.09.24	31.10.24

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.

Financial statements and notes

Sterling Class 'A' Income shares

Ordinary distributions for the year to 31 August	Income	Group 2	Group 1 & 2	
	2024 UK p	Equalisation 2024 UK p	2024 UK p	2023 UK p
First interim	3.1958	6.6221	9.8179	10.2525
Second interim	0.0000	10.1120	10.1120	10.2389
Third interim	0.0000	10.0723	10.0723	9.8892
Final	3.9488	17.9516	21.9004	21.0485

Sterling Class 'A' Accumulation shares

Ordinary distributions for the year to 31 August	Income	Group 2	Group 1 & 2	
	2024 UK p	Equalisation 2024 UK p	2024 UK p	2023 UK p
First interim	0.6607	5.7471	6.4078	7.8768
Second interim	0.0000	5.8369	5.8369	5.7811
Third interim	0.0000	6.1708	6.1708	7.4989
Final	1.0973	11.4350	12.5323	14.2843

Sterling Class 'I' Income shares

Ordinary distributions for the year to 31 August	Income	Group 2	Group 1 & 2	
	2024 UK p	Equalisation 2024 UK p	2024 UK p	2023 UK p
First interim	2.6027	9.5232	12.1259	12.6051
Second interim	0.0000	12.4991	12.4991	12.7277
Third interim	0.0000	12.4608	12.4608	12.2072
Final	6.5562	20.5596	27.1158	25.9745

Sterling Class 'I' Accumulation shares

Ordinary distributions for the year to 31 August	Income	Group 2	Group 1 & 2	
	2024 UK p	Equalisation 2024 UK p	2024 UK p	2023 UK p
First interim	1.4955	8.2261	9.7216	10.6544
Second interim	0.0000	9.6038	9.6038	9.5532
Third interim	0.0000	9.7928	9.7928	10.3050
Final	2.6223	18.2152	20.8375	21.0186

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Sterling Class 'I-H' Income shares

Ordinary distributions for the year to 31 August	Income	Group 2	Group 1 & 2	
	2024 UK p	Equalisation 2024 UK p	2024 UK p	2023 UK p
First interim	0.1312	0.2904	0.4216	0.4261
Second interim	0.1368	0.2942	0.4310	0.4084
Third interim	0.0000	0.4301	0.4301	0.4104
Final	0.2004	0.7628	0.9632	0.8972

Sterling Class 'I-H' Accumulation shares

Ordinary distributions for the year to 31 August	Income	Group 2	Group 1 & 2	
	2024 UK p	Equalisation 2024 UK p	2024 UK p	2023 UK p
First interim	0.0684	0.2284	0.2968	0.3187
Second interim	0.0000	0.2875	0.2875	0.2628
Third interim	0.0000	0.2941	0.2941	0.3023
Final	0.0772	0.5652	0.6424	0.6324

Sterling Class 'PP' Income shares

Ordinary distributions for the year to 31 August	Income	Group 2	Group 1 & 2	
	2024 UK p	Equalisation 2024 UK p	2024 UK p	2023 UK p
First interim	0.1266	0.3194	0.4460	0.4629
Second interim	0.0000	0.4596	0.4596	0.4485
Third interim	0.0000	0.4584	0.4584	0.4454
Final	0.1720	0.8258	0.9978	0.9523

Sterling Class 'PP' Accumulation shares

Ordinary distributions for the year to 31 August	Income	Group 2	Group 1 & 2	
	2024 UK p	Equalisation 2024 UK p	2024 UK p	2023 UK p
First interim	0.0600	0.3176	0.3776	0.4066
Second interim	0.0000	0.3772	0.3772	0.3740
Third interim	0.0000	0.3828	0.3828	0.3936
Final	0.1254	0.6945	0.8199	0.8121

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Sterling Class 'PP-H' Income shares

Ordinary distributions for the year to 31 August	Income	Group 2	Group 1 & 2	
	2024 UK p	Equalisation 2024 UK p	2024 UK p	2023 UK p
First interim	0.4248	0.0000	0.4248	0.4293
Second interim	0.4341	0.0000	0.4341	0.4110
Third interim	0.0000	0.4334	0.4334	0.4130
Final	0.1784	0.7931	0.9715	0.9037

Sterling Class 'PP-H' Accumulation shares

Ordinary distributions for the year to 31 August	Income	Group 2	Group 1 & 2	
	2024 UK p	Equalisation 2024 UK p	2024 UK p	2023 UK p
First interim	0.0638	0.2608	0.3246	0.3344
Second interim	0.0233	0.2958	0.3191	0.2902
Third interim	0.0000	0.3246	0.3246	0.3260
Final	0.1231	0.5911	0.7142	0.6898

Sterling Class 'R' Income shares

Ordinary distributions for the year to 31 August	Income	Group 2	Group 1 & 2	
	2024 UK p	Equalisation 2024 UK p	2024 UK p	2023 UK p
First interim	0.1688	1.0185	1.1873	1.2366
Second interim	0.1664	1.0567	1.2231	1.2364
Third interim	0.0000	1.2187	1.2187	1.1948
Final	0.4053	2.2454	2.6507	2.5439

Sterling Class 'R' Accumulation shares

Ordinary distributions for the year to 31 August	Income	Group 2	Group 1 & 2	
	2024 UK p	Equalisation 2024 UK p	2024 UK p	2023 UK p
First interim	0.1051	0.6309	0.7360	0.8577
Second interim	0.0000	0.6976	0.6976	0.6828
Third interim	0.0000	0.7243	0.7243	0.8205
Final	0.3134	1.1920	1.5054	1.6156

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24 Events after the balance sheet date

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

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For the purposes of these financial statements, the Prospectus dated 30 August 2024 has been used.

Investment objective

The fund aims to provide a higher total return (the combination of capital growth and income), net of the ongoing charge figure, than that of the S&P 500 Index, over any five-year period.

Investment policy

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

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

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

Derivatives may be used for efficient portfolio management and hedging.

Investment approach

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

The investment approach identifies shares of North American companies which, in the fund manager's opinion at the time of investment, are undervalued.

When analysing companies, the fund manager seeks to identify companies that are mispriced, while trying to avoid companies that are cheap for a reason and whose share prices are unlikely to improve over time.

The investment approach combines strict value-focused screening with rigorous qualitative analysis to ensure the fund has a consistent and disciplined value bias without compromising on the robustness of the companies in the portfolio.

The fund manager expects the overall stock selection and value style to be the main drivers of performance rather than any individual sector or stock.

Benchmark

S&P 500 Index

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

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

For each share class the benchmark will be denominated or hedged into the relevant share class currency. The benchmark for each share class will be shown in its respective KIID.

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 12 to 14.

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.

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- 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 2024

Performance against objective

Between 1 September 2023 (the start of the review period) and 31 August 2024, the fund's sterling share classes delivered a positive total return (the combination of income and growth of capital). However, the fund underperformed the benchmark, the S&P 500 Index, which advanced 22.6% in the review period.

Over five years, the fund generated a positive return but trailed its benchmark, which returned 14.2% pa over this period. Therefore, the fund did not meet its objective of providing a higher total return, net of the ongoing charge figure, than the S&P 500 Index over any five-year period.

For much of the past decade the 'value' investment style (investing in cheaper, out-of-favour stocks) has struggled to keep pace with the broader market. The fund's underperformance over the past five years was largely due to the significant headwind from its value investing approach, due in part to the rally in large-cap technology stocks in 2023.

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

Performance review

US equity markets experienced volatility and resilience in 2023 and ended the year with robust gains. The markets declined in September and October amid rising interest rates and geopolitical risks, as the conflict in the Middle East erupted. However, the markets recovered strongly in November and December as inflation moderated and the US Federal Reserve (Fed) adopted a more accommodative stance, signalling a possible rate cut expectation in early 2024. The technology sector was the main driver of the rally,

outperforming the value-oriented sectors such as financials and energy. The fund, which follows a value-based investment approach, lagged behind the benchmark S&P 500 index due to its below benchmark (underweight) exposure to some of the dominant large-cap technology stocks, such as the 'Magnificent Seven' group of companies that led the artificial intelligence (AI) revolution.

In the first six months of 2024, global equity markets delivered exceptional returns attaining record levels in many regions. The main factors contributing to this performance were the decline of inflationary pressures, improved growth and employment data, and end of the global monetary tightening cycle. However, there was a divergence in central bank policy, as the US maintained its peak interest rates while the European Central Bank (ECB) and the Bank of England (BoE) reduced rates. The US economy exhibited resilience, growing 1.4% year-on-year in the first quarter of 2024, supported by steady consumer spending and a healthy labour market. The S&P 500 Index had a strong H1 performance, propelled by the mega-cap technology stocks.

Global markets continued to rally in the first half of July hitting new highs but reversed momentum in the second half as technology stocks reported disappointing earnings. In August, global equities rose after rebounding from a period of weakness in the first week of the month when concerns about the health of the US economy, intensified by a dramatic downturn in the Japanese stockmarket, created a perfect storm for a spell of risk aversion. The spike in volatility proved short-lived, however, as the market's attention turned towards the prospect of lower interest rates.

The S&P 500 gained 22.6% (in US dollar terms) during the review period. In a market dominated by growth stocks, the fund's value bias worked against it, resulting in below-benchmark returns. 2023 was particularly challenging for the 'value' investment style and much of this can be attributed to the rally in the so-called 'Magnificent Seven' stocks some of which are not eligible for us to hold in the fund.

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Stock selection was the biggest detractor from relative performance. The impact was most noticeable in technology with Intel being a major detractor to relative performance as the company has seen decline in market share, intensified competition, and difficulty in adapting to the growing demand for mobile and AI chips along with its Q2 results pointing towards lower guidance and a restructuring plan. Our holding in technology firm Cisco Systems also detracted from relative performance, following warnings of a demand slowdown from its enterprise customers. Separately, our holding in Bristol-Myers Squibb, a healthcare company, also hurt relative performance as it announced a restructuring plan. Selection in communications and consumer staples was a further drag, with detractors including Warner Bros Discovery, whose price slumped after it continued to report sluggish earnings and wrote-down its TV assets. However, our choices in financials and consumer discretionary names proved beneficial. Our stock selection in the insurance sector was particularly favourable over the period, with Hartford Financial Services and Reinsurance Group of America contributing to the fund's performance in absolute terms.

Sector allocation also contributed negatively, the main detractor being the fund's underweight exposure to technology. Above benchmark (overweight) positions in consumer staples and energy also detracted, although we benefited from an underweight position in consumer discretionary which was the major contributor to relative performance.

While the 'Magnificent Seven' technology names dominated headlines, not all of them made gains. As weak earnings at Tesla drove down its share price, our lack of exposure in the name was the biggest driver of relative performance. On the other hand, we benefited from holding Meta Platforms, which reported strong Q2 results. Constellation Energy, where the fund is overweight, was another strong performer.

Zero exposure to NVIDIA, Broadcom and Eli Lilly detracted in relative terms as the value of these stocks

soared. The holdings in Molson Coors Beverage, Chevron and Comcast also weighed on performance.

Investment activities

We took advantage of weak markets in 2023 to start some new positions, including healthcare group Kenvue (a carve-out from Johnson & Johnson), retailer Best Buy, Canadian miner Champion Iron and crude oil tanker operator DHT. Later, we bought QUALCOMM, a handset chip maker (smartphone demand appearing to have bottomed), and DIY retailer Lowe's, anticipating a pick-up in home improvement activity.

So far in 2024, we have opened new positions in US medical device maker Zimmer Biomet, where we see an undervalued growth opportunity, and Fabrinet, which makes a range of subcomponents which supplies NVIDIA's end products. We also added Amgen, a US biopharma company which is a growing business with vast optionality in the obesity drug space. The other additions were Gilead Sciences, a US biopharma company and Smurfit Westrock, an Ireland-based paper packaging manufacturer.

We exited a number of positions in order to lock in good performance – these included FedEx, Stryker, General Electric and KLA (which supplies the semiconductor industry). We decided to fully exit Spirit AeroSystems in 2024 as the company experienced strong performance and a recovery in valuation in a relatively short period of time, post our purchase in 2023. We also took the opportunity to close positions in Fortrea, a pharmacology company which has disappointed, as well as closing positions in DXC Technology, Truist Financial, Euronav, Labcorp (Laboratory Corporation of America) and Newmont.

Outlook

Although growth stocks remain in favour, we believe the value investment style still offers significant opportunities for active, selective investors. The investment landscape remains challenging, with major macroeconomic and political events looming in the coming months, as well as the broader backdrop of geopolitical tensions. The main focus for investors may well continue to be central bank policies and the path of

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interest rates. We are beginning to see central bank policy diverge. Some central banks, notably the European Central Bank (ECB), have begun easing monetary policy ahead of the Fed, while Japan has raised its rate.

In the US, inflation remains above 2.5% and GDP growth has been slowing. Job growth has slowed down in the US, leading to concerns about the impact of higher rates for longer. A rate cut by the Fed could give new impetus to the market, whereas, the uncertain outcome of the US presidential election in November could further fuel volatility in the markets. We continue to focus on balance sheet strength of the companies within our portfolio as we believe these are better placed to weather economic uncertainty.

Daniel White

Fund manager

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

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

Portfolio statement

Investments

Holding	as at 31.08.24 \$'000	as at 31.08.24 %	as at 31.08.23 %
Equities	383,854	96.71	98.13
Oil, gas & consumable fuels	17,157	4.32	6.10
40,649 Chevron Corp.	6,018	1.52	
41,594 Cobalt International Energy, Inc. ^a	0	0.00	
45,587 ConocoPhillips	5,223	1.31	
158,968 DHT Holdings, Inc.	1,701	0.43	
17,820 Hess Corp.	2,465	0.62	
347,896 Kosmos Energy Ltd.	1,750	0.44	
Chemicals	2,499	0.63	0.94
38,118 FMC Corp.	2,499	0.63	
Construction materials	4,446	1.12	1.18
17,355 Eagle Materials, Inc.	4,446	1.12	
Containers & packaging	3,057	0.77	0.86
65,264 Smurfit WestRock PLC	3,057	0.77	
Metals & mining	10,431	2.63	3.19
655,091 Champion Iron Ltd.	2,780	0.70	
380,889 Lundin Mining Corp.	3,910	0.99	
31,387 Steel Dynamics, Inc.	3,741	0.94	
Building products	4,146	1.05	1.36
24,752 Owens Corning	4,146	1.05	
Industrial conglomerates	5,835	1.47	1.28
43,880 3M Co.	5,835	1.47	
Machinery	9,921	2.50	2.72
15,613 Caterpillar, Inc.	5,521	1.39	
41,040 Oshkosh Corp.	4,400	1.11	
Professional services	2,742	0.69	0.69
37,487 ManpowerGroup, Inc.	2,742	0.69	
Air freight & logistics	0	0.00	0.84
Airlines	4,004	1.01	1.37
138,881 Southwest Airlines Co.	4,004	1.01	
Road & rail	4,847	1.22	1.35
142,553 CSX Corp.	4,847	1.22	

Portfolio statement

Investments (continued)

Holding	as at 31.08.24 \$'000	as at 31.08.24 %	as at 31.08.23 %
Equities (continued)			
Auto components	1,432	0.36	0.61
34,267 Magna International, Inc.	1,432	0.36	
Automobiles	5,622	1.42	0.83
113,127 General Motors Co.	5,622	1.42	
Leisure products	1,796	0.45	0.57
22,709 Brunswick Corp.	1,796	0.45	
Textiles, apparel & luxury goods	8,264	2.08	1.34
69,876 Tapestry, Inc.	2,848	0.72	
294,769 VF Corp.	5,416	1.36	
Speciality retail	13,026	3.28	1.27
51,781 Best Buy Co., Inc.	5,211	1.31	
27,761 eBay, Inc.	1,633	0.41	
24,971 Lowe's Cos., Inc.	6,182	1.56	
Food & staples retailing	5,766	1.45	1.74
109,549 Kroger Co.	5,766	1.45	
Beverages	9,928	2.50	3.65
63,614 Coca-Cola Europacific Partners PLC	5,104	1.29	
89,777 Molson Coors Beverage Co.	4,824	1.21	
Food products	5,023	1.27	1.47
70,880 Mondelez International, Inc.	5,023	1.27	
Tobacco	4,896	1.23	1.17
91,765 Altria Group, Inc.	4,896	1.23	
Household products	3,534	0.89	1.00
108,412 Energizer Holdings, Inc.	3,534	0.89	
Personal products	8,686	2.19	0.76
235,447 Coty, Inc.	2,191	0.55	
300,175 Kenvue, Inc.	6,495	1.64	
Health care equipment & supplies	12,542	3.16	3.70
36,583 GE HealthCare Technologies, Inc.	3,087	0.78	
59,619 Medtronic PLC	5,251	1.32	
36,611 Zimmer Biomet Holdings, Inc.	4,204	1.06	

Portfolio statement

Investments (continued)

Holding	as at 31.08.24 \$'000	as at 31.08.24 %	as at 31.08.23 %
Equities (continued)			
Health care providers & services			
9,088 Elevance Health, Inc.	5,025	1.27	2.57
Biotechnology			
39,395 AbbVie, Inc.	7,708	1.94	
57,889 Gilead Sciences, Inc.	4,590	1.16	
Pharmaceuticals			
111,369 Bristol-Myers Squibb Co.	5,523	1.39	
58,788 Johnson & Johnson	9,664	2.44	
46,216 Merck & Co., Inc.	5,440	1.37	
86,644 Organon & Co.	1,924	0.48	
163,521 Pfizer, Inc.	4,705	1.19	
Life sciences tools & services			
	0	0.00	0.06
Banks			
80,735 Citigroup, Inc.	5,012	1.26	
49,803 JPMorgan Chase & Co.	11,091	2.80	
111,457 Wells Fargo & Co.	6,424	1.62	
Diversified financial services			
53,764 Voya Financial, Inc.	3,747	0.94	0.88
Capital markets			
64,172 Charles Schwab Corp.	4,181	1.05	0.70
Insurance			
44,510 Hartford Financial Services Group, Inc.	5,184	1.31	
26,513 Reinsurance Group of America, Inc.	5,778	1.45	
21,702 Willis Towers Watson PLC	6,344	1.60	
IT services			
28,790 Fiserv, Inc.	4,996	1.26	
71,898 PayPal Holdings, Inc.	5,301	1.33	
Software			
35,968 Check Point Software Technologies Ltd.	6,912	1.74	
63,986 Oracle Corp.	8,996	2.27	
Communications equipment			
180,295 Cisco Systems, Inc.	9,099	2.29	2.21

Portfolio statement

Investments (continued)

Holding	as at 31.08.24 \$'000	as at 31.08.24 %	as at 31.08.23 %
Equities (continued)			
Technology hardware, storage & peripherals			
44,433 Seagate Technology Holdings PLC	4,355	1.10	
44,993 Western Digital Corp.	2,856	0.72	
Electronic equipment, instruments & components			
17,344 Fabrinet	4,240	1.07	
145,351 Vishay Intertechnology, Inc.	2,941	0.74	
Semiconductors & semiconductor equipment			
2,432 Amgen, Inc.	807	0.20	
127,682 Amkor Technology, Inc.	4,213	1.06	
236,544 Intel Corp.	4,908	1.24	
47,516 Micron Technology, Inc.	4,625	1.16	
36,253 QUALCOMM, Inc.	6,218	1.57	
Diversified telecommunication services			
140,237 Verizon Communications, Inc.	5,794	1.46	
Media			
103,585 Comcast Corp.	4,100	1.03	
Entertainment			
404,594 Warner Bros Discovery, Inc.	3,131	0.79	
Interactive media & services			
106,215 Alphabet, Inc.	17,310	4.36	
29,240 Meta Platforms, Inc.	15,241	3.84	
Electric utilities			
33,828 Constellation Energy Corp.	6,544	1.65	
132,799 Exelon Corp.	5,053	1.27	
Independent power and renewable electricity producers			
145,414 AES Corp.	2,522	0.64	
Equity real estate investment trusts (REITs)			
203,342 Highwoods Properties, Inc.	6,475	1.63	
112,751 NNN REIT, Inc.	5,277	1.33	

Portfolio statement

Investments (continued)

Holding	as at 31.08.24 \$'000	as at 31.08.24 %	as at 31.08.23 %
Total portfolio	383,854	96.71	98.13
Net other assets/(liabilities)	13,038	3.29	1.87
Net assets attributable to shareholders	396,892	100.00	100.00

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

^a Delisted.

Portfolio statement

Top ten portfolio transactions for the year to 31 August 2024

Largest purchases	\$'000
QUALCOMM, Inc.	7,998
Alphabet, Inc.	7,639
Kenvue, Inc.	7,149
Lowe's Cos., Inc.	6,160
Fabrinet	5,967
Meta Platforms, Inc.	5,023
Zimmer Biomet Holdings, Inc.	4,957
Cisco Systems, Inc.	4,946
AbbVie, Inc.	4,514
Best Buy Co., Inc.	4,443
Other purchases	144,693
Total purchases	203,489

Largest sales	\$'000
Alphabet, Inc.	10,334
Meta Platforms, Inc.	7,394
JPMorgan Chase & Co.	6,070
Westrock Co.	4,770
Lundin Mining Corp.	4,747
Elevance Health, Inc.	4,720
eBay, Inc.	4,638
Coca-Cola Europacific Partners PLC	4,128
QUALCOMM, Inc.	4,041
Constellation Energy Corp.	3,944
Other sales	131,307
Total sales	186,093

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, historic prices, distribution rates, performance information (including a range of performance graphs) and other documents, please visit our website at mandg.com/investments

Long-term performance by share class

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

Share class	One year % ^a	Three years % pa	Five years % pa	Ten years % pa
Sterling				
Class 'A' Income	+13.3	+9.6	+10.0	+10.6
Class 'A' Accumulation	+13.3	+9.6	+10.0	+10.6
Class 'I' Income	+13.7	+10.0	+10.4	+11.2
Class 'I' Accumulation	+13.7	+10.0	+10.4	+11.2
Class 'PP' Income	+13.8	+10.1	+10.6	n/a
Class 'PP' Accumulation	+13.8	+10.1	+10.6	n/a
Class 'R' Income	+13.4	+9.7	+10.2	+11.0
Class 'R' Accumulation	+13.4	+9.7	+10.2	+11.0
Benchmark	+22.6	+11.1	+14.2	+15.7

^a Not annualised.

Specific share class performance

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

'Operating charges' and 'Direct 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 shares

The share class was launched on 1 July 2005.

for the year to 31 August Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	170.00	164.77	152.71
Return before operating charges*	24.19	10.30	17.22
Operating charges	(1.79)	(1.61)	(1.53)
Return after operating charges*	22.40	8.69	15.69
Distributions	(3.83)	(3.46)	(3.63)
Closing NAV	188.57	170.00	164.77
*after direct transaction cost of	0.05	0.05	0.03
Performance			
Return after charges (%)	13.18	5.27	10.27
Other information			
Closing NAV (\$'000)	113,184	98,434	90,880
Number of shares	45,564,361	45,665,044	47,481,084
Operating charges	0.98	0.96	0.95
Direct transaction costs (%)	0.03	0.03	0.02
Prices			
Highest share price	197.87	176.66	172.68
Lowest share price	161.84	154.88	146.33

Sterling Class 'A' Accumulation shares

The share class was launched on 1 July 2005.

for the year to 31 August Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	201.15	191.00	173.19
Return before operating charges*	28.61	12.01	19.53
Operating charges	(2.12)	(1.86)	(1.72)
Return after operating charges*	26.49	10.15	17.81
Distributions	(2.57)	(2.24)	(2.17)
Retained distributions	2.57	2.24	2.17
Closing NAV	227.64	201.15	191.00
*after direct transaction cost of	0.11	0.06	0.03
Performance			
Return after charges (%)	13.17	5.31	10.28
Other information			
Closing NAV (\$'000)	3,673	2,933	3,764
Number of shares	1,224,929	1,149,814	1,696,354
Operating charges	0.98	0.96	0.95
Direct transaction costs (%)	0.03	0.03	0.02
Prices			
Highest share price	234.11	204.84	195.84
Lowest share price	191.47	179.62	165.96

Financial highlights

Sterling Class 'I' Income shares

The share class was launched on 3 August 2012.

for the year to 31 August Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	3,308.59	3,194.10	2,948.04
Return before operating charges*	471.74	200.06	333.10
Operating charges	(20.59)	(18.32)	(17.01)
Return after operating charges*	451.15	181.74	316.09
Distributions	(74.72)	(67.25)	(70.03)
Closing NAV	3,685.02	3,308.59	3,194.10
*after direct transaction cost of	1.05	1.00	0.58
Performance			
Return after charges (%)	13.64	5.69	10.72
Other information			
Closing NAV (\$'000)	44,616	42,007	36,320
Number of shares	919,147	1,001,286	978,911
Operating charges	0.58	0.56	0.55
Direct transaction costs (%)	0.03	0.03	0.02
Prices			
Highest share price	3,860.18	3,430.42	3,346.35
Lowest share price	3,151.84	3,003.40	2,825.54

Sterling Class 'I' Accumulation shares

The share class was launched on 3 August 2012.

for the year to 31 August Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	3,969.12	3,754.22	3,390.67
Return before operating charges*	565.66	236.24	383.18
Operating charges	(24.50)	(21.34)	(19.63)
Return after operating charges*	541.16	214.90	363.55
Distributions	(67.16)	(58.79)	(58.84)
Retained distributions	67.16	58.79	58.84
Closing NAV	4,510.28	3,969.12	3,754.22
*after direct transaction cost of	1.34	1.16	0.67
Performance			
Return after charges (%)	13.63	5.72	10.72
Other information			
Closing NAV (\$'000)	82,365	89,960	124,615
Number of shares	1,386,336	1,787,455	2,857,554
Operating charges	0.58	0.56	0.55
Direct transaction costs (%)	0.03	0.03	0.02
Prices			
Highest share price	4,630.77	4,033.30	3,848.83
Lowest share price	3,781.02	3,531.75	3,249.82

Financial highlights

Sterling Class 'PP' Income shares

The share class was launched on 5 August 2019.

for the year to 31 August Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	128.88	124.29	114.58
Return before operating charges*	18.37	7.79	12.97
Operating charges	(0.65)	(0.58)	(0.55)
Return after operating charges*	17.72	7.21	12.42
Distributions	(2.91)	(2.62)	(2.71)
Closing NAV	143.69	128.88	124.29
*after direct transaction cost of	0.04	0.04	0.02
Performance			
Return after charges (%)	13.75	5.80	10.84
Other information			
Closing NAV (\$'000)	96,903	25,807	52,175
Number of shares	51,194,481	15,791,595	36,138,186
Operating charges	0.48	0.46	0.45
Direct transaction costs (%)	0.03	0.03	0.02
Prices			
Highest share price	150.46	133.55	130.20
Lowest share price	122.80	116.88	109.83

Sterling Class 'PP' Accumulation shares

The share class was launched on 8 April 2019.

for the year to 31 August Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	144.79	136.82	123.44
Return before operating charges*	20.64	8.64	13.97
Operating charges	(0.74)	(0.67)	(0.59)
Return after operating charges*	19.90	7.97	13.38
Distributions	(2.60)	(2.28)	(2.28)
Retained distributions	2.60	2.28	2.28
Closing NAV	164.69	144.79	136.82
*after direct transaction cost of	0.04	0.04	0.02
Performance			
Return after charges (%)	13.74	5.83	10.84
Other information			
Closing NAV (\$'000)	50,624	51,341	433
Number of shares	23,335,706	27,965,133	272,438
Operating charges	0.48	0.46	0.45
Direct transaction costs (%)	0.03	0.03	0.02
Prices			
Highest share price	169.02	147.04	140.26
Lowest share price	137.95	128.72	118.32

Financial highlights

Sterling Class 'R' Income shares

The share class was launched on 3 August 2012.

for the year to 31 August Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	324.93	314.47	291.00
Return before operating charges*	46.29	19.67	32.84
Operating charges	(2.90)	(2.60)	(2.45)
Return after operating charges*	43.39	17.07	30.39
Distributions	(7.33)	(6.61)	(6.92)
Closing NAV	360.99	324.93	314.47
*after direct transaction cost of	0.11	0.10	0.06
Performance			
Return after charges (%)	13.35	5.43	10.44
Other information			
Closing NAV (\$'000)	553	539	476
Number of shares	116,202	130,812	130,197
Operating charges	0.83	0.81	0.80
Direct transaction costs (%)	0.03	0.03	0.02
Prices			
Highest share price	378.54	337.37	329.52
Lowest share price	309.41	295.63	278.87

Sterling Class 'R' Accumulation shares

The share class was launched on 3 August 2012.

for the year to 31 August Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	385.84	365.86	331.26
Return before operating charges*	54.95	23.00	37.39
Operating charges	(3.44)	(3.02)	(2.79)
Return after operating charges*	51.51	19.98	34.60
Distributions	(5.53)	(4.83)	(4.76)
Retained distributions	5.53	4.83	4.76
Closing NAV	437.35	385.84	365.86
*after direct transaction cost of	0.11	0.11	0.07
Performance			
Return after charges (%)	13.35	5.46	10.44
Other information			
Closing NAV (\$'000)	4,974	4,408	3,940
Number of shares	863,423	901,024	927,037
Operating charges	0.83	0.81	0.80
Direct transaction costs (%)	0.03	0.03	0.02
Prices			
Highest share price	449.49	392.62	375.11
Lowest share price	367.40	344.10	317.45

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Financial statements

Statement of total return

for the year to 31 August	Note	2024		2023	
		\$'000	\$'000	\$'000	\$'000
Income					
Net capital gains/(losses)	3		57,518		40,599
Revenue	5	9,021		8,305	
Expenses	6	(2,297)		(2,176)	
Interest payable and similar charges		0		0	
Net revenue/(expense) before taxation		6,724		6,129	
Taxation	7	(1,148)		(1,073)	
Net revenue/(expense) after taxation			5,576		5,056
Total return before distributions			63,094		45,655
Distributions	8		(7,107)		(6,424)
Change in net assets attributable to shareholders from investment activities			55,987		39,231

Statement of change in net assets attributable to shareholders

for the year to 31 August	2024		2023	
	\$'000	\$'000	\$'000	\$'000
Opening net assets attributable to shareholders		315,429		312,603
Amounts received on issue of shares	173,546		197,932	
Amounts paid on cancellation of shares	(150,344)		(236,817)	
		23,202		(38,885)
Dilution adjustments		144		251
Change in net assets attributable to shareholders from investment activities (see above)		55,987		39,231
Retained distributions on Accumulation shares		2,130		2,229
Closing net assets attributable to shareholders		396,892		315,429

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Financial statements

Balance sheet

as at 31 August	Note	2024 \$'000	2023 \$'000
Assets			
Fixed assets			
Investments		383,854	309,529
Current assets			
Debtors	9	981	1,411
Cash and bank balances	10	835	128
Cash equivalents		17,412	8,643
Total assets		403,082	319,711
Liabilities			
Creditors			
Distribution payable		(5,180)	(3,394)
Other creditors	11	(1,010)	(888)
Total liabilities		(6,190)	(4,282)
Net assets attributable to shareholders		396,892	315,429

Financial statements and notes

Notes to the financial statements

1 Accounting policies

The financial statements have been prepared in accordance with the 'Summary of significant accounting policies' set out on pages 9 to 12.

The fund's functional and presentational currency is US dollars as this better reflects the currency of its primary economic environment.

2 Distribution policy

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

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

3 Net capital gains/(losses)

for the year to 31 August	2024 \$'000	2023 \$'000
Non-derivative securities	56,954	40,763
Derivative contracts	32	(18)
Currency gains/(losses)	532	(146)
Net capital gains/(losses)	57,518	40,599

Financial statements and notes

4 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' within 'Notes to the financial statements' on pages 11 and 12. Total direct portfolio transaction costs are stated before dilution adjustments.

for the year to 31 August	2024 \$'000	% of transaction	2023 \$'000	% of transaction
a) Purchases				
Equities				
Equities before transaction costs	203,432		182,768	
Commissions	57	0.03	40	0.02
Total purchases after transaction costs	203,489		182,808	
b) Sales				
Equities				
Equities before transaction costs	186,139		218,092	
Commissions	(44)	0.02	(60)	0.03
Taxes	(2)	0.00	(3)	0.00
Total sales after transaction costs	186,093		218,029	
	2024 \$'000	% of average NAV	2023 \$'000	% of average NAV
c) Direct portfolio transaction costs				
Commissions paid				
Equities	101	0.03	100	0.03
Taxes paid				
Equities	2	0.00	3	0.00
Total direct portfolio transaction costs	103	0.03	103	0.03
		%		%
d) Indirect portfolio transaction costs				
Average portfolio dealing spread as at the balance sheet date		0.04		0.04

5 Revenue

for the year to 31 August	2024 \$'000	2023 \$'000
Bank interest	8	7
Dividends from equity investments: non-taxable	8,089	7,547
Interest distributions	542	401
Property distribution: taxable	374	343
Rebate of ongoing charges from underlying funds	8	7
Total revenue	9,021	8,305

Financial statements and notes

6 Expenses

for the year to 31 August	2024 \$'000	2023 \$'000
Payable to the ACD or associate		
Annual charge	2,297	2,176
Total expenses	2,297	2,176

Audit fees for the financial year ending 2024 were £12,000 (2023: £11,000) (including VAT), which are covered by the annual charge.

7 Taxation

for the year to 31 August	2024 \$'000	2023 \$'000
a) Analysis of charge in the year		
Corporation tax	0	0
Withholding tax	1,143	1,075
Capital gains tax (US)	5	(2)
Deferred tax (note 7c)	0	0
Total taxation	1,148	1,073
b) Factors affecting taxation charge for the year		
Net revenue/(expense) before taxation	6,724	6,129
Corporation tax at 20%	1,345	1,226
Effects of:		
Revenue: non-taxable	(1,618)	(1,510)
Capital income subject to taxation	6	(3)
Current year expenses not utilised	278	297
Withholding tax	1,143	1,075
Capital gains tax (US)	5	(2)
Overseas tax expensed	(11)	(10)
Total tax charge (note 7a)	1,148	1,073
c) Provision for deferred taxation		
Provision at the start of the year	0	0
Deferred tax in profit and loss account (note 7a)	0	0
Provision at the end of the year	0	0

The fund has not recognised a deferred tax asset of \$13,320,000 (2023: \$13,042,000) arising as a result of having excess management expenses. We do not expect this asset to be utilised in the foreseeable future.

Financial statements and notes

8 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	2024		2023	
	Inc \$'000	Acc \$'000	Inc \$'000	Acc \$'000
Dividend distributions				
Final	5,180	2,130	3,394	2,229
Total net distributions		7,310		5,623
Income deducted on cancellation of shares		1,409		2,292
Income received on issue of shares		(1,612)		(1,491)
Distributions		7,107		6,424
Net revenue/(expense) per statement of total return		5,576		5,056
Expenses offset against capital		1,526		1,370
Capital gains tax offset against capital		5		(2)
Distributions		7,107		6,424

9 Debtors

as at 31 August	2024 \$'000	2023 \$'000
Amounts receivable on issues of shares	59	755
Currency deals outstanding	219	22
Distributions receivable	50	33
Dividends receivable	530	493
Withholding tax recoverable	123	108
Total debtors	981	1,411

10 Cash and bank balances

as at 31 August	2024 \$'000	2023 \$'000
Cash held as bank balances	835	128
Total cash and bank balances	835	128

11 Other creditors

as at 31 August	2024 \$'000	2023 \$'000
Amounts payable on cancellation of shares	716	809
Annual charge payable	75	56
Currency deals outstanding	219	23
Total other creditors	1,010	888

Financial statements and notes

12 Contingent assets, liabilities and outstanding commitments

There were no contingent assets, liabilities or outstanding commitments at the balance sheet date (2023: same).

13 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 14.

Share class	Opening 01.09.23	Issued	Movements Cancelled	Converted	Closing 31.08.24
Sterling					
Class 'A' Income	45,665,044	650,787	(751,470)	0	45,564,361
Class 'A' Accumulation	1,149,814	165,397	(90,282)	0	1,224,929
Class 'I' Income	1,001,286	85,991	(168,130)	0	919,147
Class 'I' Accumulation	1,787,455	580,741	(981,860)	0	1,386,336
Class 'PP' Income	15,791,595	78,115,228	(42,712,342)	0	51,194,481
Class 'PP' Accumulation	27,965,133	1,629,739	(6,259,166)	0	23,335,706
Class 'R' Income	130,812	19,999	(34,609)	0	116,202
Class 'R' Accumulation	901,024	291,425	(329,026)	0	863,423

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.

14 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 %
Sterling	
Class 'A'	0.95
Class 'I'	0.55
Class 'PP'	0.45
Class 'R'	0.80

15 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 8. Amounts due to/from M&G Securities Limited in respect of share transactions at the year end are disclosed in notes 9 and 11 where applicable.

Amounts paid to M&G Securities Limited in respect of the annual charge are disclosed in note 6. Amounts due at the year end in respect of the annual charge are disclosed in note 11.

Financial statements and notes

Amounts paid to M&G Securities Limited in respect of rebate arrangements for the annual charge are disclosed in notes 3 and 5. Amounts due at the year end from the ACD, and/or associate, in respect of these rebates are disclosed in note 9.

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 35.25% (2023: 46.53%) of the fund's shares.

16 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.

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 2024 \$'000	Liabilities 2024 \$'000	Assets 2023 \$'000	Liabilities 2023 \$'000
Basis of valuation				
Level 1	383,854	0	309,529	0
Level 2	0	0	0	0
Level 3	0	0	0	0
	383,854	0	309,529	0

17 Risk management policies

The general risk management policies for the fund are set out in note 3 to the financial statements on pages 12 to 14.

18 Market risk sensitivity

A five per cent increase in the value of the fund's investment portfolio would have the effect of increasing the return and net assets by \$19,193,000 (2023: \$15,476,000). A five per cent decrease would have an equal and opposite effect.

19 Currency risk sensitivity and exposure

Currency risk is not considered significant for the fund and is therefore not disclosed.

20 Interest rate risk sensitivity and exposure

As the majority of the fund's financial assets are non-interest bearing, the risk is not considered significant and is therefore not disclosed.

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21 Credit risk

Credit risk with regard to derivative balances is not considered significant and is therefore not disclosed.

22 Dividend distribution tables

This fund pays annual ordinary distributions and the following table sets out the distribution period.

Annual distribution period

	Start	End	Xd	Payment
Final	01.09.23	31.08.24	02.09.24	31.10.24

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

Ordinary distributions for the year to 31 August	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Final	3.0928	0.7387	3.8315	3.4607

Sterling Class 'A' Accumulation shares

Ordinary distributions for the year to 31 August	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Final	1.1355	1.4360	2.5715	2.2421

Sterling Class 'I' Income shares

Ordinary distributions for the year to 31 August	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Final	36.7916	37.9293	74.7209	67.2523

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Sterling Class 'I' Accumulation shares

Ordinary distributions for the year to 31 August	Income	Group 2	Group 1 & 2	
	2024	Equalisation	Distribution	
	UK p	2024	2024	2023
	UK p	UK p	UK p	UK p
Final	40.0816	27.0819	67.1635	58.7875

Sterling Class 'PP' Income shares

Ordinary distributions for the year to 31 August	Income	Group 2	Group 1 & 2	
	2024	Equalisation	Distribution	
	UK p	2024	2024	2023
	UK p	UK p	UK p	UK p
Final	1.5649	1.3474	2.9123	2.6213

Sterling Class 'PP' Accumulation shares

Ordinary distributions for the year to 31 August	Income	Group 2	Group 1 & 2	
	2024	Equalisation	Distribution	
	UK p	2024	2024	2023
	UK p	UK p	UK p	UK p
Final	1.2960	1.3041	2.6001	2.2800

Sterling Class 'R' Income shares

Ordinary distributions for the year to 31 August	Income	Group 2	Group 1 & 2	
	2024	Equalisation	Distribution	
	UK p	2024	2024	2023
	UK p	UK p	UK p	UK p
Final	3.4049	3.9239	7.3288	6.6090

Sterling Class 'R' Accumulation shares

Ordinary distributions for the year to 31 August	Income	Group 2	Group 1 & 2	
	2024	Equalisation	Distribution	
	UK p	2024	2024	2023
	UK p	UK p	UK p	UK p
Final	2.7400	2.7899	5.5299	4.8315

23 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/our-business/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 2023 to 31 December 2023.

	Fixed Remuneration £'000	Variable Remuneration £'000	Total £'000	Beneficiaries
Senior Management	522	1,466	1,988	11
Other Identified Staff	4,419	18,110	22,529	37

EU Sustainable Finance Disclosure Regulation

SFDR

The M&G Global Themes Fund is categorised as an Article 6 fund under SFDR.

Taxonomy Regulation

The M&G Global Themes Fund's underlying investments do not take into account the EU criteria for environmental sustainable economic activities.

