

M&G Investment Funds (7)

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

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Authorised Corporate Director's Report

The Authorised Corporate Director (ACD) of M&G Investment Funds (7) presents its annual report and audited financial statements for the year ended 31 January 2024.

The audited financial statements of M&G Investment Funds (7), 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 (7) is an umbrella Open-Ended Investment Company (OEIC) and contains four 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 29 June 2007. The M&G Global Convertibles Fund was launched on 13 July 2007, the M&G Global Emerging Markets Fund was launched on 5 February 2009, the M&G Global Floating Rate High Yield Fund was launched on 11 September 2014 and the M&G Emerging Markets Monthly Income Fund was launched on 21 April 2020.

On 11 May 2023, following approval from the FCA, investors were formally notified of the ACD's intention to close M&G Emerging Markets Monthly Income Fund.

The fund closed on 13 July 2023. As at the date of publication of this report, no termination date has been set for the fund.

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 January 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 Emerging Markets Monthly Income Fund (closed)

Michael Bourke and Charles De Quinsonas

M&G Global Convertibles Fund

Léonard Vinville

M&G Global Emerging Markets Fund

Michael Bourke

M&G Global Floating Rate High Yield Fund

James Tomlins

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)

Authorised Corporate Director's Report

Directors of the ACD

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

Investment manager

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

Registrar

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

Depository

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

Independent auditor

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

Annual value assessment

An annual assessment report is available which shows the value provided to investors in each of M&G's UK-based funds. The assessment report evaluates whether M&G's charges are justified in the context of the overall service delivered to its investors. The latest report to 31 March 2023 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 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.

On 11 May 2023, following approval from the FCA, investors were formally notified of the ACD's intention to close M&G Emerging Markets Monthly Income Fund. The fund closed on 13 July 2023. As at the date of publication of this report, no termination date has been set for the fund.

On 19 January 2024, the M&G Global Corporate Bond Fund was launched within M&G Investment Funds (7). The fund has adopted an extended first accounting period and is therefore not included in these financial statements.

Please refer to the 'Investment review' sections 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.

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.

For the reasons stated in the ACD's Report and Note 2a, the financial statements of the M&G Emerging Markets Monthly Income Fund have not been prepared on a going concern basis.

Directors' statement

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

M&G Securities Limited
28 March 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 (7) ('the Company') for the year ended 31 January 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
28 March 2024

NatWest Trustee and
Depository Services Limited

Independent Auditor's Report

Independent Auditor's Report to the shareholders of M&G Investment Funds (7)

Opinion

We have audited the financial statements of M&G Investment Funds (7) ("the Company") comprising each of its presented sub-funds for the year ended 31 January 2024, which comprise the Statement of Total Return, the Statement of Changes 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 presented sub-funds as at 31 January 2024, and of the net revenue and the net capital gains/(losses) on the scheme property of the Company comprising each of its presented 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.

Emphasis of matter – financial statements prepared on a basis other than going concern

We draw attention to note 2a to the financial statements which explains that the Authorised Corporate Director ("the ACD") has closed the M&G Emerging Markets Monthly Income Fund and therefore does not consider it to be appropriate to adopt the going concern basis of accounting in preparing the financial statements. Accordingly, the financial statements for this sub-fund only, have been prepared on a basis other than going concern as described in note 2a. The financial statements for the Company as a whole remain prepared on a going concern basis. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

The financial statements for the M&G Emerging Markets Monthly Income Fund have been prepared on a basis other than going concern as disclosed in note 2a.

In auditing the financial statements of the remaining sub-funds, we have concluded that the ACD's 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 remaining sub-funds' 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 remaining sub-funds' ability to continue as a going concern.

Independent Auditor's Report

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 there is a material misstatement in the financial statements themselves or a material misstatement of the other information. 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.

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,

Independent Auditor's Report

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.

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 in relation 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 material 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, which included the use of specialists where appropriate, to identify non-compliance with the applicable laws and regulations.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at frc.org.uk/auditorsresponsibilities. 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
28 March 2024

Ernst & Young LLP
Statutory Auditor

Financial statements and notes

The financial statements for M&G Investment Funds (7) comprise the individual financial statements for each of the presented funds and the notes below.

Notes to the financial statements

1 Statement of compliance

The financial statements of M&G Investment Funds (7) 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 at least the next twelve months from the date these financial statements are authorised for issue. The ACD believes that the Company has adequate resources to continue in operational existence for the foreseeable future and they continue to adopt the going concern basis in preparing the financial statements. The ACD has made an assessment of each fund's ability to continue as a going concern which is made as at the date of issue of these financial statements and considers liquidity, declines in global capital markets, investor intention, known redemption levels, expense projections and key service provider's operational resilience.

The financial statements of M&G Investment Funds (7) 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.

The M&G Emerging Markets Monthly Income Fund closed on 13 July 2023. As a result, the financial statements of this fund have been prepared on a basis other than going concern. Under this basis, assets are recorded at their recoverable value and liabilities are recorded at their expected settlement value. Any additional costs in respect of the termination of the fund will be borne by the ACD.

On 19 January 2024, the M&G Global Corporate Bond Fund was launched as a fund of M&G Investment Funds (7). In accordance with the Collective Investment Schemes Sourcebook (COLL 6.8.2.R(4)), M&G Global Corporate Bond Fund has adopted an extended first accounting period ending 31 January 2025. Therefore the M&G Global Corporate Bond Fund is not presented within the 31 January 2024 annual report and audited financial statements of M&G Investment Funds (7).

b. Functional and presentational currency

Where the functional and presentational currency of a fund is not US dollars 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 31 January 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 and accrued interest).

At the end of the reporting period all investments have been measured at their fair value using the prices and the portfolio holdings determined at

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12 noon on 31 January 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 and debt securities which are traded on an active market are included at the quoted price, which is normally the bid price, excluding any accrued interest in respect of bonds.
- 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 and debt securities which are unquoted or not actively traded on a quoted market are included at a value estimated by the ACD using an appropriate valuation technique, excluding any accrued interest 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.
- Interest on debt securities is recognised on an effective interest rate basis. Bank interest is recognised on an accruals basis.
- Underwriting commission is recognised when the issue takes place.
- Revenue from derivatives is recognised on an accruals basis.
- Fee rebates from investing in other collective investment schemes are recognised on an accruals basis.
- Expenses are recognised on an accruals basis.

f. Treatment of income and expenses

- Any increases or decreases in the fair value of investments and gains and losses realised on sales of investments are treated as capital and recognised in net capital gains/(losses).
- The value of any enhancement to a stock dividend is treated as capital.

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- 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.
- Debt security interest comprises the coupon interest and the difference between the purchase price and the expected maturity price spread over its expected remaining life. This is treated as revenue with the difference adjusting the cost of the shares and treated as capital.
- Other interest income, such as bank interest is treated as revenue.
- Underwriting commission is treated as revenue, except where the fund is required to take up all or some of the shares underwritten, in which case a proportion of the commission received is deducted from the cost of the shares and treated as capital.
- 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%).

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- **Extraordinary legal and tax expenses:** Costs that specifically relate to legal or tax claims that are both exceptional and unforeseeable. Such expenses are uncommon, and would not be expected in most years. Although they result in a short-term cost to the fund, generally they can deliver longer term benefits for investors.
- **Ongoing charges from underlying funds:** Ongoing charges from underlying funds (excluding Investment Trust Companies and Real Estate Investment Trusts) will be rebated.

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

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

h. Portfolio transaction costs

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

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

Investments are bought or sold by a fund when changes are made to the investment portfolio and

in response to net flows of money into or out of the fund from investors buying and selling shares in the fund.

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

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

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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.

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

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

When VaR is used, it may be calculated using the Absolute VaR approach or the Relative VaR approach.

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Absolute VaR is the VaR expressed as a percentage of the Net Asset Value of a fund which must not exceed an absolute limit. Under the Absolute VaR approach, the VaR limit is set as a percentage of the Net Asset Value of the relevant fund. The absolute 20-day VaR based on a 99% confidence interval must not exceed 20% of the fund's Net Asset Value.

Under the Relative VaR approach, the VaR limit for a fund is set as a multiple of the VaR of the fund's reference portfolio. The 20-day VaR of the fund based on a 99% confidence interval must not exceed twice the VaR of the fund's reference portfolio. The Investment Manager monitors this limit by ensuring that the VaR of the fund divided by the VaR of the reference portfolio is not greater than 200%.

The table below shows funds using the 'commitment' approach and those using either the Absolute or Relative 'Value at Risk (VaR)' approach:

Fund	Global exposure approach
M&G Emerging Markets Monthly Income Fund (closed)	Absolute VaR
M&G Global Convertibles Fund	Relative VaR*
M&G Global Emerging Markets Fund	Commitment
M&G Global Floating Rate High Yield Fund	Relative VaR*

* With effect 6 March 2023 the fund changed from an Absolute to a Relative VaR approach.

d. 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.

e. 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

Financial statements and notes

securities within the funds will fall in the event of the default or perceived increased credit risk of an issuer.

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

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

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

Authorised Corporate Director's Report

The M&G Emerging Markets Monthly Income Fund closed on 13 July 2023. For the purposes of these financial statements, the Prospectus dated 19 January 2024 has been used, covering the period the fund closed.

Investment objective up to 13 July 2023

The fund aims to provide:

- an annual yield of 4-6%; and
- capital growth, net of the ongoing charge figure, over any five-year period.

Investment policy up to 13 July 2023

At least 80% of the fund is invested directly and indirectly in emerging market assets including:

- at least 25% of the fund 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 emerging markets;
- at least 25% of the fund directly in bonds issued by companies or other similar issuers, or by governments and other public issuers that are incorporated, domiciled or do most of their business in emerging markets;
- real estate investment trusts.

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

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

Investment approach up to 13 July 2023

The fund employs a bottom-up approach to find the best investments across the capital structure to deliver on the fund's investment objective. The fund aims to leverage the fund manager's emerging market equity and credit selection capabilities to identify the most attractive investments.

The fund's allocation between bonds and equities is an output of the investment process and portfolio construction and is the result of the fund manager investing in the best ideas, individually and relatively, across the capital spectrum.

Benchmark up to 13 July 2023

The fund is actively managed and it has no benchmark. Investors can assess the performance of the fund by its objective. The fund's annual report for each financial year will include details of the fund's performance in relation to its objective.

Risk profile up to 13 July 2023

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 13 to 15.

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.

Authorised Corporate Director's Report

- 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 period ended 13 July 2023

Performance against objective

The fund was closed on 13 July 2023. Between 1 February 2023 (the start of the review period) and 13 July 2023 (the fund closure date), all share classes of the M&G Emerging Markets Monthly Income Fund produced a negative total return (the combination of income and growth of capital).

The fund aimed to provide an annual yield of 4-6% and capital growth, net of the ongoing charge figure, over any five-year period. The fund's distributions over the period amounted to a yield of just over 5% for all share classes. The fund has therefore achieved its aim to provide an annual yield of between 4% and 6%. It is not possible to state whether the fund has met the capital growth element of its objective, as the fund closed before it was five years old.

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

Emerging market (EM) equities recorded negative performance in US dollar terms over the past 12 months. Concerns over the health of the Chinese economy, along with sentiment over the direction of developed market interest rates, hindered performance, despite the rebound towards the end of 2023. Slowing inflation in core economies, combined with dovish rhetoric from the US Federal Reserve (Fed), fuelled hopes that global interest rates may have reached their peak. More recently, however, investors scaled back hopes of imminent rate cuts following robust economic growth in the US and a slight re-acceleration in inflation in developed economies. EM bonds delivered mixed returns with EM Europe and large parts of Latin America posting positive returns and with China and

Asia recording negative performance in US dollar terms over the review period. Concerns around rising inflation caused volatility over the spring and summer months, however, as inflation started to drop towards the end of 2023 sentiment turned more positive and EM debt recorded strong positive returns in November and December.

Fund performance was driven by gains from our government bond and cash holdings, which outweighed losses from our exposure to equities and corporate bonds.

Within equities, the three most profitable positions were all based in Brazil. These comprised transport infrastructure group CCR, sugar and ethanol producer Raizen and Banco Bradesco. Technology was among the best-performing sectors and holdings in South Korean chipmakers Samsung Electronics and SK Hynix made strong gains.

Asia ex-Japan was the biggest drag on performance among the fund's equity baskets. South Korean banks Shinhan Financial and Hana Financial both weighed on returns after the government criticised industry profits and advocated greater competition.

Among our bond holdings, the positions in debt issued by Swedish cosmetics firm Oriflame and Mexican telecommunications company Total Play were notable detractors.

The fund closed on 13 July 2023.

Michael Bourke and Charles De Quinsonas Co-fund managers

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

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

Portfolio statement

Investments

Holding	as at 31.01.24 \$'000	as at 31.01.24 %	as at 31.01.23 %
Argentina	0	0.00	0.68
Brazil	0	0.00	6.58
Burundi	0	0.00	0.60
Canada	0	0.00	1.19
Cayman Islands	0	0.00	3.51
Chile	0	0.00	2.12
China	0	0.00	8.02
Colombia	0	0.00	1.11
Egypt	0	0.00	1.43
Georgia	0	0.00	1.35
Guernsey	0	0.00	0.96
Hong Kong	0	0.00	9.14
India	0	0.00	1.92
Ireland	0	0.00	0.67
Israel	0	0.00	0.19
Luxembourg	0	0.00	3.74
Mauritius	0	0.00	1.29
Mexico	0	0.00	9.21
Netherlands	0	0.00	1.76
Oman	0	0.00	0.67
Pakistan	0	0.00	0.01
Paraguay	0	0.00	0.65
Peru	0	0.00	0.22
Portugal	0	0.00	2.10
Russia	0	0.00	0.00
Russian equities	0	0.00	
8,022 Lukoil ^a	0	0.00	
146,908 Sberbank of Russia ^a	0	0.00	
14,715 X5 Retail GDR ^a	0	0.00	
Singapore	0	0.00	3.40
South Africa	0	0.00	2.38
South Korea	0	0.00	14.16

Portfolio statement

Investments (continued)

Holding	as at 31.01.24 \$'000	as at 31.01.24 %	as at 31.01.23 %
Spain	0	0.00	0.63
Switzerland	0	0.00	0.66
Taiwan	0	0.00	2.11
Thailand	0	0.00	0.95
Türkiye	0	0.00	4.12
Ukraine	0	0.00	0.29
United Arab Emirates	0	0.00	0.74
United Kingdom	0	0.00	1.05
United States	0	0.00	4.94
Uzbekistan	0	0.00	0.72
Total portfolio	0	0.00	95.27
Net other assets/(liabilities)	0	0.00	4.73
Net assets attributable to shareholders	0	0.00	100.00

^a M&G's Valuation Sub Committee are valuing these securities at £nil until further notice

Portfolio statement

Top ten portfolio transactions for the year to 31 January 2024

Largest purchases	\$'000
US Treasury 3% 30/06/2024	6,839
US Treasury 2.5% 30/04/2024	2,149
US Treasury 0.25% 15/06/2023	1,992
US Treasury 1.75% 15/05/2023	1,986
Anglo American Capital 5.5% 02/05/2033	394
Bancolombia ADR	384
Energean Israel Finance 4.875% 30/03/2026	222
BOC Aviation 4.5% 23/05/2028	199
Rede D'or Finance 4.5% 22/01/2030	165
MARB Bondco 3.95% 29/01/2031	148
Other purchases	532
Total purchases	15,010

Largest sales	\$'000
US Treasury 3% 30/06/2024	6,843
US Treasury 2.5% 30/04/2024	2,150
US Treasury 0.25% 15/06/2023	2,000
US Treasury 1.75% 15/05/2023	2,000
Fibra Uno Administracion REIT	1,023
Samsung Electronics	935
Samsung Fire & Marine Insurance	679
CCR	676
Embotelladora Andina Preference Shares	672
Ping An Insurance Group Company of China	667
Other sales	23,889
Total sales	41,534

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

Financial highlights

Fund performance

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

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

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

Long-term performance by share class

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

Share class	For the period to 13.07.23 % ^a	Three years % pa	Five years % pa	Ten years % pa
Sterling				
Class 'A' Income	-6.0	+6.3	n/a	n/a
Class 'A' Accumulation	-6.0	+6.3	n/a	n/a
Class 'I' Income	-5.8	+6.7	n/a	n/a
Class 'I' Accumulation	-5.8	+6.7	n/a	n/a
Class 'L' Income	-5.8	+6.8	n/a	n/a
Class 'L' Accumulation	-5.8	+6.8	n/a	n/a
Class 'PP' Income	-5.8	+6.7	n/a	n/a
Class 'PP' Accumulation	-5.8	+6.8	n/a	n/a
Class 'R' Income	-5.9	+6.4	n/a	n/a
Class 'R' Accumulation	-5.9	+6.5	n/a	n/a

^a Not annualised.

Specific share class performance

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

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

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

Financial highlights

Sterling Class 'A' Income share performance

The share class was launched on 21 April 2020 and closed on 13 July 2023.

for the year to 31 January Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	115.51	116.88	112.36
Return before operating charges	(5.33)	5.91	12.03
Operating charges	(0.50)	(1.12)	(1.19)
Return after operating charges	(5.83)	4.79	10.84
Distributions	(2.82)	(6.16)	(6.32)
Return to shareholder as a result of share class closure	(106.86)	n/a	n/a
Closing NAV	0.00	115.51	116.88
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.09	0.07	0.05
Dilution adjustments	(0.01)	(0.01)	0.00
Total direct transaction costs	0.08	0.06	0.05
Performance and charges	%	%	%
Direct portfolio transaction costs	0.07	0.05	0.04
Operating charges	1.00	1.00	1.00
Return after charges	-5.05	+4.10	+9.65
Other information			
Closing NAV (\$'000)	0	572	451
Number of shares	0	401,531	288,067
Highest share price (UK p)	118.44	120.50	122.08
Lowest share price (UK p)	106.78	105.94	114.25

Sterling Class 'A' Accumulation share performance

The share class was launched on 21 April 2020 and closed on 13 July 2023.

for the year to 31 January Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	134.23	128.43	117.06
Return before operating charges	(6.31)	7.05	12.65
Operating charges	(0.59)	(1.25)	(1.28)
Return after operating charges	(6.90)	5.80	11.37
Distributions	(2.77)	(5.70)	(5.49)
Retained distributions	2.77	5.70	5.49
Return to shareholder as a result of share class closure	(127.33)	n/a	n/a
Closing NAV	0.00	134.23	128.43
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.11	0.08	0.06
Dilution adjustments	(0.01)	(0.01)	(0.01)
Total direct transaction costs	0.10	0.07	0.05
Performance and charges	%	%	%
Direct portfolio transaction costs	0.07	0.05	0.04
Operating charges	1.00	1.00	1.00
Return after charges	-5.14	+4.52	+9.71
Other information			
Closing NAV (\$'000)	0	134	53
Number of shares	0	81,217	31,000
Highest share price (UK p)	137.66	137.57	125.78
Lowest share price (UK p)	127.24	116.83	113.02

Financial highlights

Sterling Class 'I' Income share performance

The share class was launched on 21 April 2020 and closed on 13 July 2023.

for the year to 31 January Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	116.93	117.80	112.80
Return before operating charges	(5.46)	5.95	11.98
Operating charges	(0.31)	(0.67)	(0.71)
Return after operating charges	(5.77)	5.28	11.27
Distributions	(2.82)	(6.15)	(6.27)
Return to shareholder as a result of share class closure	(108.34)	n/a	n/a
Closing NAV	0.00	116.93	117.80
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.10	0.07	0.05
Dilution adjustments	(0.01)	(0.01)	0.00
Total direct transaction costs	0.09	0.06	0.05
Performance and charges	%	%	%
Direct portfolio transaction costs	0.07	0.05	0.04
Operating charges	0.60	0.60	0.60
Return after charges	-4.93	+4.48	+9.99
Other information			
Closing NAV (\$'000)	0	1,304	575
Number of shares	0	904,768	363,326
Highest share price (UK p)	119.88	121.48	119.15
Lowest share price (UK p)	108.26	106.84	108.67

Sterling Class 'I' Accumulation share performance

The share class was launched on 21 April 2020 and closed on 13 July 2023.

for the year to 31 January Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	135.51	129.24	117.42
Return before operating charges	(6.43)	7.04	12.58
Operating charges	(0.36)	(0.77)	(0.76)
Return after operating charges	(6.79)	6.27	11.82
Distributions	(2.97)	(6.11)	(5.92)
Retained distributions	2.97	6.11	5.92
Return to shareholder as a result of share class closure	(128.72)	n/a	n/a
Closing NAV	0.00	135.51	129.24
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.11	0.08	0.06
Dilution adjustments	(0.01)	(0.01)	(0.01)
Total direct transaction costs	0.10	0.07	0.05
Performance and charges	%	%	%
Direct portfolio transaction costs	0.07	0.05	0.04
Operating charges	0.60	0.60	0.60
Return after charges	-5.01	+4.85	+10.07
Other information			
Closing NAV (\$'000)	0	515	343
Number of shares	0	308,164	198,281
Highest share price (UK p)	138.98	138.87	127.87
Lowest share price (UK p)	128.62	117.60	114.51

Financial highlights

Sterling Class 'L' Income share performance

The share class was launched on 21 April 2020 and closed on 13 July 2023.

for the year to 31 January Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	117.56	118.22	112.98
Return before operating charges	(5.51)	5.87	11.96
Operating charges	(0.20)	(0.45)	(0.48)
Return after operating charges	(5.71)	5.42	11.48
Distributions	(2.81)	(6.08)	(6.24)
Return to shareholder as a result of share class closure	(109.04)	n/a	n/a
Closing NAV	0.00	117.56	118.22
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.10	0.07	0.05
Dilution adjustments	(0.01)	(0.01)	0.00
Total direct transaction costs	0.09	0.06	0.05
Performance and charges	%	%	%
Direct portfolio transaction costs	0.07	0.05	0.04
Operating charges	0.40	0.40	0.40
Return after charges	-4.86	+4.58	+10.16
Other information			
Closing NAV (\$'000)	0	29	32
Number of shares	0	20,350	20,350
Highest share price (UK p)	120.55	121.91	115.70
Lowest share price (UK p)	108.96	107.24	105.60

Sterling Class 'L' Accumulation share performance

The share class was launched on 21 April 2020 and closed on 13 July 2023.

for the year to 31 January Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	136.08	129.60	117.56
Return before operating charges	(6.48)	6.99	12.55
Operating charges	(0.24)	(0.51)	(0.51)
Return after operating charges	(6.72)	6.48	12.04
Distributions	(3.07)	(6.31)	(6.14)
Retained distributions	3.07	6.31	6.14
Return to shareholder as a result of share class closure	(129.36)	n/a	n/a
Closing NAV	0.00	136.08	129.60
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.11	0.08	0.06
Dilution adjustments	(0.01)	(0.01)	(0.01)
Total direct transaction costs	0.10	0.07	0.05
Performance and charges	%	%	%
Direct portfolio transaction costs	0.07	0.05	0.04
Operating charges	0.40	0.40	0.40
Return after charges	-4.94	+5.00	+10.24
Other information			
Closing NAV (\$'000)	0	25,172	26,084
Number of shares	0	15,010,289	15,014,300
Highest share price (UK p)	139.60	139.48	132.43
Lowest share price (UK p)	129.26	117.96	119.57

Financial highlights

Sterling Class 'PP' Income share performance

The share class was launched on 21 April 2020 and closed on 13 July 2023.

for the year to 31 January Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	117.23	118.01	112.89
Return before operating charges	(5.47)	5.88	11.97
Operating charges	(0.25)	(0.57)	(0.60)
Return after operating charges	(5.72)	5.31	11.37
Distributions	(2.81)	(6.09)	(6.25)
Return to shareholder as a result of share class closure	(108.70)	n/a	n/a
Closing NAV	0.00	117.23	118.01
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.10	0.07	0.05
Dilution adjustments	(0.01)	(0.01)	0.00
Total direct transaction costs	0.09	0.06	0.05
Performance and charges	%	%	%
Direct portfolio transaction costs	0.07	0.05	0.04
Operating charges	0.50	0.50	0.50
Return after charges	-4.88	+4.50	+10.07
Other information			
Closing NAV (\$'000)	0	29	32
Number of shares	0	20,450	20,450
Highest share price (UK p)	120.22	121.70	124.70
Lowest share price (UK p)	108.61	107.04	111.74

Sterling Class 'PP' Accumulation share performance

The share class was launched on 21 April 2020 and closed on 13 July 2023.

for the year to 31 January Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	135.78	129.42	117.49
Return before operating charges	(6.45)	7.00	12.57
Operating charges	(0.30)	(0.64)	(0.64)
Return after operating charges	(6.75)	6.36	11.93
Distributions	(3.02)	(6.19)	(6.03)
Retained distributions	3.02	6.19	6.03
Return to shareholder as a result of share class closure	(129.03)	n/a	n/a
Closing NAV	0.00	135.78	129.42
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.11	0.08	0.06
Dilution adjustments	(0.01)	(0.01)	(0.01)
Total direct transaction costs	0.10	0.07	0.05
Performance and charges	%	%	%
Direct portfolio transaction costs	0.07	0.05	0.04
Operating charges	0.50	0.50	0.50
Return after charges	-4.97	+4.91	+10.15
Other information			
Closing NAV (\$'000)	0	34	35
Number of shares	0	20,400	20,400
Highest share price (UK p)	139.30	139.18	126.53
Lowest share price (UK p)	128.93	117.79	113.60

Financial highlights

Sterling Class 'R' Income share performance

The share class was launched on 21 April 2020 and closed on 13 July 2023.

for the year to 31 January Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	116.10	117.28	112.59
Return before operating charges	(5.38)	5.93	11.99
Operating charges	(0.43)	(0.96)	(1.01)
Return after operating charges	(5.81)	4.97	10.98
Distributions	(2.82)	(6.15)	(6.29)
Return to shareholder as a result of share class closure	(107.47)	n/a	n/a
Closing NAV	0.00	116.10	117.28
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.09	0.07	0.05
Dilution adjustments	(0.01)	(0.01)	0.00
Total direct transaction costs	0.08	0.06	0.05
Performance and charges	%	%	%
Direct portfolio transaction costs	0.07	0.05	0.04
Operating charges	0.85	0.85	0.85
Return after charges	-5.00	+4.24	+9.75
Other information			
Closing NAV (\$'000)	0	538	429
Number of shares	0	375,831	273,132
Highest share price (UK p)	119.04	120.93	118.37
Lowest share price (UK p)	107.39	106.33	108.12

Sterling Class 'R' Accumulation share performance

The share class was launched on 21 April 2020 and closed on 13 July 2023.

for the year to 31 January Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	134.76	128.78	117.23
Return before operating charges	(6.35)	7.05	12.63
Operating charges	(0.50)	(1.07)	(1.08)
Return after operating charges	(6.85)	5.98	11.55
Distributions	(2.85)	(5.84)	(5.65)
Retained distributions	2.85	5.84	5.65
Return to shareholder as a result of share class closure	(127.91)	n/a	n/a
Closing NAV	0.00	134.76	128.78
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.11	0.08	0.06
Dilution adjustments	(0.01)	(0.01)	(0.01)
Total direct transaction costs	0.10	0.07	0.05
Performance and charges	%	%	%
Direct portfolio transaction costs	0.07	0.05	0.04
Operating charges	0.85	0.85	0.85
Return after charges	-5.08	+4.64	+9.85
Other information			
Closing NAV (\$'000)	0	320	231
Number of shares	0	192,763	133,858
Highest share price (UK p)	138.23	138.13	127.22
Lowest share price (UK p)	127.82	117.18	114.06

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Statement of total return

for the year to 31 January		2024		2023	
	Note	\$'000	\$'000	\$'000	\$'000
Income					
Net capital gains/(losses)	3		(587)		(2,203)
Revenue	5	985		1,626	
Expenses	6	(56)		(114)	
Interest payable and similar charges		0		(10)	
Net revenue/(expense) before taxation		929		1,502	
Taxation	7	(130)		(216)	
Net revenue/(expense) after taxation			799		1,286
Total return before distributions			212		(917)
Distributions	8		(765)		(1,300)
Change in net assets attributable to shareholders from investment activities			(553)		(2,217)

Statement of change in net assets attributable to shareholders

for the year to 31 January		2024		2023	
		\$'000	\$'000	\$'000	\$'000
Opening net assets attributable to shareholders			28,647		28,265
Amounts received on issue of shares		700		2,295	
Amounts paid on cancellation of shares		(29,400)		(900)	
			(28,700)		1,395
Dilution adjustments			11		7
Change in net assets attributable to shareholders from investment activities (see above)			(553)		(2,217)
Retained distributions on Accumulation shares			595		1,197
Closing net assets attributable to shareholders			0		28,647

The fund closed on 13 July 2023.

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Balance sheet

as at 31 January	Note	2024 \$'000	2023 \$'000
Assets			
Fixed assets			
Investments		0	0
Current assets			
Investments		0	27,293
Debtors	9	6	583
Cash and bank balances	10	57	1,266
Total assets		63	29,142
Liabilities			
Creditors			
Distribution payable		0	(14)
Other creditors	11	(63)	(481)
Total liabilities		(63)	(495)
Net assets attributable to shareholders		0	28,647

The fund closed on 13 July 2023.

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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 13.

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, 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 January	2024 \$'000	2023 \$'000
Non-derivative securities	(892)	(2,205)
Currency gains/(losses)	305	2
Net capital gains/(losses)	(587)	(2,203)

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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. Please refer to the 'Financial highlights' section for the effect of dilution adjustments.

for the year to 31 January	2024 \$'000	% of transaction	2023 \$'000	% of transaction
a) Purchases				
Equities				
Equities before transaction costs	915		7,079	
Commissions	1	0.08	4	0.06
Taxes	0	0.02	3	0.04
Equities after transaction costs	916		7,086	
Debt securities	14,094		3,273	
Total purchases after transaction costs	15,010		10,359	
b) Sales				
Equities				
Equities before transaction costs	18,448		5,735	
Commissions	(6)	0.03	(4)	0.07
Taxes	(17)	0.09	(5)	0.09
Equities after transaction costs	18,425		5,726	
Debt securities	23,109		3,249	
Total sales after transaction costs	41,534		8,975	
	2024 \$'000	% of average NAV	2023 \$'000	% of average NAV
c) Direct portfolio transaction costs				
Commissions paid				
Equities	7	0.02	8	0.03
Taxes paid				
Equities	17	0.06	8	0.03
Total direct portfolio transaction costs	24	0.08	16	0.06
		%		%
d) Indirect portfolio transaction costs				
Average portfolio dealing spread as at the balance sheet date		0.00		0.79

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5 Revenue

for the year to 31 January	2024 \$'000	2023 \$'000
Bank interest	18	4
Dividends from equity investments: non-taxable	544	859
Dividends from equity investments: taxable	10	56
HMRC interest	24	0
Interest on debt securities	333	631
Property distribution: taxable	56	76
Total revenue	985	1,626

6 Expenses

for the year to 31 January	2024 \$'000	2023 \$'000
Payable to the ACD or associate		
Annual charge	56	114
Total expenses	56	114

Audit fees for the financial year ending 2024 were £7,000 (2023: £14,000) (including VAT), which are covered by the annual charge.

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7 Taxation

for the year to 31 January	2024 \$'000	2023 \$'000
a) Analysis of charge in the year		
Corporation tax	72	130
Withholding tax	55	106
Double taxation relief	(9)	(20)
Capital gains tax (India)	12	0
Deferred tax (note 7c)	0	0
Total taxation	130	216
b) Factors affecting taxation charge for the year		
Net revenue/(expense) before taxation	929	1,502
Corporation tax at 20%	186	301
Effects of:		
Dividends from equity investments: non-taxable	(114)	(171)
Double taxation relief	(9)	(20)
Withholding tax	55	106
Capital gains tax (India)	12	0
Total tax charge (note 7a)	130	216
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 in the current financial year (2023: same).

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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 January	2024		2023	
	Inc	Acc	Inc	Acc
Dividend distributions	\$'000	\$'000	\$'000	\$'000
First interim	11	103	5	79
Second interim	10	93	6	87
Third interim	11	89	10	140
Fourth interim	11	121	10	92
Fifth interim	12	189	20	231
Sixth interim	n/a	n/a	10	113
Seventh interim	n/a	n/a	6	57
Eighth interim	n/a	n/a	12	126
Ninth interim	n/a	n/a	5	50
Tenth interim	n/a	n/a	10	97
Eleventh interim	n/a	n/a	5	51
Final	n/a	n/a	9	74
Total net distributions		650		1,305
Income deducted on cancellation of shares		117		3
Income received on issue of shares		(2)		(8)
Distributions		765		1,300
Net revenue/(expense) per statement of total return		799		1,286
Expenses offset against capital		8		14
Capital gains tax offset against capital		12		0
Income returned to shareholders via capital redemption		(54)		0
Distributions		765		1,300

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9 Debtors

as at 31 January	2024 \$'000	2023 \$'000
Amounts receivable on issues of shares	0	53
Bank interest receivable	5	0
Currency deals outstanding	0	134
Debt security interest receivable	0	139
Dividends receivable	0	50
Sales awaiting settlement	0	206
Withholding tax recoverable	1	1
Total debtors	6	583

10 Cash and bank balances

as at 31 January	2024 \$'000	2023 \$'000
Cash held as bank balances	57	1,266
Total cash and bank balances	57	1,266

11 Other creditors

as at 31 January	2024 \$'000	2023 \$'000
Amounts payable on cancellation of shares	0	6
Annual charge payable	0	2
Corporation tax payable	63	110
Currency deals outstanding	0	134
Purchases awaiting settlement	0	227
Withholding tax payable	0	2
Total other creditors	63	481

12 Contingent assets, liabilities and outstanding commitments

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

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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 01.02.23	Issued	Movements Cancelled	Converted	Closing 31.01.24
Sterling					
Class 'A' Income	401,531	54,314	(455,845)	0	0
Class 'A' Accumulation	81,217	15,000	(96,217)	0	0
Class 'I' Income	904,768	248,601	(1,153,369)	0	0
Class 'I' Accumulation	308,164	56,911	(365,075)	0	0
Class 'L' Income	20,350	0	(20,350)	0	0
Class 'L' Accumulation	15,010,289	0	(15,010,289)	0	0
Class 'PP' Income	20,450	0	(20,450)	0	0
Class 'PP' Accumulation	20,400	0	(20,400)	0	0
Class 'R' Income	375,831	27,374	(403,205)	0	0
Class 'R' Accumulation	192,763	75,889	(268,652)	0	0

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'	1.00
Class 'I'	0.60
Class 'L'	0.40
Class 'PP'	0.50
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.

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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 0.00% (2023: 86.53%) 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 January	Assets 2024 \$'000	Liabilities 2024 \$'000	Assets 2023 \$'000	Liabilities 2023 \$'000
Basis of valuation				
Level 1	0	0	18,382	0
Level 2	0	0	8,595	0
Level 3	0	0	316	0
	0	0	27,293	0

2023 Level 3 assets included only Greatview Aspective Packing which temporarily had trading suspended.

17 Risk management policies

The general risk management policies for the fund are set out in note 3 to the financial statements on pages 13 to 15.

18 Market risk sensitivity and exposure

VaR is the risk measurement methodology used to assess the fund's leverage and market risk volatility. When VaR is calculated as a percentage of the net asset value it may not be greater than the VaR limit set for the fund.

The VaR limit set during the financial year to 31 January 2024 was 20% (2023: 20%).

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The lowest, highest and average VaR, as well as utilisation of VaR with reference to the limit above, are calculated during the financial years ended 31 January 2024 and 31 January 2023.

for the year to 31 January	2024 ^a % of VaR	2024 ^a Utilisation of VaR 20%	2023 % of VaR	2023 Utilisation of VaR 20%
Lowest	1.15	5.75	6.86	34.30
Highest	9.14	45.70	9.74	48.70
Average	7.89	39.44	8.21	41.07

^a The data covers the period up to the fund closure on 13 July 2023.

19 Credit risk

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

as at 31 January	2024 \$'000	2023 \$'000
Investment grade securities	0	1,571
Below investment grade securities	0	7,685
Other investments	0	18,037
Total	0	27,293

20 Leverage risk

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

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

The lowest, highest and average level of leverage employed and utilisation of the leverage level calculated during the financial years ended 31 January 2024 and 31 January 2023 are disclosed in the table below. Leverage has been calculated using the Gross Sum of Notional Approach for derivative positions only (including forward currency contracts) and excludes all physical holdings. Percentages are expressed with reference to fund valuation.

for the year to 31 January	2024 \$'000 ^a	2024 %	2023 \$'000	2023 %
Lowest	0	0.00	0	0.00
Highest	6	0.02	0	0.00
Average	0	0.00	0	0.00

^a The data covers the period up to the fund closure on 13 July 2023.

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21 Dividend distribution tables

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

Monthly distribution periods

	Start	End	Xd	Payment
First interim	01.02.23	28.02.23	01.03.23	31.03.23
Second interim	01.03.23	31.03.23	03.04.23	30.04.23
Third interim	01.04.23	30.04.23	02.05.23	31.05.23
Fourth interim	01.05.23	31.05.23	01.06.23	30.06.23
Fifth interim	01.06.23	30.06.23	03.07.23	31.07.23
Sixth interim	n/a	n/a	n/a	n/a
Seventh interim	n/a	n/a	n/a	n/a
Eighth interim	n/a	n/a	n/a	n/a
Ninth interim	n/a	n/a	n/a	n/a
Tenth interim	n/a	n/a	n/a	n/a
Eleventh interim	n/a	n/a	n/a	n/a
Final	n/a	n/a	n/a	n/a

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.

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Sterling Class 'A' Income shares

Ordinary distributions for the year to 31 January	Income 2024 UK p	Group 2 Equalisation 2024 UK p	Group 1 & 2 Distribution 2024 UK p	2023 UK p
First interim	0.3055	0.1978	0.5033	0.3818
Second interim	0.1382	0.3190	0.4572	0.4364
Third interim	0.2405	0.1875	0.4280	0.6979
Fourth interim	0.1955	0.3796	0.5751	0.4685
Fifth interim	0.0000	0.8521	0.8521	1.1338
Sixth interim	n/a	n/a	n/a	0.5676
Seventh interim	n/a	n/a	n/a	0.3261
Eighth interim	n/a	n/a	n/a	0.6933
Ninth interim	n/a	n/a	n/a	0.2816
Tenth interim	n/a	n/a	n/a	0.4928
Eleventh interim	n/a	n/a	n/a	0.2762
Final	n/a	n/a	n/a	0.4048

Sterling Class 'A' Accumulation shares

Ordinary distributions for the year to 31 January	Income 2024 UK p	Group 2 Equalisation 2024 UK p	Group 1 & 2 Distribution 2024 UK p	2023 UK p
First interim	0.0139	0.4845	0.4984	0.3411
Second interim	0.0000	0.4202	0.4202	0.3771
Third interim	0.1875	0.2122	0.3997	0.6628
Fourth interim	0.1739	0.3896	0.5635	0.4216
Fifth interim	0.3430	0.5494	0.8924	1.1518
Sixth interim	n/a	n/a	n/a	0.5453
Seventh interim	n/a	n/a	n/a	0.2683
Eighth interim	n/a	n/a	n/a	0.6641
Ninth interim	n/a	n/a	n/a	0.2286
Tenth interim	n/a	n/a	n/a	0.4670
Eleventh interim	n/a	n/a	n/a	0.2200
Final	n/a	n/a	n/a	0.3488

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Sterling Class 'I' Income shares

Ordinary distributions for the year to 31 January	Income 2024 UK p	Group 2 Equalisation 2024 UK p	Group 1 & 2 Distribution 2024 UK p	2023 UK p
First interim	0.2497	0.2538	0.5035	0.3792
Second interim	0.2213	0.2338	0.4551	0.4327
Third interim	0.1117	0.3146	0.4263	0.6960
Fourth interim	0.2179	0.3570	0.5749	0.4655
Fifth interim	0.1481	0.7076	0.8557	1.1381
Sixth interim	n/a	n/a	n/a	0.5663
Seventh interim	n/a	n/a	n/a	0.3222
Eighth interim	n/a	n/a	n/a	0.6916
Ninth interim	n/a	n/a	n/a	0.2780
Tenth interim	n/a	n/a	n/a	0.4913
Eleventh interim	n/a	n/a	n/a	0.2724
Final	n/a	n/a	n/a	0.4142

Sterling Class 'I' Accumulation shares

Ordinary distributions for the year to 31 January	Income 2024 UK p	Group 2 Equalisation 2024 UK p	Group 1 & 2 Distribution 2024 UK p	2023 UK p
First interim	0.1998	0.3321	0.5319	0.3690
Second interim	0.2876	0.1734	0.4610	0.4126
Third interim	0.3193	0.1171	0.4364	0.7025
Fourth interim	0.1983	0.4073	0.6056	0.4565
Fifth interim	0.2625	0.6765	0.9390	1.1773
Sixth interim	n/a	n/a	n/a	0.5796
Seventh interim	n/a	n/a	n/a	0.3034
Eighth interim	n/a	n/a	n/a	0.7102
Ninth interim	n/a	n/a	n/a	0.2609
Tenth interim	n/a	n/a	n/a	0.5031
Eleventh interim	n/a	n/a	n/a	0.2538
Final	n/a	n/a	n/a	0.3826

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Sterling Class 'L' Income shares

Ordinary distributions for the year to 31 January	Income 2024 UK p	Group 2 Equalisation 2024 UK p	Group 1 & 2 Distribution 2024 UK p	2023 UK p
First interim	0.5033	0.0000	0.5033	0.3777
Second interim	0.4537	0.0000	0.4537	0.4303
Third interim	0.4253	0.0000	0.4253	0.6950
Fourth interim	0.5743	0.0000	0.5743	0.4642
Fifth interim	0.8571	0.0000	0.8571	1.1197
Sixth interim	n/a	n/a	n/a	0.5653
Seventh interim	n/a	n/a	n/a	0.3200
Eighth interim	n/a	n/a	n/a	0.6904
Ninth interim	n/a	n/a	n/a	0.2763
Tenth interim	n/a	n/a	n/a	0.4903
Eleventh interim	n/a	n/a	n/a	0.2700
Final	n/a	n/a	n/a	0.3806

Sterling Class 'L' Accumulation shares

Ordinary distributions for the year to 31 January	Income 2024 UK p	Group 2 Equalisation 2024 UK p	Group 1 & 2 Distribution 2024 UK p	2023 UK p
First interim	0.5481	0.0000	0.5481	0.3825
Second interim	0.4814	0.0000	0.4814	0.4310
Third interim	0.4549	0.0000	0.4549	0.7224
Fourth interim	0.6267	0.0000	0.6267	0.4740
Fifth interim	0.9622	0.0000	0.9622	1.1952
Sixth interim	n/a	n/a	n/a	0.5968
Seventh interim	n/a	n/a	n/a	0.3211
Eighth interim	n/a	n/a	n/a	0.7334
Ninth interim	n/a	n/a	n/a	0.2771
Tenth interim	n/a	n/a	n/a	0.5214
Eleventh interim	n/a	n/a	n/a	0.2709
Final	n/a	n/a	n/a	0.3864

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Sterling Class 'PP' Income shares

Ordinary distributions for the year to 31 January	Income 2024 UK p	Group 2 Equalisation 2024 UK p	Group 1 & 2 Distribution 2024 UK p	2023 UK p
First interim	0.5038	0.0000	0.5038	0.3786
Second interim	0.4543	0.0000	0.4543	0.4314
Third interim	0.4256	0.0000	0.4256	0.6956
Fourth interim	0.5746	0.0000	0.5746	0.4647
Fifth interim	0.8564	0.0000	0.8564	1.1200
Sixth interim	n/a	n/a	n/a	0.5660
Seventh interim	n/a	n/a	n/a	0.3210
Eighth interim	n/a	n/a	n/a	0.6910
Ninth interim	n/a	n/a	n/a	0.2774
Tenth interim	n/a	n/a	n/a	0.4912
Eleventh interim	n/a	n/a	n/a	0.2717
Final	n/a	n/a	n/a	0.3822

Sterling Class 'PP' Accumulation shares

Ordinary distributions for the year to 31 January	Income 2024 UK p	Group 2 Equalisation 2024 UK p	Group 1 & 2 Distribution 2024 UK p	2023 UK p
First interim	0.5401	0.0000	0.5401	0.3757
Second interim	0.4714	0.0000	0.4714	0.4220
Third interim	0.4458	0.0000	0.4458	0.7128
Fourth interim	0.6160	0.0000	0.6160	0.4654
Fifth interim	0.9505	0.0000	0.9505	1.1824
Sixth interim	n/a	n/a	n/a	0.5880
Seventh interim	n/a	n/a	n/a	0.3125
Eighth interim	n/a	n/a	n/a	0.7222
Ninth interim	n/a	n/a	n/a	0.2690
Tenth interim	n/a	n/a	n/a	0.5120
Eleventh interim	n/a	n/a	n/a	0.2616
Final	n/a	n/a	n/a	0.3709

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Sterling Class 'R' Income shares

Ordinary distributions for the year to 31 January	Income 2024 UK p	Group 2 Equalisation 2024 UK p	Group 1 & 2 Distribution 2024 UK p	2023 UK p
First interim	0.2398	0.2637	0.5035	0.3813
Second interim	0.0704	0.3863	0.4567	0.4350
Third interim	0.1608	0.2668	0.4276	0.6976
Fourth interim	0.1735	0.4018	0.5753	0.4677
Fifth interim	0.1480	0.7059	0.8539	1.1319
Sixth interim	n/a	n/a	n/a	0.5673
Seventh interim	n/a	n/a	n/a	0.3249
Eighth interim	n/a	n/a	n/a	0.6931
Ninth interim	n/a	n/a	n/a	0.2804
Tenth interim	n/a	n/a	n/a	0.4925
Eleventh interim	n/a	n/a	n/a	0.2749
Final	n/a	n/a	n/a	0.4012

Sterling Class 'R' Accumulation shares

Ordinary distributions for the year to 31 January	Income 2024 UK p	Group 2 Equalisation 2024 UK p	Group 1 & 2 Distribution 2024 UK p	2023 UK p
First interim	0.0526	0.4589	0.5115	0.3516
Second interim	0.2416	0.1941	0.4357	0.3912
Third interim	0.1868	0.2267	0.4135	0.6779
Fourth interim	0.1847	0.3951	0.5798	0.4349
Fifth interim	0.4425	0.4678	0.9103	1.1554
Sixth interim	n/a	n/a	n/a	0.5582
Seventh interim	n/a	n/a	n/a	0.2816
Eighth interim	n/a	n/a	n/a	0.6817
Ninth interim	n/a	n/a	n/a	0.2407
Tenth interim	n/a	n/a	n/a	0.4806
Eleventh interim	n/a	n/a	n/a	0.2327
Final	n/a	n/a	n/a	0.3490

22 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 19 January 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 charges figure, than the Refinitiv Global Focus Convertible Bond Index over any five-year period.

Investment policy

At least 70% of the fund is invested in the convertible securities of companies across any sector and market capitalisation that are domiciled in any country, including emerging markets. Exposure to these securities is achieved, either directly or indirectly, through various combinations of corporate bonds, equities and derivatives.

The convertible securities may be denominated in any currency.

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 investment purposes, efficient portfolio management and hedging.

Investment approach

The fund employs a disciplined approach to investment which concentrates on the selection of convertible securities based upon fundamental analysis of individual companies, and their bond and equity characteristics.

The fund manager focuses on convertible securities that provide the best risk-reward features in their view. For these convertible securities, the fund manager expects that the potential gain from the option on the underlying share price exceeds the potential loss from the share price falling.

Benchmark

Benchmark: Refinitiv Global Focus Convertible Bond Index.

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

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

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

Risk profile

For details of the risks associated with this fund, please refer to the Prospectus. For details of the risk management policies, please refer to pages 13 to 15.

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 January 2024

Performance against objective

Over the reporting period, the M&G Global Convertibles Fund delivered modest positive total returns (the combination of income and growth of capital) across its hedged share classes. The unhedged share classes posted modest negative returns over the same period.

The fund's unhedged share classes outperformed their benchmark, the Refinitiv Global Focus Convertible Bond Index, which returned -1.7% over the reporting period.

However, the fund's hedged share classes underperformed their benchmark, the Refinitiv Global Focus Convertible Bond Index (Hedged), which posted a return of +2.9% over the reporting period.

Over five years, the fund registered positive returns across all share classes. With the exception of the 'A' share class, the unhedged share classes met their objective of delivering a higher total return (the combination of capital growth and income), net of the ongoing charge figure, than the Refinitiv Global Focus Convertible Bond Index, which returned +3.0% per annum over this period.

Over five years, all of the hedged share classes did not meet their objective of delivering a higher total return (the combination of capital growth and income), net of the ongoing charge figure, than the Refinitiv Global Focus Convertible Bond Index (Hedged), which returned +3.0% per annum over this 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 12-month period under review saw varied performance across global financial markets, with equities (company shares) largely posting positive returns, whilst fixed income assets (also known as bonds) delivered mixed returns.

What was of particular note was an intense rally in both equities and bonds from late-October, until the end of

2023, as investors grew more confident that central banks would cut interest rates meaningfully in 2024.

Over the review period as a whole, global equities were led higher by the US, driven in large part by the strength of the so-called "magnificent seven" stocks – Apple, Microsoft, Alphabet, Amazon, Tesla, Meta and Nvidia. Japanese shares also featured strongly, partially helped by a weak currency. Europe also performed well overall, with the main exception being the UK.

However, other markets did not fare so well, most notably China and Hong Kong. Some investors continue to be concerned by the lacklustre growth of the Chinese economy and problems in its property sector.

Within bonds, performance was mixed. Shorter-dated developed market sovereign bonds, delivered modest positive total returns, but performance of longer-dated bonds (particularly in the UK and US) was hurt by the ratcheting up of interest rates in 2023.

Elsewhere, emerging market sovereign bonds and investment grade and high yield corporate bonds recorded gains. In general, these bonds benefited from their higher yields and a tightening of spreads and lower duration versus government bonds.

The fund's relative performance was supported by holdings in convertibles from telecommunications company Bharti Airtel and technology companies Seagate Technology, a data storage provider, and CyberArk Software. Technology stocks were seen as benefiting from their growth prospects and potentially lower interest rates in 2024. The fund's equity holding in Uber Technologies, a platform that connects consumers with providers of ride and delivery services, also added value.

Conversely, holdings in convertibles from Box and Japanese pharmaceutical company Sosei held back relative returns. Disappointing results weighed on US content management company Box, while the shares of Japanese drug developer Sosei fell sharply when Pfizer discontinued development of a drug made using Sosei's technology, thus weighing on the group's convertible.

Authorised Corporate Director's Report

Given the profound weakness of the Chinese stockmarket, relative performance was also hurt by holdings in some China names, including a convertible from hotel group H World and a straight bond (without any convertible options) and equity holding in property company Longfor. Investor sentiment towards both companies has been hurt by weakness in the Chinese economy and in the case of Longfor, concerns about the property sector. So far as H World is concerned, profitability remains strong.

Investment activities

Throughout the review period, we were active in adjusting the positioning of the portfolio, buying what we believed were attractively priced convertibles, while reducing or selling those that no longer satisfied our selection criteria.

Early on in the review period, we structured a synthetic convertible in Chinese property group Longfor, by buying shares and straight bonds in the company (straight bonds have no convertible options).

We added Dutch brewer Heineken and a balanced convertible from Japanese car park operator Park24, as we had formed positive views on these companies (a balanced convertible trades within a certain range, provides equity-like returns while having limited downside risks).

Other additions included German bonds converting into residential housing company LEG Immobilien and industrial group Duerr. Also, we switched into a longer-dated bond converting into Evonik from a shorter one and we sold convertibles from Palo Alto Networks, NRG Energy, Carrefour, IWG and Spie as well.

In the second half of 2023, the primary market for convertible bonds was very active in terms of issuance. We bought a convertible from SolarEdge Technologies, after the underperformance of renewable energy companies made the shares look better value to us. We also purchased a bond from Trip.com converting into hotel group H World (formerly Huazhu).

We bought a new convertible from Italian oil services group Saipem and we accepted an offer from another

German online retailer, Global Fashion, to buy back its convertible. Also, we invested in four recently issued US convertibles, from data storage provider Seagate Technology, precision power equipment supplier Advanced Energy Industries, medical device manufacturer Shockwave Medical and Amphastar Pharmaceuticals. To make room for these, we disposed of convertibles from Qiagen, ESR, Snap, Airbnb, Nova and ON Semiconductor.

In the latter stages of the review period, we sold an equity stake in Palo Alto Networks after strong performance and bought three new, in our opinion attractively priced issues – from Uber Technologies and Spirit AeroSystems and an existing issue from Lenovo. To make room for these we sold a bond converting into Sanofi as it had low equity sensitivity, and a shorter-dated convertible plus equity position in Uber Technologies, which were replaced by the new issue.

We also sold an equity holding in Airbnb, taking advantage of a significant rally in its share price and began a holding in a convertible from Merit Medical Systems. In addition, we closed the fund's positions in bonds exchangeable into Mercedes-Benz and Siemens and reinvested into shares of auto components manufacturer Aptiv, which we think is attractively valued.

This activity has resulted in the portfolio increasing its exposure to Asia, while marginally reducing exposure to the US over the review period. In terms of sectors, the weighting of technology, consumer discretionary and healthcare have been reduced, while holdings in the industrial, financials and consumer staples sectors have increased.

Outlook

In our opinion, current market conditions continue to offer attractive entry points to the convertibles market, with large pockets of the convertibles universe appearing well valued. In particular, what we find interesting is that many convertibles still trade on high yields relative to, for example, other corporate bonds. In our opinion, this is unjustified by the issuers' business and credit quality and gives us the opportunity to invest

Authorised Corporate Director's Report

in what we consider to be profitable, high-quality businesses with robust credit quality. Of course, a market where many opportunities are driven by yield means that investors have to be highly selective and perform rigorous credit analysis.

The new issues market was active in 2023, much busier than 2022, and we believe convertible issuance will remain of heightened interest to companies and investors. As many corporate bonds become repayable over the next couple of years, we expect many companies to have to refinance. Since the issuance of convertibles is generally cheaper than straight bonds, these companies could turn to the convertibles market in greater numbers. If interest rates stay higher for longer, the incentives for companies to save interest costs by issuing lower coupon convertibles will be even more powerful. This could well mean an increased variety of issuers coming to the convertibles market. In an environment of greater financing needs we expect increasingly advantageous terms for investors, with coupons rising and premiums falling.

We have a broad universe from which to identify investment opportunities and we consider both existing and new issues when seeking convertibles with attractive risk-reward characteristics but, as ever, we will remain selective. We also create opportunities by maintaining flexibility in the way we invest, sometimes, for example, combining a low delta but high yielding convertible with an equity stake.

Overall, we have tried to construct a portfolio that should be able to navigate all possible scenarios, remaining agile should the background change significantly, one way or the other.

Léonard Vinville

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 ^a	as at 31.01.24 \$'000	as at 31.01.24 %	as at 31.01.23 %
Equities	3,603	1.54	2.00
Europe	1,276	0.55	0.00
European equities	1,276	0.55	0.00
14,777 Aptiv	1,276	0.55	
50,379 Severstal GDR ^b	0	0.00	
North America	1,215	0.52	2.00
North American equities	1,215	0.52	2.00
16,865 Itron	1,215	0.52	
Asia Pacific	1,112	0.47	0.00
Asia Pacific equities	1,112	0.47	0.00
808,000 CIMC Enric	662	0.28	
409,000 Longfor	450	0.19	
Fixed income	230,978	98.96	96.34
United Kingdom	15,644	6.70	6.16
Investment grade corporate bonds	3,630	1.55	1.49
US\$3,226,000 Barclays Bank 0% 18/02/2025 (Visa)	3,630	1.55	
Below investment grade corporate bonds	1,861	0.80	0.00
£1,698,000 Ocado 3.875% 08/10/2026	1,861	0.80	
Corporate bonds with no credit rating	10,153	4.35	4.67
US\$3,200,000 HTA 2.875% 18/03/2027 (Helios Towers)	2,748	1.18	
£3,100,000 Shaftesbury Capital 2% 30/03/2026 (Shaftesbury)	3,642	1.56	
£3,300,000 WH Smith 1.625% 07/05/2026 (WH Smith)	3,763	1.61	
Denmark	745	0.32	0.33
Corporate bonds with no credit rating	745	0.32	0.33
€700,000 GN Store Nord 0% 21/05/2024 (GN Store Nord)	745	0.32	
France	9,841	4.22	6.39
Investment grade corporate bonds	6,292	2.70	0.00
€4,800,000 BNP Paribas 0% 13/05/2025 (BNP Paribas)	6,292	2.70	
Below investment grade corporate bonds	0	0.00	1.84
Corporate bonds with no credit rating	3,549	1.52	4.55
€3,231,915 SOITEC 0% 01/10/2025 (SOITEC)	3,549	1.52	

Portfolio statement

Investments (continued)

Holding ^a	as at 31.01.24 \$'000	as at 31.01.24 %	as at 31.01.23 %
Fixed income (continued)			
Germany	10,311	4.42	3.96
Investment grade corporate bonds	1,049	0.45	0.00
€1,000,000 LEG Immobilien 0.875% 01/09/2025 (LEG Immobilien)	1,049	0.45	
Corporate bonds with no credit rating	9,262	3.97	3.96
€2,500,000 Duerr 0.75% 15/01/2026 (Duerr)	2,518	1.08	
€4,100,000 RAG-Stiftung 1.875% 16/11/2029 (Evonik Industries)	4,448	1.91	
€2,500,000 Zalando 0.625% 06/08/2027 (Zalando)	2,296	0.98	
Ireland	6,320	2.71	2.57
Below investment grade corporate bonds	6,320	2.71	2.57
US\$6,231,000 Jazz Investments I 2% 15/06/2026 (Jazz Pharma)	6,320	2.71	
Italy	13,484	5.78	4.42
Investment grade corporate bonds	8,393	3.60	0.00
€7,000,000 Prysmian 0% 02/02/2026 (Prysmian)	8,393	3.60	
Below investment grade corporate bonds	5,091	2.18	3.94
€1,800,000 Nexi 1.75% 24/04/2027 (Nexi)	1,819	0.78	
€2,900,000 Saipem 2.875% 11/09/2029 (Saipem)	3,272	1.40	
Corporate bonds with no credit rating	0	0.00	0.48
Luxembourg	0	0.00	1.78
Corporate bonds with no credit rating	0	0.00	1.78
Netherlands	3,467	1.49	3.66
Corporate bonds with no credit rating	3,467	1.49	3.66
€1,200,000 Davide Campari-Milano 2.375% 17/01/2029 (Davide Campari-Milano)	1,326	0.57	
US\$800,000 ELM 3.25% 13/06/2024 (Swiss Re)	973	0.42	
€1,100,000 Pharming 3% 21/01/2025 (Pharming)	1,168	0.50	
Spain	6,437	2.76	2.20
Investment grade corporate bonds	6,437	2.76	0.00
€5,600,000 Cellnex Telecom 0.5% 05/07/2028 (Cellnex Telecom)	6,437	2.76	
Below investment grade corporate bonds	0	0.00	2.20
Switzerland	4,937	2.11	3.16
Investment grade corporate bonds	4,937	2.11	0.00
US\$4,400,000 STMicroelectronics 0% 04/08/2027 (STMicroelectronics)	4,937	2.11	

Portfolio statement

Investments (continued)

Holding ^a	as at 31.01.24 \$'000	as at 31.01.24 %	as at 31.01.23 %
Fixed income (continued)			
Switzerland (continued)			
Below investment grade corporate bonds	0	0.00	3.16
United States	94,554	40.51	40.75
Investment grade corporate bonds	11,383	4.88	2.12
US\$2,034,000 BofA Finance 0.6% 25/05/2027 (Merck)	2,410	1.03	
US\$3,432,000 NextEra Energy Partners 0% 15/11/2025 (NextEra Energy Partners)	3,028	1.30	
US\$5,767,000 Southwest Airlines 1.25% 01/05/2025 (Southwest Airlines)	5,945	2.55	
Below investment grade corporate bonds	13,310	5.70	4.11
US\$2,243,000 Spirit AeroSystems 3.25% 01/11/2028 (Spirit AeroSystems)	2,529	1.08	
US\$7,149,000 Uber Technologies 0.875% 01/12/2028 (Uber Technologies)	8,088	3.47	
US\$2,651,000 Uber Technologies 8% 01/11/2026	2,693	1.15	
Corporate bonds with no credit rating	69,861	29.93	34.52
US\$2,942,000 Advanced Energy Industries 2.5% 15/09/2028 (Advanced Energy Industries)	3,080	1.32	
US\$7,033,000 Akamai Technologies 0.375% 01/09/2027 (Akamai Technologies)	8,100	3.47	
US\$1,400,000 Amphastar Pharmaceuticals 2% 15/03/2029 (Amphastar Pharmaceuticals)	1,586	0.68	
US\$6,326,000 Box 0% 15/01/2026 (Box)	7,238	3.10	
US\$2,651,000 Exact Sciences 0.375% 01/03/2028 (Exact Sciences)	2,337	1.00	
US\$3,814,000 Halozyme Therapeutics 1% 15/08/2028 (Halozyme Therapeutics)	3,450	1.48	
US\$1,351,000 InterDigital 3.5% 01/06/2027 (InterDigital)	1,963	0.84	
€5,600,000 JPMorgan Chase Financial 0% 29/04/2025 (Deutsche Telekom)	6,986	2.99	
US\$6,067,000 Lantheus 2.625% 15/12/2027 (Lantheus)	6,355	2.72	
US\$1,817,000 Live Nation Entertainment 2% 15/02/2025 (Live Nation Entertainment)	1,904	0.82	
US\$3,412,000 Live Nation Entertainment 3.125% 15/01/2029 (Live Nation Entertainment)	3,757	1.61	
US\$1,714,000 Livongo Health 0.875% 01/06/2025 (Teladoc Health)	1,607	0.69	
US\$3,134,000 Lyft 1.5% 15/05/2025 (Lyft)	2,981	1.28	
US\$4,377,000 MACOM Technology Solutions 0.25% 15/03/2026 (MACOM Technology Solutions)	5,216	2.24	

Portfolio statement

Investments (continued)

Holding ^a	as at 31.01.24 \$'000	as at 31.01.24 %	as at 31.01.23 %
Fixed income (continued)			
United States (continued)			
Corporate bonds with no credit rating (continued)			
US\$2,116,000 Merit Medical Systems 3% 01/02/2029 (Merit Medical Systems)	2,389	1.02	
US\$5,336,000 Mp Materials 0.25% 01/04/2026 (Mp Materials)	4,580	1.96	
US\$2,603,000 Pacira BioSciences 0.75% 01/08/2025 (Pacira BioSciences)	2,410	1.03	
US\$2,429,000 Shockwave Medical 1% 15/08/2028 (Shockwave Medical)	2,552	1.09	
US\$989,000 Stride 1.125% 01/09/2027 (Stride)	1,268	0.54	
US\$99,000 Winnebago Industries 3.25% 15/01/2030 (Winnebago Industries)	102	0.05	
Mexico	3,139	1.34	0.00
Investment grade corporate bonds	3,139	1.34	0.00
€2,900,000 Fomento Economico Mexicano 2.625% 24/02/2026 (Heineken)	3,139	1.34	
Japan	2,992	1.28	1.36
Corporate bonds with no credit rating	2,992	1.28	1.36
¥440,000,000 Park24 0% 24/02/2028 (Park24)	2,992	1.28	
Australia	2,796	1.20	1.07
Investment grade corporate bonds	2,796	1.20	1.07
AU\$3,900,000 DEXUS Finance 3.5% 24/11/2027 (Dexus)	2,796	1.20	
China	29,978	12.84	9.06
Investment grade corporate bonds	6,767	2.90	0.00
US\$944,000 Lenovo 2.5% 26/08/2029 (Lenovo)	1,088	0.47	
US\$6,600,000 Meituan 0% 27/04/2028 (Meituan)	5,679	2.43	
Below investment grade corporate bonds	1,649	0.70	2.06
US\$1,479,000 Longfor 3.85% 13/01/2032	589	0.25	
US\$2,398,000 Longfor 3.95% 16/09/2029	1,060	0.45	
Corporate bonds with no credit rating	21,562	9.24	7.00
US\$4,327,000 H World 3% 01/05/2026 (H World)	4,611	1.98	
US\$3,000,000 Pharmaron Beijing 0% 18/06/2026 (Pharmaron Beijing)	2,891	1.24	
HK\$26,000,000 Sail Vantage 0% 13/01/2027 (China Meidong Auto)	3,169	1.36	
US\$2,441,000 Trip.com 1.5% 01/07/2027 (H World)	2,565	1.10	

Portfolio statement

Investments (continued)

Holding ^a	as at 31.01.24 \$'000	as at 31.01.24 %	as at 31.01.23 %
Fixed income (continued)			
China (continued)			
Corporate bonds with no credit rating (continued)			
HK\$26,000,000 Zhongsheng 0% 21/05/2025 (Zhongsheng)	3,553	1.52	
US\$5,259,000 ZTO Express 1.5% 01/09/2027 (ZTO Express)	4,773	2.04	
Hong Kong	2,968	1.27	2.63
Corporate bonds with no credit rating	2,968	1.27	2.63
HK\$24,000,000 CIMC Enric 0% 30/11/2026 (CIMC Enric)	2,968	1.27	
India	2,605	1.12	1.75
Investment grade corporate bonds	2,605	1.12	0.00
US\$1,364,000 Bharti Airtel 1.5% 17/02/2025 (Bharti Airtel)	2,605	1.12	
Below investment grade corporate bonds	0	0.00	1.75
South Korea	3,438	1.47	0.00
Investment grade corporate bonds	3,438	1.47	0.00
US\$2,600,000 SK Hynix 1.75% 11/04/2030 (SK Hynix)	3,438	1.47	
Taiwan	0	0.00	0.48
Corporate bonds with no credit rating	0	0.00	0.48
Israel	9,160	3.92	4.61
Corporate bonds with no credit rating	9,160	3.92	4.61
US\$2,482,000 CyberArk Software 0% 15/11/2024 (CyberArk Software)	3,779	1.62	
US\$3,298,000 Nice 0% 15/09/2025 (Nice)	3,149	1.35	
US\$2,486,000 SolarEdge Technologies 0% 15/09/2025 (SolarEdge Technologies)	2,232	0.95	
Cayman Islands	8,162	3.50	0.00
Below investment grade corporate bonds	8,162	3.50	0.00
US\$6,702,000 Seagate HDD Cayman 3.5% 01/06/2028 (Seagate Technology)	8,162	3.50	
Currency	0	0.00	0.20
Forward currency contracts	0	0.00	0.20
Portfolio of investments	234,581	100.50	
Share class hedging	(3)	0.00	0.02
Forward currency contracts for share class hedging	(3)	0.00	0.02
£13,447 Bought for AUD25,927 (expires 28.02.24)	0	0.00	
£264,853 Bought for €309,088 (expires 28.02.24)	0	0.00	

Portfolio statement

Investments (continued)

Holding ^a	as at 31.01.24 \$'000	as at 31.01.24 %	as at 31.01.23 %
Share class hedging (continued)			
Forward currency contracts for share class hedging (continued)			
£52,761 Bought for HK\$524,629 (expires 28.02.24)	0	0.00	
£14,690 Bought for ¥2,748,857 (expires 28.02.24)	0	0.00	
£780,400 Bought for US\$993,410 (expires 28.02.24)	(3)	0.00	
Total portfolio	234,578	100.50	98.56
Net other assets/(liabilities)	(1,165)	(0.50)	1.44
Net assets attributable to shareholders	233,413	100.00	100.00

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

^a The underlying stock for convertible bond is shown in brackets.

^b M&G's Valuation Sub Committee are valuing these securities at £nil until further notice

Portfolio statement

Top ten portfolio transactions for the year to 31 January 2024

Largest purchases	\$'000
Uber Technologies 0.875% 01/12/2028 (Uber Technologies)	7,203
Seagate HDD Cayman 3.5% 01/06/2028 (Seagate Technology)	6,963
RAG-Stiftung 1.875% 16/11/2029 (Evonik Industries)	4,881
NextEra Energy Partners 0% 15/11/2025 (NextEra Energy Partners)	4,283
Fomento Economico Mexicano 2.625% 24/02/2026 (Heineken)	4,238
Lantheus 2.625% 15/12/2027 (Lantheus)	3,950
Southwest Airlines 1.25% 01/05/2025 (Southwest Airlines)	3,676
ZTO Express 1.5% 01/09/2027 (ZTO Express)	3,643
Park24 0% 24/02/2028 (Park24)	3,548
SK Hynix 1.75% 11/04/2030 (SK Hynix)	3,455
Other purchases	100,262
Total purchases	146,102

Largest sales	\$'000
NextEra Energy Partners 0% 15/11/2025 (NextEra Energy Partners)	5,769
Barclays Bank 0% 24/01/2025 (Mercedes-Benz)	5,429
Qiagen 1% 13/11/2024 (Qiagen)	5,322
RAG-Stiftung 0% 17/06/2026 (Evonik Industries)	3,856
Bharti Airtel 1.5% 17/02/2025 (Bharti Airtel)	3,717
Uber Technologies	3,448
Snap 0.125% 01/03/2028 (Snap)	3,392
CyberArk Software 0% 15/11/2024 (CyberArk Software)	3,386
Carrefour 0% 27/03/2024 (Carrefour)	2,939
ESR Cayman 1.5% 30/09/2025 (ESR Cayman)	2,924
Other sales	81,565
Total sales	121,747

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

Financial highlights

Fund performance

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

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

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

Long-term performance by share class

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

Share class	One year % ^a	Three years % pa	Five years % pa	Ten years % pa
Sterling				
Class 'A' Income	-1.4	-2.3	+2.9	+3.9
Class 'A' Accumulation	-1.4	-2.4	+2.9	+3.9
Class 'A-H' Accumulation	+1.5	-3.9	+2.0	+1.7
Class 'I' Income	-1.0	-1.9	+3.4	+4.5
Class 'I' Accumulation	-1.0	-2.0	+3.4	+4.5
Class 'I-H' Accumulation	+2.7	-3.2	+2.7	+2.3
Class 'PP' Income	-0.9	-1.9	n/a	n/a
Class 'PP' Accumulation	-0.9	-1.9	n/a	n/a
Class 'R' Income	-1.3	-2.2	+3.2	+4.3
Class 'R' Accumulation	-1.3	-2.3	+3.1	+4.3
Class 'R-H' Accumulation	+1.9	-3.7	+2.3	+2.1
Benchmark unhedged	-1.7	-3.5	+3.0	+4.6
Benchmark hedged	+2.9	-4.0	+3.0	+2.9

^a Not annualised.

Financial highlights

Specific share class performance

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

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

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

Financial highlights

Sterling Class 'A' Income share performance

The share class was launched on 13 July 2007.

for the year to 31 January Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	164.99	170.29	184.52
Return before operating charges	(0.29)	2.43	(6.54)
Operating charges	(2.02)	(2.11)	(2.34)
Return after operating charges	(2.31)	0.32	(8.88)
Distributions	(6.78)	(5.62)	(5.35)
Closing NAV	155.90	164.99	170.29
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	1.25	1.25	1.26
Return after charges	-1.40	+0.19	-4.81
Other information			
Closing NAV (\$'000)	181,701	149,566	171,910
Number of shares	91,868,025	73,557,766	75,312,884
Highest share price (UK p)	171.61	174.53	193.81
Lowest share price (UK p)	156.14	157.13	173.64

Sterling Class 'A' Accumulation share performance

The share class was launched on 13 July 2007.

for the year to 31 January Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	228.92	228.60	240.20
Return before operating charges	(0.45)	3.15	(8.56)
Operating charges	(2.80)	(2.83)	(3.04)
Return after operating charges	(3.25)	0.32	(11.60)
Distributions	(6.66)	(4.73)	(3.77)
Retained distributions	6.66	4.73	3.77
Closing NAV	225.67	228.92	228.60
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.01	0.00	0.18
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.01	0.00	0.18
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	1.25	1.25	1.25
Return after charges	-1.42	+0.14	-4.83
Other information			
Closing NAV (\$'000)	1,596	2,223	2,780
Number of shares	557,616	787,869	907,256
Highest share price (UK p)	238.03	234.17	253.09
Lowest share price (UK p)	216.58	210.83	226.00

Financial highlights

Sterling Class 'A-H' Accumulation share performance

The share class was launched on 28 September 2012.

for the year to 31 January	2024	2023	2022
Change in NAV per share	UK p	UK p	UK p
Opening NAV	134.88	145.56	152.55
Return before operating charges	3.72	(8.93)	(4.99)
Operating charges	(1.70)	(1.75)	(2.00)
Return after operating charges	2.02	(10.68)	(6.99)
Distributions	(3.98)	(2.78)	(2.36)
Retained distributions	3.98	2.78	2.36
Closing NAV	136.90	134.88	145.56
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.29
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.00	0.29
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	1.28	1.28	1.28
Return after charges	+1.50	-7.34	-4.58
Other information			
Closing NAV (\$'000)	27	94	284
Number of shares	15,841	56,593	145,593
Highest share price (UK p)	138.33	149.34	162.53
Lowest share price (UK p)	127.76	123.60	143.84

Financial highlights

Sterling Class 'I' Income share performance

The share class was launched on 3 August 2012.

for the year to 31 January Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	1,400.97	1,440.12	1,554.05
Return before operating charges	(2.27)	20.53	(55.28)
Operating charges	(11.65)	(12.20)	(13.34)
Return after operating charges	(13.92)	8.33	(68.62)
Distributions	(57.73)	(47.48)	(45.31)
Closing NAV	1,329.32	1,400.97	1,440.12
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.04	0.03	0.13
Dilution adjustments	(0.01)	0.00	(0.01)
Total direct transaction costs	0.03	0.03	0.12
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	0.85	0.85	0.85
Return after charges	-0.99	+0.58	-4.42
Other information			
Closing NAV (\$'000)	4,944	12,763	20,885
Number of shares	293,163	739,241	1,081,938
Highest share price (UK p)	1,457.32	1,479.62	1,632.60
Lowest share price (UK p)	1,328.77	1,330.67	1,468.47

Sterling Class 'I' Accumulation share performance

The share class was launched on 13 July 2007.

for the year to 31 January Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	250.71	249.35	260.94
Return before operating charges	(0.49)	3.48	(9.35)
Operating charges	(2.09)	(2.12)	(2.24)
Return after operating charges	(2.58)	1.36	(11.59)
Distributions	(8.27)	(6.16)	(5.26)
Retained distributions	8.27	6.16	5.26
Closing NAV	248.13	250.71	249.35
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.01	0.00	0.00
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.01	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	0.85	0.85	0.85
Return after charges	-1.03	+0.55	-4.44
Other information			
Closing NAV (\$'000)	41,976	40,863	64,986
Number of shares	13,335,117	13,225,597	19,443,223
Highest share price (UK p)	260.70	256.10	275.01
Lowest share price (UK p)	237.71	230.32	246.51

Financial highlights

Sterling Class 'I-H' Accumulation share performance

The share class was launched on 28 September 2012.

for the year to 31 January	2024	2023	2022
Change in NAV per share	UK p	UK p	UK p
Opening NAV	143.23	153.94	160.64
Return before operating charges	5.15	(9.37)	(5.25)
Operating charges	(1.27)	(1.34)	(1.45)
Return after operating charges	3.88	(10.71)	(6.70)
Distributions	(4.85)	(3.52)	(3.17)
Retained distributions	4.85	3.52	3.17
Closing NAV	147.11	143.23	153.94
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	0.88	0.88	0.88
Return after charges	+2.71	-6.96	-4.17
Other information			
Closing NAV (\$'000)	1,432	3,326	22,760
Number of shares	767,149	1,883,984	11,030,423
Highest share price (UK p)	147.56	157.97	171.18
Lowest share price (UK p)	137.16	131.10	152.12

Financial highlights

Sterling Class 'PP' Income share performance

The share class was launched on 5 August 2019.

for the year to 31 January	2024	2023	2022
Change in NAV per share	UK p	UK p	UK p
Opening NAV	94.18	96.67	104.16
Return before operating charges	(0.14)	1.37	(3.73)
Operating charges	(0.65)	(0.66)	(0.73)
Return after operating charges	(0.79)	0.71	(4.46)
Distributions	(3.88)	(3.20)	(3.03)
Closing NAV	89.51	94.18	96.67
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	0.70	0.70	0.70
Return after charges	-0.84	+0.73	-4.28
Other information			
Closing NAV (\$'000)	996	721	49
Number of shares	877,566	621,000	38,000
Highest share price (UK p)	97.98	99.43	109.43
Lowest share price (UK p)	89.40	89.38	98.56

Sterling Class 'PP' Accumulation share performance

The share class was launched on 8 April 2019.

for the year to 31 January	2024	2023	2022
Change in NAV per share	UK p	UK p	UK p
Opening NAV	116.63	115.82	121.02
Return before operating charges	(0.22)	1.64	(4.35)
Operating charges	(0.80)	(0.83)	(0.85)
Return after operating charges	(1.02)	0.81	(5.20)
Distributions	(4.02)	(3.04)	(2.63)
Retained distributions	4.02	3.04	2.63
Closing NAV	115.61	116.63	115.82
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.44
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.00	0.44
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	0.70	0.70	0.70
Return after charges	-0.87	+0.70	-4.30
Other information			
Closing NAV (\$'000)	227	233	129
Number of shares	155,000	162,000	83,000
Highest share price (UK p)	121.29	119.08	127.56
Lowest share price (UK p)	110.67	107.05	114.50

Financial highlights

Sterling Class 'R' Income share performance

The share class was launched on 3 August 2012.

for the year to 31 January Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	137.80	142.02	153.65
Return before operating charges	(0.22)	2.02	(5.49)
Operating charges	(1.48)	(1.55)	(1.71)
Return after operating charges	(1.70)	0.47	(7.20)
Distributions	(5.67)	(4.69)	(4.43)
Closing NAV	130.43	137.80	142.02
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	1.10	1.10	1.10
Return after charges	-1.23	+0.33	-4.69
Other information			
Closing NAV (\$'000)	128	119	136
Number of shares	77,269	69,462	71,462
Highest share price (UK p)	143.34	145.69	161.40
Lowest share price (UK p)	130.53	131.11	144.79

Sterling Class 'R' Accumulation share performance

The share class was launched on 3 August 2012.

for the year to 31 January Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	176.91	176.40	185.14
Return before operating charges	(0.34)	2.43	(6.69)
Operating charges	(1.91)	(1.92)	(2.05)
Return after operating charges	(2.25)	0.51	(8.74)
Distributions	(5.40)	(3.92)	(3.19)
Retained distributions	5.40	3.92	3.19
Closing NAV	174.66	176.91	176.40
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.01	0.00	0.00
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.01	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	1.10	1.10	1.10
Return after charges	-1.27	+0.29	-4.72
Other information			
Closing NAV (\$'000)	337	364	452
Number of shares	152,057	167,159	191,159
Highest share price (UK p)	183.96	180.88	195.02
Lowest share price (UK p)	167.51	162.78	174.39

Financial highlights

Sterling Class 'R-H' Accumulation share performance

The share class was launched on 28 September 2012.

for the year to 31 January	2024	2023	2022
Change in NAV per share	UK p	UK p	UK p
Opening NAV	141.19	152.26	159.35
Return before operating charges	4.21	(9.46)	(5.25)
Operating charges	(1.59)	(1.61)	(1.84)
Return after operating charges	2.62	(11.07)	(7.09)
Distributions	(4.40)	(3.12)	(2.72)
Retained distributions	4.40	3.12	2.72
Closing NAV	143.81	141.19	152.26
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.02
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.00	0.02
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	1.13	1.13	1.13
Return after charges	+1.86	-7.27	-4.45
Other information			
Closing NAV (\$'000)	49	50	56
Number of shares	26,729	28,729	27,467
Highest share price (UK p)	144.80	156.22	169.80
Lowest share price (UK p)	134.15	129.40	150.47

Financial statements and notes

Financial statements

Statement of total return

for the year to 31 January		2024		2023	
	Note	\$'000	\$'000	\$'000	\$'000
Income					
Net capital gains/(losses)	3		(3,876)		(33,594)
Revenue	5	10,756		7,697	
Expenses	6	(2,870)		(2,589)	
Interest payable and similar charges		(6)		(3)	
Net revenue/(expense) before taxation		7,880		5,105	
Taxation	7	(15)		(3)	
Net revenue/(expense) after taxation			7,865		5,102
Total return before distributions			3,989		(28,492)
Distributions	8		(10,224)		(7,140)
Change in net assets attributable to shareholders from investment activities			(6,235)		(35,632)

Statement of change in net assets attributable to shareholders

for the year to 31 January		2024		2023	
		\$'000	\$'000	\$'000	\$'000
Opening net assets attributable to shareholders			210,322		284,427
Amounts received on issue of shares		73,581		26,157	
Amounts paid on cancellation of shares		(46,256)		(66,171)	
			27,325		(40,014)
Dilution adjustments			487		392
Change in net assets attributable to shareholders from investment activities (see above)			(6,235)		(35,632)
Retained distributions on Accumulation shares			1,514		1,149
Closing net assets attributable to shareholders			233,413		210,322

Financial statements and notes

Financial statements

Balance sheet

as at 31 January	Note	2024 \$'000	2023 \$'000
Assets			
Fixed assets			
Investments		234,581	207,300
Current assets			
Debtors	9	1,326	1,413
Cash and bank balances	10	301	661
Cash equivalents		6,028	8,228
Total assets		242,236	217,602
Liabilities			
Investment liabilities		(3)	(1)
Creditors			
Distribution payable		(8,170)	(5,556)
Other creditors	11	(650)	(1,723)
Total liabilities		(8,823)	(7,280)
Net assets attributable to shareholders		233,413	210,322

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 13.

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 January	2024 \$'000	2023 \$'000
Non-derivative securities	(3,382)	(31,193)
Derivative contracts	(117)	(2,450)
Currency gains/(losses)	(377)	49
Net capital gains/(losses)	(3,876)	(33,594)

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. Please refer to the 'Financial highlights' section for the effect of dilution adjustments.

for the year to 31 January	2024 \$'000	% of transaction	2023 \$'000	% of transaction
a) Purchases				
Equities				
Equities before transaction costs	7,021		6,615	
Commissions	2	0.03	1	0.01
Taxes	3	0.04	0	0.00
Equities after transaction costs	7,026		6,616	
Debt securities	139,076		97,183	
Total purchases after transaction costs	146,102		103,799	
b) Sales				
Equities				
Equities before transaction costs	9,512		8,067	
Commissions	(2)	0.02	(3)	0.04
Taxes	0	0.00	(1)	0.01
Equities after transaction costs	9,510		8,063	
Debt securities	112,237		146,238	
Total sales after transaction costs	121,747		154,301	
	2024 \$'000	% of average NAV	2023 \$'000	% of average NAV
c) Direct portfolio transaction costs				
Commissions paid				
Equities	4	0.00	4	0.00
Taxes paid				
Equities	3	0.00	1	0.00
Total direct portfolio transaction costs	7	0.00	5	0.00
		%		%
d) Indirect portfolio transaction costs				
Average portfolio dealing spread as at the balance sheet date		0.56		0.89

Financial statements and notes

5 Revenue

for the year to 31 January	2024 \$'000	2023 \$'000
Bank interest	8	6
Dividends from equity investments: non-taxable	66	0
Dividends from equity investments: taxable	22	25
Interest distributions	378	158
Interest on debt securities	10,274	7,509
Rebate of ongoing charges from underlying funds	6	6
Share class hedging revenue	2	(7)
Total revenue	10,756	7,697

6 Expenses

for the year to 31 January	2024 \$'000	2023 \$'000
Payable to the ACD or associate		
Annual charge	2,870	2,589
Total expenses	2,870	2,589

Audit fees for the financial year ending 2024 were £13,000 (2023: £13,000) (including VAT), which are covered by the annual charge.

Financial statements and notes

7 Taxation

for the year to 31 January	2024 \$'000	2023 \$'000
a) Analysis of charge in the year		
Corporation tax	0	1
Withholding tax	15	3
Double taxation relief	0	(1)
Deferred tax (note 7c)	0	0
Total taxation	15	3
b) Factors affecting taxation charge for the year		
Net revenue/(expense) before taxation	7,880	5,105
Corporation tax at 20%	1,576	1,021
Effects of:		
Dividends from equity investments: non-taxable	(13)	0
Double taxation relief	0	(1)
Interest distributions	(1,563)	(1,020)
Withholding tax	15	3
Total tax charge (note 7a)	15	3
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 in the current financial year (2023: same).

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 January	2024		2023	
	Inc \$'000	Acc \$'000	Inc \$'000	Acc \$'000
Interest distributions				
Final	8,170	1,514	5,556	1,149
Total net distributions		9,684		6,705
Income deducted on cancellation of shares		894		822
Income received on issue of shares		(354)		(387)
Distributions	10,224		7,140	
Net revenue/(expense) per statement of total return		7,865		5,102
Expenses offset against capital		2,359		2,038
Distributions	10,224		7,140	

Financial statements and notes

9 Debtors

as at 31 January	2024 \$'000	2023 \$'000
Amounts receivable on issues of shares	19	2
Currency deals outstanding	203	570
Debt security interest receivable	798	413
Distributions receivable	29	32
Dividends receivable	18	0
Withholding tax recoverable	259	396
Total debtors	1,326	1,413

10 Cash and bank balances

as at 31 January	2024 \$'000	2023 \$'000
Cash held as bank balances	301	661
Total cash and bank balances	301	661

11 Other creditors

as at 31 January	2024 \$'000	2023 \$'000
Amounts payable on cancellation of shares	238	567
Annual charge payable	70	54
Currency deals outstanding	203	570
Purchases awaiting settlement	0	261
Payable to M&G (Lux) Global Convertibles Fund	139	271
Total other creditors	650	1,723

12 Contingent assets, liabilities and outstanding commitments

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

Financial statements and notes

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 01.02.23	Issued	Movements Cancelled	Converted	Closing 31.01.24
Sterling					
Class 'A' Income	73,557,766	18,342,287	(32,028)	0	91,868,025
Class 'A' Accumulation	787,869	1,003	(231,256)	0	557,616
Class 'A-H' Accumulation	56,593	0	(40,752)	0	15,841
Class 'I' Income	739,241	95,357	(541,435)	0	293,163
Class 'I' Accumulation	13,225,597	9,259,753	(9,150,233)	0	13,335,117
Class 'I-H' Accumulation	1,883,984	3,945,517	(5,062,352)	0	767,149
Class 'PP' Income	621,000	348,618	(92,052)	0	877,566
Class 'PP' Accumulation	162,000	5,000	(12,000)	0	155,000
Class 'R' Income	69,462	9,535	(1,728)	0	77,269
Class 'R' Accumulation	167,159	8,190	(23,292)	0	152,057
Class 'R-H' Accumulation	28,729	0	(2,000)	0	26,729

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'	1.25
Class 'A-H'	1.28
Class 'I'	0.85
Class 'I-H'	0.88
Class 'PP'	0.70
Class 'R'	1.10
Class 'R-H'	1.13

Financial statements and notes

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 payable to funds within the M&G Group are disclosed within 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 89.24% (2023: 85.73%) 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 January	Assets 2024 \$'000	Liabilities 2024 \$'000	Assets 2023 \$'000	Liabilities 2023 \$'000
Basis of valuation				
Level 1	3,603	0	4,202	0
Level 2	230,978	(3)	203,098	(1)
Level 3	0	0	0	0
	234,581	(3)	207,300	(1)

17 Risk management policies

The general risk management policies for the fund are set out in note 3 to the financial statements on pages 13 to 15.

Financial statements and notes

18 Market risk sensitivity and exposure

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

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

The VaR limit set during the period from 6 March 2023 was two times the benchmark.

The lowest, highest and average VaR, as well as utilisation of VaR with reference to the limit above, are calculated during the financial years ended 31 January 2024 and 31 January 2023.

	from 6 March 2023 to 31 January 2024 % of VaR	from 6 March 2023 to 31 January 2024 Utilisation of VaR %	from 1 February 2023 to 5 March 2023 % of VaR	from 1 February 2023 to 5 March 2023 Utilisation of VaR 15%	2023 % of VaR	2023 Utilisation of VaR 15%
for the year ended 31 January						
Lowest	77.24	38.62	7.44	49.60	4.75	31.67
Highest	101.70	50.85	9.83	65.53	10.59	70.60
Average	89.36	44.68	8.89	59.28	8.78	58.53

19 Credit risk

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

as at 31 January	2024 \$'000	2023 \$'000
Investment grade securities	60,866	35,426
Below investment grade securities	36,393	19,916
Unrated securities	133,719	147,297
Other investments	3,600	4,660
Total	234,578	207,299

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 January 2024	Forward currency contracts \$'000
State Street Bank	(3)
Total	(3)

Financial statements and notes

as at 31 January 2023	Forward currency contracts \$'000
Citigroup	435
State Street Bank	37
UBS	(14)
Total	458

20 Leverage risk

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

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

The lowest, highest and average level of leverage employed and utilisation of the leverage level calculated during the financial years ended 31 January 2024 and 31 January 2023 are disclosed in the table below. Leverage has been calculated using the Gross Sum of Notional Approach for derivative positions only (including forward currency contracts) and excludes all physical holdings. Percentages are expressed with reference to fund valuation.

for the year to 31 January	2024 \$'000	2024 %	2023 \$'000	2023 %
Lowest	177,258	93.72	166,843	97.23
Highest	242,147	114.50	308,671	143.95
Average	207,193	103.19	207,420	110.11

21 Exchange rate risk for hedged share classes

This fund contains hedged share classes. These 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 can be adequately managed without significantly impacting all shareholders. The exposure to forward currency contracts for share class hedging at the year-end accounting date is disclosed in the portfolio statement on pages 52 and 53.

22 Interest distribution tables

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

Annual distribution period

	Start	End	Xd	Payment
Final	01.02.23	31.01.24	01.02.24	31.03.24

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

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

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

Sterling Class 'A' Income shares

Interest distributions for the year to 31 January	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Final	6.0210	0.7630	6.7840	5.6200

Sterling Class 'A' Accumulation shares

Interest distributions for the year to 31 January	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Final	4.2298	2.4258	6.6556	4.7279

Sterling Class 'A-H' Accumulation shares

Interest distributions for the year to 31 January	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Final	3.9841	0.0000	3.9841	2.7799

Sterling Class 'I' Income shares

Interest distributions for the year to 31 January	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Final	37.9141	19.8113	57.7254	47.4795

Sterling Class 'I' Accumulation shares

Interest distributions for the year to 31 January	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Final	6.4118	1.8594	8.2712	6.1619

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Sterling Class 'I-H' Accumulation shares

Interest distributions for the year to 31 January	Income 2024 UK p	Group 2 Equalisation 2024 UK p	Group 1 & 2 Distribution 2024 UK p	2023 UK p
Final	4.4552	0.3938	4.8490	3.5212

Sterling Class 'PP' Income shares

Interest distributions for the year to 31 January	Income 2024 UK p	Group 2 Equalisation 2024 UK p	Group 1 & 2 Distribution 2024 UK p	2023 UK p
Final	1.8879	1.9960	3.8839	3.2001

Sterling Class 'PP' Accumulation shares

Interest distributions for the year to 31 January	Income 2024 UK p	Group 2 Equalisation 2024 UK p	Group 1 & 2 Distribution 2024 UK p	2023 UK p
Final	3.0721	0.9470	4.0191	3.0355

Sterling Class 'R' Income shares

Interest distributions for the year to 31 January	Income 2024 UK p	Group 2 Equalisation 2024 UK p	Group 1 & 2 Distribution 2024 UK p	2023 UK p
Final	4.0643	1.6075	5.6718	4.6902

Sterling Class 'R' Accumulation shares

Interest distributions for the year to 31 January	Income 2024 UK p	Group 2 Equalisation 2024 UK p	Group 1 & 2 Distribution 2024 UK p	2023 UK p
Final	1.4695	3.9340	5.4035	3.9171

Sterling Class 'R-H' Accumulation shares

Interest distributions for the year to 31 January	Income 2024 UK p	Group 2 Equalisation 2024 UK p	Group 1 & 2 Distribution 2024 UK p	2023 UK p
Final	1.5308	2.8650	4.3958	3.1208

Financial statements and notes

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 19 January 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 Emerging Markets Index over any five-year period.

Investment policy

At least 80% of the fund is invested directly in equity securities and equity-related securities of companies across any sector and market capitalisation that are incorporated, domiciled or do most of their business in emerging market countries.

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 bottom-up stock picking approach to identify companies whose long-term prospects are, in the fund manager's opinion, being undervalued.

The fund's approach incorporates three elements: return on capital, valuations and corporate governance.

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

The fund's country and sector exposure is not influenced by top-down views.

Benchmark

Benchmark: MSCI Emerging Markets Index.

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

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

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

Risk profile

For details of the risks associated with this fund, please refer to the Prospectus. For details of the risk management policies, please refer to pages 13 to 15.

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 January 2024

Performance against objective

Over the reporting period the fund delivered negative returns across all share classes. However, it finished ahead of its benchmark, the MSCI Emerging Markets Index, which returned -5.8% over the same period.

Over five years, the fund has achieved its objective, which is to provide a higher total return (the combination of capital growth and income), net of the ongoing charge figure, than the average of the MSCI Emerging Markets Index over any five-year period. The index returned 2.0% pa over the 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

Emerging market equities recorded negative performance in US dollar terms over the past 12 months. Concerns over the health of the Chinese economy, along with sentiment over the direction of developed market interest rates, hindered performance before the rebound towards the end of 2023. Slowing inflation in core economies, combined with dovish rhetoric from the US Federal Reserve (Fed), fuelled hopes that global interest rates may have reached their peak. More recently, however, investors scaled back hopes of imminent rate cuts following robust economic growth in the US and a slight re-acceleration in inflation in developed economies. Over the review period, the Chinese market was the key underperformer and while this impacted the likes of Thailand and Malaysia, some of the other Asian markets delivered solid returns on their exposure to technology stocks. Many Latin American markets posted strong gains on signs of disinflation – with the exception of Chile which was hurt by falling metal prices. Emerging European, Middle Eastern and African (EEMEA) markets generally performed well. Emerging Europe was the standout performer on political developments while the Middle East was supported by a strong oil price for much of the review period.

Against this backdrop, the fund finished ahead of the benchmark over the period. Country and sector allocation were positive for relative returns however this was partially offset by unfavourable security selection. Our underweight position and favourable security selection in China was beneficial. By contrast, the below-benchmark exposure to the strongly performing Indian market was a detractor. With regards to industry sectors, our underweight exposure to communication services was positive for relative returns as this sector posted deeply negative performance. The overweight position in financials was another top contributor while overweight exposure to real estate was the main laggard on nervousness over the beleaguered Chinese property market and concerns around interest rate rises in developed markets.

Exposure to select Chinese stocks dominated relative performance. For instance, zero-weights in high profile consumer-orientated stocks, such as Tencent and Meituan, were among the largest contributors to relative performance. By contrast, above-benchmark exposure to Chinese consumer giant Alibaba, Ping An Insurance and biotech firm BeiGene, were key detractors.

Investment activities

We took advantage of the market weakness and entered several new positions at what we felt were attractive prices. We initiated a holding in global diversified miner Teck Resources on company plans to exit coal and focus on industrial metals. Later in the year, Teck Resources received a bid to sell its coal business to a consortium led by Glencore. Other sizeable new positions included Inchcape, JD.com, Anglo American and 3R Petroleum. Meanwhile, we trimmed the overweight holding in Samsung Electronics, although the electronics giant remains our largest exposure. We sold our position in Hollysys Automation Technologies on bid activity and we also exited a number of energy names.

With regards to current positioning, our biggest overweight remains in financials. Amongst our key holdings are South Korea's Hana Financial and Fibra

Authorised Corporate Director's Report

Uno Administracion, a Mexican real estate investment company (REIT), which represent our two largest active positions.

Outlook

Emerging markets have struggled more recently on disappointment that US interest rate cuts may not happen as quickly as investors had hoped. However, we remain positive on the asset class as global interest rates have more than likely peaked and we expect earnings growth to recover. The fragility of the Chinese economy has also weighed on sentiment. However, the emerging market complex as a whole remains undervalued and under-owned, which has led to attractive valuations, in our view.

The priorities and actions driven by the global focus on climate change remain a key structural theme. Emerging market equities offer divergent opportunities with regards to energy transition but the investment winners and losers from the energy transition are neither obvious nor static. For example, China has been a key facilitator through heavy investment in solar and battery manufacturing, but such capital intensity has led to poor returns. We prefer construction and mining companies with exposure to green metals, such as copper and nickel, which are invaluable for energy transition projects. We also see many legacy utility operators, especially those with large renewable operations, in a good position to benefit from such exposures as the cost of carbon inevitably rises via taxation or other policy measures.

Michael Bourke

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 31.01.24 \$'000	as at 31.01.24 %	as at 31.01.23 %
Equities	748,786	99.65	96.87
Brazil	73,467	9.78	6.52
1,486,428 3R Petroleum Óleo e Gás	8,330	1.11	
1,513,834 Banco Bradesco	4,173	0.55	
3,721,916 Banco Bradesco Preference Shares	11,486	1.53	
461,298 Banco do Brasil	5,241	0.70	
1,023,480 Braskem Preference Shares	3,665	0.49	
5,452,483 CCR	14,457	1.92	
1,437,037 Centrais Elétricas Brasileiras Preference Shares	13,139	1.75	
16,896,423 Raizen Preference Shares	12,976	1.73	
Canada	21,547	2.87	0.19
376,836 First Quantum Minerals	3,538	0.47	
731,574 Lithium Americas Argentina	3,426	0.46	
362,532 Teck Resources	14,583	1.94	
Chile	727	0.10	0.89
305,267 Embotelladora Andina Preference Shares	727	0.10	
China	154,052	20.50	21.93
420,614 Alibaba ADR	29,973	3.99	
142,396 Baidu ADR	14,682	1.95	
89,638 BeiGene ADR	13,719	1.83	
134,500 BYD	2,998	0.40	
23,382,000 China Communications Services	9,623	1.28	
25,764,000 China Construction Bank	15,253	2.03	
1,155,000 China Merchants Bank	4,204	0.56	
22,727,000 China Railway Signal & Communication	8,047	1.07	
38,272,000 China Tower	4,212	0.56	
12,265,000 China Yongda Automobiles Services	3,155	0.42	
819,222 Horizon Construction Development	280	0.04	
451,053 JD.com ADR	10,023	1.33	
603,852 KE ADR	8,303	1.10	
504,975 OneConnect Financial Technology ADR	1,374	0.18	
3,524,500 Ping An Insurance Group Company of China	14,681	1.95	
271,274 Trip.com ADR	9,736	1.30	

Portfolio statement

Investments (continued)

Holding	as at 31.01.24 \$'000	as at 31.01.24 %	as at 31.01.23 %
Equities (continued)			
China (continued)			
193,300 Zai Lab	415	0.06	
150,378 Zai Lab ADR	3,374	0.45	
Colombia	10,897	1.45	0.50
734,539 Banco Davivienda Preference Shares	4,025	0.54	
212,788 Bancolombia ADR	6,872	0.91	
Egypt	3,426	0.45	1.50
2,979,456 Commercial International Bank Egypt GDR	3,426	0.45	
Guernsey	4,529	0.60	0.90
17,329,793 Grit Real Estate Income	4,529	0.60	
Hong Kong	68,658	9.14	9.43
1,399,600 AIA	10,886	1.45	
21,782,000 Far East Horizon	15,864	2.11	
32,754,652 First Pacific	12,435	1.65	
29,841,000 Greatview Aseptic Packaging	6,054	0.81	
1,959,825 HutchMed ^a	4,952	0.66	
11,186,000 Kunlun Energy	9,981	1.33	
1,471,600 VTech	8,486	1.13	
India	19,084	2.54	2.51
1,083,976 HDFC Bank	19,084	2.54	
Indonesia	15,721	2.09	1.08
22,744,900 Bank Mandiri	9,585	1.28	
64,286,100 Ciputra Development	5,072	0.67	
40,149,400 Pakuwon Jati	1,064	0.14	
Mexico	39,562	5.26	6.69
18,683,742 Alfa	14,628	1.94	
18,417,945 Controladora Axtel	208	0.03	
13,002,180 Fibra Uno Administracion REIT	21,862	2.91	
12,083,495 Nemak	2,864	0.38	
Pakistan	3,890	0.52	0.62
5,967,041 United Bank	3,890	0.52	

Portfolio statement

Investments (continued)

Holding	as at 31.01.24 \$'000	as at 31.01.24 %	as at 31.01.23 %
Equities (continued)			
Peru	2,543	0.34	0.22
17,049 Credicorp	2,543	0.34	
Philippines	10,598	1.41	1.65
897,193 GT Capital	10,598	1.41	
Portugal	0	0.00	1.11
Romania	6,648	0.88	0.00
245,099 Hidroelectrica	6,648	0.88	
Russia	0	0.00	0.00
211,733 Lukoil ^b	0	0.00	
331,615 Novatek ^b	0	0.00	
3,426,524 Sberbank of Russia ^b	0	0.00	
South Africa	36,040	4.80	4.97
1,029,079 Absa	8,971	1.20	
714,954 Motus	3,981	0.53	
138,232 Naspers	23,088	3.07	
South Korea	140,965	18.76	19.02
513,065 Hana Financial	18,356	2.44	
28,838 Hyundai Motor	4,205	0.56	
18,172 Hyundai Motor 2nd Preference Shares	1,609	0.21	
64,637 Hyundai Motor Preference Shares	5,724	0.76	
734,827 Samsung Electronics	40,027	5.33	
167,184 Samsung Electronics Preference Shares	7,353	0.98	
93,995 Samsung Fire & Marine Insurance	18,487	2.46	
162,625 Samsung Life Insurance	8,432	1.12	
463,768 Shinhan Financial	14,177	1.89	
88,677 SK Hynix	8,950	1.19	
351,566 SK Square	13,645	1.82	
Taiwan	55,607	7.40	9.61
199,535 Delta Electronics	1,785	0.24	
1,780,000 Hon Hai Precision Industry	5,801	0.77	
100,818 Silicon Motion Technology ADR	6,268	0.83	
2,081,000 Taiwan Semiconductor Manufacturing	41,753	5.56	

Portfolio statement

Investments (continued)

Holding	as at 31.01.24 \$'000	as at 31.01.24 %	as at 31.01.23 %
Equities (continued)			
Thailand	16,746	2.23	0.91
443,100 Bangkok Bank	1,755	0.23	
2,286,800 Kasikornbank	7,703	1.03	
4,744,500 Thai Oil	7,288	0.97	
United Kingdom	46,896	6.24	2.71
344,961 Anglo American	8,241	1.10	
626,614 Energean	7,683	1.02	
1,274,869 Inchcape	11,127	1.48	
1,086,966 Prudential	11,412	1.52	
291,000 Standard Chartered (HK listing)	2,198	0.29	
812,686 Standard Chartered (UK listing)	6,235	0.83	
United States	17,183	2.29	3.91
267,435 Autohome ADR	6,630	0.88	
177,481 HutchMed ADR	2,231	0.30	
1,329,165 Kosmos Energy	8,322	1.11	
Portfolio of investments	748,786	99.65	96.87
Share class hedging	(4)	0.00	0.00
Forward currency contracts for share class hedging	(4)	0.00	0.00
£1,044,422 Bought for US\$1,329,496 (expires 28.02.24)	(4)	0.00	
£(16,256) Sold for US\$20,630 (expires 28.02.24)	0	0.00	
Total portfolio	748,782	99.65	96.87
Net other assets/(liabilities)	2,608	0.35	3.13
Net assets attributable to shareholders	751,390	100.00	100.00

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

^a AIM quoted.

^b M&G's Valuation Sub Committee are valuing these securities at £nil until further notice.

Portfolio statement

Top ten portfolio transactions for the year to 31 January 2024

Largest purchases	\$'000
Alibaba ADR	16,689
Teck Resources	15,366
Taiwan Semiconductor Manufacturing	15,267
JD.com ADR	14,701
HDFC Bank	12,124
Inchcape	11,976
KE ADR	9,966
Anglo American	9,835
3R Petroleum Óleo e Gás	9,725
Prudential	9,706
Other purchases	275,511
Total purchases	400,866

Largest sales	\$'000
Samsung Electronics	18,854
Silicon Motion Technology ADR	11,867
HollySys Automation Technologies	11,522
SK Hynix	10,504
Oil & Natural Gas	10,218
China Petroleum & Chemical	9,093
Chicony Electronics	8,843
Taiwan Semiconductor Manufacturing	8,544
Commercial International Bank Egypt GDR	8,437
Kosmos Energy	8,048
Other sales	162,829
Total sales	268,759

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

Financial highlights

Fund performance

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

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

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

Long-term performance by share class

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

Share class	One year % ^a	Three years % pa	Five years % pa	Ten years % pa
Sterling				
Class 'A' Income	-4.7	+3.5	+3.5	+5.7
Class 'A' Accumulation	-4.7	+3.5	+3.5	+5.8
Class 'I' Income	-4.3	+3.9	+4.0	+6.4
Class 'I' Accumulation	-4.3	+3.9	+4.0	+6.4
Class 'I-H' Income	-2.5	-0.1	n/a	n/a
Class 'I-H' Accumulation	-2.4	-0.1	n/a	n/a
Class 'PP' Income	-4.2	+4.0	n/a	n/a
Class 'PP' Accumulation	-4.2	+4.0	n/a	n/a
Class 'PP-H' Income	-2.5	+0.0	n/a	n/a
Class 'PP-H' Accumulation	-2.2	+0.0	n/a	n/a
Class 'R' Income	-4.6	+3.7	+3.7	+6.1
Class 'R' Accumulation	-4.5	+3.6	+3.8	+6.2
Benchmark	-5.8	-4.8	+2.0	+5.9

^a Not annualised.

Specific share class performance

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

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

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

Financial highlights

Sterling Class 'A' Income share performance

The share class was launched on 5 February 2009.

for the year to 31 January Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	279.76	269.73	256.52
Return before operating charges	(7.98)	23.13	26.59
Operating charges	(3.13)	(3.07)	(3.27)
Return after operating charges	(11.11)	20.06	23.32
Distributions	(9.04)	(10.03)	(10.11)
Closing NAV	259.61	279.76	269.73
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.37	0.30	0.28
Dilution adjustments	(0.17)	(0.06)	(0.10)
Total direct transaction costs	0.20	0.24	0.18
Performance and charges	%	%	%
Direct portfolio transaction costs	0.08	0.09	0.06
Operating charges	1.15	1.15	1.16
Return after charges	-3.97	+7.44	+9.09
Other information			
Closing NAV (\$'000)	77,900	82,158	92,114
Number of shares	23,653,530	23,828,591	25,477,207
Highest share price (UK p)	287.15	299.86	291.60
Lowest share price (UK p)	258.72	237.30	259.62

Sterling Class 'A' Accumulation share performance

The share class was launched on 5 February 2009.

for the year to 31 January Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	357.19	332.72	305.11
Return before operating charges	(10.38)	28.25	31.49
Operating charges	(3.99)	(3.78)	(3.88)
Return after operating charges	(14.37)	24.47	27.61
Distributions	(7.61)	(8.62)	(8.05)
Retained distributions	7.61	8.62	8.05
Closing NAV	342.82	357.19	332.72
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.48	0.36	0.33
Dilution adjustments	(0.21)	(0.08)	(0.12)
Total direct transaction costs	0.27	0.28	0.21
Performance and charges	%	%	%
Direct portfolio transaction costs	0.08	0.09	0.06
Operating charges	1.15	1.15	1.16
Return after charges	-4.02	+7.35	+9.05
Other information			
Closing NAV (\$'000)	325,276	329,287	329,465
Number of shares	74,793,591	74,804,393	73,875,429
Highest share price (UK p)	366.40	369.58	346.69
Lowest share price (UK p)	330.12	292.45	308.67

Financial highlights

Sterling Class 'I' Income share performance

The share class was launched on 5 February 2009.

for the year to 31 January Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	290.84	279.27	264.56
Return before operating charges	(8.32)	24.06	27.36
Operating charges	(2.12)	(2.08)	(2.20)
Return after operating charges	(10.44)	21.98	25.16
Distributions	(9.41)	(10.41)	(10.45)
Closing NAV	270.99	290.84	279.27
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.39	0.31	0.29
Dilution adjustments	(0.17)	(0.07)	(0.10)
Total direct transaction costs	0.22	0.24	0.19
Performance and charges	%	%	%
Direct portfolio transaction costs	0.08	0.09	0.06
Operating charges	0.75	0.75	0.76
Return after charges	-3.59	+7.87	+9.51
Other information			
Closing NAV (\$'000)	46,073	45,750	56,406
Number of shares	13,402,140	12,763,943	15,068,169
Highest share price (UK p)	298.55	311.69	301.16
Lowest share price (UK p)	269.10	245.80	267.70

Sterling Class 'I' Accumulation share performance

The share class was launched on 5 February 2009.

for the year to 31 January Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	392.27	363.92	332.37
Return before operating charges	(11.43)	31.05	34.31
Operating charges	(2.86)	(2.70)	(2.76)
Return after operating charges	(14.29)	28.35	31.55
Distributions	(9.87)	(10.87)	(10.29)
Retained distributions	9.87	10.87	10.29
Closing NAV	377.98	392.27	363.92
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.53	0.40	0.36
Dilution adjustments	(0.23)	(0.09)	(0.13)
Total direct transaction costs	0.30	0.31	0.23
Performance and charges	%	%	%
Direct portfolio transaction costs	0.08	0.09	0.06
Operating charges	0.75	0.75	0.76
Return after charges	-3.64	+7.79	+9.49
Other information			
Closing NAV (\$'000)	238,843	198,867	202,952
Number of shares	49,810,691	41,136,757	41,605,163
Highest share price (UK p)	402.41	405.85	378.30
Lowest share price (UK p)	362.72	320.03	336.26

Financial highlights

Sterling Class 'I-H' Income share performance

The share class was launched on 6 December 2019.

for the year to 31 January Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	97.73	104.65	102.03
Return before operating charges	(0.93)	(2.61)	7.42
Operating charges	(0.75)	(0.73)	(0.88)
Return after operating charges	(1.68)	(3.34)	6.54
Distributions	(3.22)	(3.58)	(3.92)
Closing NAV	92.83	97.73	104.65
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.13	0.10	0.11
Dilution adjustments	(0.06)	(0.02)	(0.04)
Total direct transaction costs	0.07	0.08	0.07
Performance and charges	%	%	%
Direct portfolio transaction costs	0.08	0.09	0.06
Operating charges	0.78	0.78	0.79
Return after charges	-1.72	-3.19	+6.41
Other information			
Closing NAV (\$'000)	78	20	24
Number of shares	66,040	16,909	16,909
Highest share price (UK p)	102.87	111.38	118.99
Lowest share price (UK p)	89.19	79.14	103.20

Sterling Class 'I-H' Accumulation share performance

The share class was launched on 6 December 2019.

for the year to 31 January Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	110.91	114.72	107.77
Return before operating charges	(1.06)	(3.01)	7.88
Operating charges	(0.85)	(0.80)	(0.93)
Return after operating charges	(1.91)	(3.81)	6.95
Distributions	(2.81)	(3.12)	(3.21)
Retained distributions	2.81	3.12	3.21
Closing NAV	109.00	110.91	114.72
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.15	0.11	0.12
Dilution adjustments	(0.07)	(0.02)	(0.04)
Total direct transaction costs	0.08	0.09	0.08
Performance and charges	%	%	%
Direct portfolio transaction costs	0.08	0.09	0.06
Operating charges	0.78	0.78	0.79
Return after charges	-1.72	-3.32	+6.45
Other information			
Closing NAV (\$'000)	1,219	319	217
Number of shares	881,374	233,062	141,444
Highest share price (UK p)	116.67	121.91	125.58
Lowest share price (UK p)	101.29	86.60	108.94

Financial highlights

Sterling Class 'PP' Income share performance

The share class was launched on 5 August 2019.

for the year to 31 January Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	106.57	102.23	96.72
Return before operating charges	(3.05)	8.81	10.02
Operating charges	(0.67)	(0.66)	(0.69)
Return after operating charges	(3.72)	8.15	9.33
Distributions	(3.45)	(3.81)	(3.82)
Closing NAV	99.40	106.57	102.23
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.14	0.11	0.11
Dilution adjustments	(0.06)	(0.02)	(0.04)
Total direct transaction costs	0.08	0.09	0.07
Performance and charges	%	%	%
Direct portfolio transaction costs	0.08	0.09	0.06
Operating charges	0.65	0.65	0.65
Return after charges	-3.49	+7.97	+9.65
Other information			
Closing NAV (\$'000)	539	730	1,080
Number of shares	427,891	555,946	788,176
Highest share price (UK p)	109.40	114.21	110.18
Lowest share price (UK p)	98.62	89.99	97.90

Sterling Class 'PP' Accumulation share performance

The share class was launched on 8 April 2019.

for the year to 31 January Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	121.52	112.64	102.77
Return before operating charges	(3.53)	9.60	10.62
Operating charges	(0.77)	(0.72)	(0.75)
Return after operating charges	(4.30)	8.88	9.87
Distributions	(3.17)	(3.47)	(3.30)
Retained distributions	3.17	3.47	3.30
Closing NAV	117.22	121.52	112.64
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.16	0.12	0.11
Dilution adjustments	(0.07)	(0.03)	(0.04)
Total direct transaction costs	0.09	0.09	0.07
Performance and charges	%	%	%
Direct portfolio transaction costs	0.08	0.09	0.06
Operating charges	0.65	0.65	0.66
Return after charges	-3.54	+7.88	+9.60
Other information			
Closing NAV (\$'000)	57,250	2,017	882
Number of shares	38,501,828	1,346,730	583,945
Highest share price (UK p)	124.67	125.74	117.01
Lowest share price (UK p)	112.39	99.06	103.97

Financial highlights

Sterling Class 'PP-H' Income share performance

The share class was launched on 6 December 2019.

for the year to 31 January Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	99.28	106.19	103.38
Return before operating charges	(1.09)	(2.62)	7.56
Operating charges	(0.66)	(0.65)	(0.78)
Return after operating charges	(1.75)	(3.27)	6.78
Distributions	(3.27)	(3.64)	(3.97)
Closing NAV	94.26	99.28	106.19
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.13	0.11	0.11
Dilution adjustments	(0.06)	(0.02)	(0.04)
Total direct transaction costs	0.07	0.09	0.07
Performance and charges	%	%	%
Direct portfolio transaction costs	0.08	0.09	0.06
Operating charges	0.68	0.68	0.68
Return after charges	-1.76	-3.08	+6.56
Other information			
Closing NAV (\$'000)	22	22	26
Number of shares	18,150	18,150	18,150
Highest share price (UK p)	104.36	113.03	120.65
Lowest share price (UK p)	90.62	80.38	104.56

Sterling Class 'PP-H' Accumulation share performance

The share class was launched on 6 December 2019.

for the year to 31 January Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	110.22	113.80	106.95
Return before operating charges	(0.97)	(2.88)	7.65
Operating charges	(0.73)	(0.70)	(0.80)
Return after operating charges	(1.70)	(3.58)	6.85
Distributions	(2.90)	(3.21)	(3.31)
Retained distributions	2.90	3.21	3.31
Closing NAV	108.52	110.22	113.80
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.15	0.11	0.12
Dilution adjustments	(0.07)	(0.02)	(0.04)
Total direct transaction costs	0.08	0.09	0.08
Performance and charges	%	%	%
Direct portfolio transaction costs	0.08	0.09	0.06
Operating charges	0.68	0.68	0.68
Return after charges	-1.54	-3.15	+6.40
Other information			
Closing NAV (\$'000)	25	25	28
Number of shares	18,100	18,100	18,100
Highest share price (UK p)	116.09	120.98	124.65
Lowest share price (UK p)	100.68	86.08	108.12

Financial highlights

Sterling Class 'R' Income share performance

The share class was launched on 3 August 2012.

for the year to 31 January Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	147.32	141.82	134.66
Return before operating charges	(4.21)	12.18	13.96
Operating charges	(1.44)	(1.40)	(1.49)
Return after operating charges	(5.65)	10.78	12.47
Distributions	(4.76)	(5.28)	(5.31)
Closing NAV	136.91	147.32	141.82
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.20	0.16	0.15
Dilution adjustments	(0.09)	(0.03)	(0.05)
Total direct transaction costs	0.11	0.13	0.10
Performance and charges	%	%	%
Direct portfolio transaction costs	0.08	0.09	0.06
Operating charges	1.00	1.00	1.01
Return after charges	-3.84	+7.60	+9.26
Other information			
Closing NAV (\$'000)	532	530	505
Number of shares	306,093	292,073	265,876
Highest share price (UK p)	151.22	157.89	153.17
Lowest share price (UK p)	136.27	124.79	136.29

Sterling Class 'R' Accumulation share performance

The share class was launched on 3 August 2012.

for the year to 31 January Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	188.36	175.19	160.41
Return before operating charges	(5.47)	14.90	16.55
Operating charges	(1.83)	(1.73)	(1.77)
Return after operating charges	(7.30)	13.17	14.78
Distributions	(4.28)	(4.80)	(4.51)
Retained distributions	4.28	4.80	4.51
Closing NAV	181.06	188.36	175.19
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.25	0.19	0.18
Dilution adjustments	(0.11)	(0.04)	(0.06)
Total direct transaction costs	0.14	0.15	0.12
Performance and charges	%	%	%
Direct portfolio transaction costs	0.08	0.09	0.06
Operating charges	1.00	1.00	1.01
Return after charges	-3.88	+7.52	+9.21
Other information			
Closing NAV (\$'000)	3,633	3,559	3,684
Number of shares	1,581,646	1,533,264	1,568,700
Highest share price (UK p)	193.23	194.90	182.39
Lowest share price (UK p)	174.12	154.02	162.28

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Statement of total return

for the year to 31 January		2024		2023	
	Note	\$'000	\$'000	\$'000	\$'000
Income					
Net capital gains/(losses)	3		(26,183)		(25,590)
Revenue	5	27,134		25,555	
Expenses	6	(7,137)		(6,051)	
Interest payable and similar charges		0		(5)	
Net revenue/(expense) before taxation		19,997		19,499	
Taxation	7	(2,788)		(2,603)	
Net revenue/(expense) after taxation			17,209		16,896
Total return before distributions			(8,974)		(8,694)
Distributions	8		(18,911)		(18,187)
Change in net assets attributable to shareholders from investment activities			(27,885)		(26,881)

Statement of change in net assets attributable to shareholders

for the year to 31 January		2024		2023	
		\$'000	\$'000	\$'000	\$'000
Opening net assets attributable to shareholders			663,284		687,383
Amounts received on issue of shares		206,061		51,582	
Amounts paid on cancellation of shares		(106,072)		(62,753)	
			99,989		(11,171)
Dilution adjustments			883		336
Change in net assets attributable to shareholders from investment activities (see above)			(27,885)		(26,881)
Retained distributions on Accumulation shares			15,119		13,617
Closing net assets attributable to shareholders			751,390		663,284

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Financial statements

Balance sheet

as at 31 January	Note	2024 \$'000	2023 \$'000
Assets			
Fixed assets			
Investments		748,786	642,457
Current assets			
Debtors	9	3,258	10,912
Cash and bank balances	10	4,660	5,460
Cash equivalents		4,209	14,067
Total assets		760,913	672,896
Liabilities			
Investment liabilities		(4)	0
Creditors			
Distribution payable		(4,353)	(4,630)
Other creditors	11	(4,931)	(4,982)
Deferred tax provision	7	(235)	0
Total liabilities		(9,523)	(9,612)
Net assets attributable to shareholders		751,390	663,284

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 13.

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 January	2024 \$'000	2023 \$'000
Non-derivative securities	(25,775)	(25,805)
Derivative contracts	33	(28)
Currency gains/(losses)	(441)	243
Net capital gains/(losses)	(26,183)	(25,590)

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. Please refer to the 'Financial highlights' section for the effect of dilution adjustments.

for the year to 31 January	2024 \$'000	% of transaction	2023 \$'000	% of transaction
a) Purchases				
Equities				
Equities before transaction costs	400,291		231,140	
Commissions	218	0.05	153	0.07
Taxes	357	0.09	125	0.05
Total purchases after transaction costs	400,866		231,418	
b) Sales				
Equities				
Equities before transaction costs	269,200		255,873	
Commissions	(162)	0.06	(179)	0.07
Taxes	(279)	0.10	(213)	0.08
Total sales after transaction costs	268,759		255,481	
	2024 \$'000	% of average NAV	2023 \$'000	% of average NAV
c) Direct portfolio transaction costs				
Commissions paid				
Equities	380	0.05	332	0.05
Taxes paid				
Equities	636	0.09	338	0.06
Total direct portfolio transaction costs	1,016	0.14	670	0.11
		%		%
d) Indirect portfolio transaction costs				
Average portfolio dealing spread as at the balance sheet date		0.26		0.40

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5 Revenue

for the year to 31 January	2024 \$'000	2023 \$'000
Bank interest	17	3
Dividends from equity investments: non-taxable	22,350	22,355
Dividends from equity investments: taxable	1,843	1,292
Interest distributions	848	327
Property distribution: taxable	2,063	1,568
Rebate of ongoing charges from underlying funds	13	10
Total revenue	27,134	25,555

6 Expenses

for the year to 31 January	2024 \$'000	2023 \$'000
Payable to the ACD or associate		
Annual charge	7,137	6,051
Total expenses	7,137	6,051

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

Financial statements and notes

7 Taxation

for the year to 31 January	2024 \$'000	2023 \$'000
a) Analysis of charge in the year		
Corporation tax	0	0
Withholding tax	2,368	2,603
Capital gains tax (India)	185	0
Deferred tax provision on capital gains tax (India) (note 7c)	235	0
Total taxation	2,788	2,603
b) Factors affecting taxation charge for the year		
Net revenue/(expense) before taxation	19,997	19,499
Corporation tax at 20%	3,999	3,900
Effects of:		
Dividends from equity investments: non-taxable	(4,470)	(4,471)
Current year expenses not utilised	582	656
Withholding tax	2,368	2,603
Withholding tax expensed	(111)	(85)
Capital gains tax (India)	420	0
Total tax charge (note 7a)	2,788	2,603
c) Provision for deferred taxation		
Provision at the start of the year	0	0
Deferred tax in profit and loss account (note 7a)	235	0
Provision at the end of the year	235	0

The fund has not recognised a deferred tax asset of \$35,375,000 (2023: \$34,793,000) 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 January	2024		2023	
	Inc	Acc	Inc	Acc
	\$'000	\$'000	\$'000	\$'000
Dividend distributions				
Final	4,353	15,119	4,630	13,617
Total net distributions		19,472		18,247
Income deducted on cancellation of shares		2,125		1,151
Income received on issue of shares		(2,686)		(1,211)
Distributions		18,911		18,187
Net revenue/(expense) per statement of total return		17,209		16,896
Expenses offset against capital		1,282		1,291
Capital gains tax offset against capital		420		0
Distributions		18,911		18,187

9 Debtors

as at 31 January	2024	2023
	\$'000	\$'000
Amounts receivable on issues of shares	115	2,250
Currency deals outstanding	1,798	4,081
Distributions receivable	23	45
Dividends receivable	957	1,484
Sales awaiting settlement	255	2,942
Withholding tax recoverable	110	110
Total debtors	3,258	10,912

10 Cash and bank balances

as at 31 January	2024	2023
	\$'000	\$'000
Cash held as bank balances	4,660	5,460
Total cash and bank balances	4,660	5,460

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11 Other creditors

as at 31 January	2024 \$'000	2023 \$'000
Amounts payable on cancellation of shares	151	156
Annual charge payable	85	81
Currency deals outstanding	1,801	4,078
Purchases awaiting settlement	2,894	667
Total other creditors	4,931	4,982

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 01.02.23	Issued	Movements Cancelled	Converted	Closing 31.01.24
Sterling					
Class 'A' Income	23,828,591	93,903	(268,964)	0	23,653,530
Class 'A' Accumulation	74,804,393	1,261,408	(1,272,210)	0	74,793,591
Class 'I' Income	12,763,943	1,813,126	(1,174,929)	0	13,402,140
Class 'I' Accumulation	41,136,757	28,570,861	(19,896,927)	0	49,810,691
Class 'I-H' Income	16,909	49,131	0	0	66,040
Class 'I-H' Accumulation	233,062	844,795	(196,483)	0	881,374
Class 'PP' Income	555,946	19,575	(147,630)	0	427,891
Class 'PP' Accumulation	1,346,730	38,636,209	(1,481,111)	0	38,501,828
Class 'PP-H' Income	18,150	0	0	0	18,150
Class 'PP-H' Accumulation	18,100	0	0	0	18,100
Class 'R' Income	292,073	77,324	(63,304)	0	306,093
Class 'R' Accumulation	1,533,264	167,682	(119,300)	0	1,581,646

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'	1.15
Class 'I'	0.75
Class 'I-H'	0.78
Class 'PP'	0.65
Class 'PP-H'	0.68
Class 'R'	1.00

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 15.42% (2023: 22.13%) 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 January	Assets 2024 \$'000	Liabilities 2024 \$'000	Assets 2023 \$'000	Liabilities 2023 \$'000
Basis of valuation				
Level 1	748,786	0	634,191	0
Level 2	0	(4)	0	0
Level 3	0	0	8,266	0
	748,786	(4)	642,457	0

2023 Level 3 assets include only Greatview Aspectic Packing which temporarily had trading suspended.

17 Risk management policies

The general risk management policies for the fund are set out in note 3 to the financial statements on pages 13 to 15.

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 \$37,439,000 (2023: \$32,123,000). 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 \$30,076,000 (2023: \$25,248,000). A five per cent decrease would have an equal and opposite effect.

as at 31 January	2024 \$'000	2023 \$'000
Currency exposure		
Brazilian real	74,088	43,619
Canadian dollar	3,538	1,253
Chilean peso	743	5,925
Colombian peso	4,025	868
Euro	22	8,054
Hong Kong dollar	134,381	133,355
Indian rupee	19,120	16,691
Indonesian rupiah	15,707	7,180
Mexican peso	39,562	44,342
New Romanian leu	6,648	0
Pakistani rupee	3,890	4,095
Philippine peso	10,598	10,967
South African rand	36,542	32,946
South Korean won	140,415	126,955
Sterling	46,163	10,493
Taiwan dollar	49,339	52,191
Thailand baht	16,746	6,040
US dollar	149,863	158,310
Total	751,390	663,284

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.

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 January 2024		Forward currency contracts \$'000
State Street Bank		(4)
Total		(4)

as at 31 January 2023		Forward currency contracts \$'000
State Street Bank		5
Total		5

22 Exchange rate risk for hedged share classes

This fund contains hedged share classes. These 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 can be adequately managed without significantly impacting all shareholders. The exposure to forward currency contracts for share class hedging at the year-end accounting date is disclosed in the portfolio statement on page 84.

23 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	01.02.23	31.01.24	01.02.24	31.03.24

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.

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Sterling Class 'A' Income shares

Ordinary distributions for the year to 31 January	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Final	5.9868	3.0510	9.0378	10.0342

Sterling Class 'A' Accumulation shares

Ordinary distributions for the year to 31 January	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Final	3.8087	3.7973	7.6060	8.6212

Sterling Class 'I' Income shares

Ordinary distributions for the year to 31 January	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Final	3.6403	5.7709	9.4112	10.4084

Sterling Class 'I' Accumulation shares

Ordinary distributions for the year to 31 January	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Final	5.1028	4.7637	9.8665	10.8702

Sterling Class 'I-H' Income shares

Ordinary distributions for the year to 31 January	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Final	2.5053	0.7142	3.2195	3.5842

Sterling Class 'I-H' Accumulation shares

Ordinary distributions for the year to 31 January	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Final	2.2132	0.5930	2.8062	3.1239

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Sterling Class 'PP' Income shares

Ordinary distributions for the year to 31 January	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Final	2.0828	1.3675	3.4503	3.8146

Sterling Class 'PP' Accumulation shares

Ordinary distributions for the year to 31 January	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Final	1.0792	2.0941	3.1733	3.4697

Sterling Class 'PP-H' Income shares

Ordinary distributions for the year to 31 January	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Final	3.2685	0.0000	3.2685	3.6401

Sterling Class 'PP-H' Accumulation shares

Ordinary distributions for the year to 31 January	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Final	2.8976	0.0000	2.8976	3.2079

Sterling Class 'R' Income shares

Ordinary distributions for the year to 31 January	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Final	1.4933	3.2688	4.7621	5.2776

Sterling Class 'R' Accumulation shares

Ordinary distributions for the year to 31 January	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2024 UK p	2024 UK p	2024 UK p	2023 UK p
Final	1.4773	2.8059	4.2832	4.8005

Financial statements and notes

24 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 19 January 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 ICE BofAML Global Floating Rate High Yield Index (3% constrained) USD Hedged over any five-year period.

Investment policy

At least 70% of the fund is invested, directly or indirectly, in below investment grade corporate and government floating rate notes. These securities can be issued or guaranteed by governments and their agencies, public authorities, quasi-sovereigns, supranational bodies and companies from anywhere in the world, including emerging markets. These securities can be denominated in any currency.

The fund's indirect exposure to floating rate notes is achieved by investing through a combination of instruments. These include the combination of government bonds or corporate bonds with credit derivatives, such as credit default swaps, to create synthetic positions.

Other investments may include:

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

There are no credit quality restrictions applicable to the fund's investments.

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

Investment approach

The fund is globally diversified across a range of below investment grade (high yield) debt securities from a variety of sectors and geographies, focusing on floating rate notes.

If interest rates rise, the fund will benefit from a higher income as floating rate note coupons are automatically adjusted upwards (equally, should interest rates fall, then the coupons will be adjusted downwards). This has the effect of providing a natural hedge against rising interest rates.

The fund manager has the flexibility to adjust the fund's credit exposure, sector positioning and regional allocations depending on the assessment of current market valuations and the macroeconomic environment, including the likely path of economic growth, inflation and interest rates.

Individual credit selection is carried out with the assistance of an in-house team of credit analysts to complement the fund manager's views.

Benchmark

Benchmark: ICE BofAML Global Floating Rate High Yield Index (3% constrained) USD Hedged.

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

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 13 to 15.

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



The above number:

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

Investment review

For the year ended 31 January 2024

Performance against objective

Over the 12 months ending 31 January 2024, the fund delivered strong positive returns (the combination of capital growth and income) across all its sterling share classes. Performance lagged its benchmark, the ICE BofAML Global Floating Rate High Yield Index (3% constrained) USD hedged, which returned 14.1% over the period.

Over five years, the fund delivered positive returns across its share classes, but did not achieve its objective of providing a higher total return, net of the ongoing charge figure, over any five-year period versus the benchmark, which returned 6.3% pa over the period.

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

Performance review

The M&G Global Floating Rate High Yield Fund is designed to provide an attractive level of income, along with a natural hedge against rising interest rates, by investing mainly in floating rate notes (FRNs). These are securities whose interest payments, or coupons, are periodically adjusted depending on the change in a reference interest rate.

If interest rates rise, investors in FRNs will benefit from a higher income as coupons are automatically adjusted upwards (equally, should interest rates fall, then the coupons will be adjusted downwards).

The fund invests predominantly in FRNs issued by high yield (HY) companies, so called because they generally pay relatively high rates of interest to compensate investors for the greater risk that they might fail to repay the money they have borrowed.

Global bonds delivered solid returns in the period under review, as inflation moderated and major central banks reached the end of their tightening cycle. Sentiment improved significantly amidst a broad market rally at the end of 2023. Indications of a dovish pivot in monetary policy (interest rate cuts) from the US Federal Reserve sparked a powerful two-month rally in core government bonds, benefiting all segments of the fixed income market. Global high yield bonds outperformed investment grade credit and government bonds during the period under review.

For most of 2023, government bond yield curves were inverted (short-term bond yields were higher than longer-term bond yields) because of the steep rate hikes and the possibility of a higher-for-longer interest rate scenario. FRNs, which are pegged to the front (shorter) end of the yield curve, were an effective way to exploit the carry pick-up available at the front-end of the sovereign yield curves. A carry trade involves borrowing at a lower interest rate and simultaneously investing in instruments that pay a higher interest rate. By late 2023, FRNs were delivering a yield advantage of

Authorised Corporate Director's Report

more than one percentage point as compared to long-dated bonds, while being exposed to much lower duration risk (sensitivity to changes in interest rates) than their longer-dated counterparts.

As a result, HY FRNs were the standout performer, with double-digit returns. Their floating rate coupons have enabled them to withstand the heightened volatility in government bond markets, while benefiting from an attractive level of carry and a benign default environment.

The fund underperformed its benchmark, with defensive credit positioning being the main drag on relative performance. Both asset allocation and security selection detracted.

Having no exposure to banking and below-benchmark exposure to financial services weighed on performance. In contrast, our off-benchmark credit default swap (CDS) index position, held for diversification and liquidity purposes, contributed positively to returns. The below-benchmark position in leisure also added to relative returns, but this was offset by below-benchmark exposure to higher risk securities, which detracted in the strong rally in riskier assets that took place in the fourth quarter of 2023.

Our choices in financial services, leisure and capital goods detracted the most, while selections within services, automotive and healthcare contributed positively.

Relative to the benchmark, top contributors included vending machine operators Selecta and EVOCA, as well as Leather 2, parent of premium leather brand Pasubio. Leading detractors were Germany-based PrestigeBidCo, Danish logistics firm SGL and auto-parts manufacturer Novafives.

Investment activities

We maintained a high level of physical FRN exposure, which we felt offered better value than synthetic equivalents. The fund is more defensively positioned than its benchmark, avoiding distressed names and favouring sectors with resilient cashflow and low

inflation sensitivity. We remain underweight in financial services and hold no exposure to banking or real estate.

Primary market activity was subdued early in the review period. Nevertheless, we participated in new deals from Italmatch (chemicals), and refinancings by Limacorporate (orthopaedics) and iQera (debt recovery). Following the March banking failures, we took advantage of market weakness to switch half of our CDS index holdings into more attractively priced instruments.

With the primary FRN market picking up, we participated in various new deals, including Travelodge (hotels), Monitchem 3 (chemicals), Bormioli Pharma (pharmaceutical packaging), Cheplapharm Arzneimittel (pharmaceuticals), Cedacri Mergeco (software), Lottomatica (lotteries), Assemblin (building systems) and Cirsia Finance International (gaming). We also took part in some refinancing deals such as Iceland Bondco (supermarket) and topped up larger holdings including EVOCA, Cedacri Mergeco, United (media and telecommunications) and TeamSystem (software).

After a quiet summer period, we continued to add to existing holdings, including Parts Europe (auto parts), Cerved (technology), Q-park (car parks), Kapla (construction machinery), 888 (gambling) and Novafives in the secondary market.

Towards the end of the review period, we participated in several new FRN issues including Kapla, United, Cirsia Finance International and Goldstory (jewellery). We also trimmed our exposure to Multiversity (higher education), EVOCA and Stonegate (pub) after good performances, while reducing our holdings in Pfeiderer (wood products) and Garfunkelux Holdco (financial services) on refinancing concerns.

Outlook

We believe the risk-reward profile of HY FRNs remains compelling, as interest rates are likely to stay elevated for longer than previously anticipated. Continued strength in the US economy and labour market lends weight to the argument of delayed interest rate cuts.

Authorised Corporate Director's Report

HY corporate issuer fundamentals have, so far, held up reasonably well. This is largely thanks to buoyant consumption and pre-emptive corporate refinancings that have enabled issuers to lengthen their maturity profile at attractive rates.

Nevertheless, as developed economies slow and the impact of higher interest rates starts biting into corporate balance sheets, we would expect to see an uptick in default rates. Our base case scenario remains that of a mild default cycle, which would not be too damaging for the corporate sector. However, should default rates increase more aggressively, HY FRNs can play an important role towards capital protection thanks to their senior-secured status in a company's capital structure, meaning that they take precedence over other instruments in being repaid to investors in case the company cannot pay all its debts.

With attention turning to the likelihood of a slowdown, fundamental credit research will prove critical to capital preservation. From a sector perspective, we maintain our focus on more defensive and less cyclical parts of the economy.

James Tomlins

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 31.01.24 \$'000	as at 31.01.24 %	as at 31.01.23 %
Fixed income	287,225	88.79	92.13
Debt securities	285,272	88.19	91.85
'AA' credit rated bonds	26,587	8.22	8.57
US\$4,800,000 US Treasury FRN 5.2045% 30/04/2024	4,798	1.48	
US\$4,800,000 US Treasury FRN 5.3165% 31/07/2024	4,797	1.48	
US\$12,000,000 US Treasury FRN 5.435% 31/10/2024	11,996	3.71	
US\$5,000,000 US Treasury FRN 5.4495% 31/10/2025	4,996	1.55	
'BB' credit rated bonds	29,118	9.00	6.57
€5,200,000 Allwyn Entertainment Financing FRN 8.127% 15/02/2028	5,676	1.75	
€4,351,000 Deutsche Lufthansa Var. Rate 4.382% 12/08/2075	4,591	1.42	
£1,316,000 Encore Capital 4.25% 01/06/2028	1,443	0.45	
€1,965,000 Encore Capital FRN 8.192% 15/01/2028	2,125	0.66	
US\$5,206,000 Energy Transfer FRN 8.6562% 01/11/2066	4,611	1.42	
€4,527,000 Ford Motor Credit FRN 4.675% 01/12/2024	4,914	1.52	
€1,775,000 Lottomatica FRN 7.928% 15/12/2030	1,946	0.60	
€3,486,000 Lottomatica FRN 8.1% 01/06/2028	3,812	1.18	
'B' credit rated bonds	225,508	69.72	75.88
€5,907,000 888 Acquisitions FRN 9.442% 15/07/2028	6,183	1.91	
€3,691,000 APCOA Parking FRN 8.942% 15/01/2027	4,015	1.24	
€1,256,000 Arena Luxembourg Finance FRN 5.968% 01/02/2027	1,322	0.41	
€2,388,000 Assemblin FRN 8.929% 05/07/2029	2,642	0.82	
€4,159,000 Bach Bidco FRN 8.192% 15/10/2028	4,497	1.39	
€1,095,000 Bormioli Pharma FRN 9.502% 15/05/2028	1,184	0.37	
€4,070,000 Burger King FRN 8.722% 01/11/2026	4,439	1.37	
€4,202,000 Castle FRN 9.252% 15/05/2028	4,479	1.38	
€9,660,000 Cedacri Mergeco FRN 8.627% 15/05/2028	10,319	3.19	
€8,259,000 Cerved FRN 9.175% 15/02/2029	8,688	2.69	
€3,054,000 Cheplapharm Arzneimittel FRN 8.752% 15/05/2030	3,356	1.04	
€3,759,000 Cirsia Finance International FRN 8.412% 31/07/2028	4,124	1.28	
€4,776,000 Conceria Pasubio FRN 8.393% 30/09/2028	5,088	1.57	
€2,259,000 Cullinan FRN 8.682% 15/10/2026	2,183	0.67	
€4,455,000 Deuce Finco FRN 8.675% 15/06/2027	4,872	1.51	
€6,863,000 EVOCA FRN 8.218% 01/11/2026	7,310	2.26	

Portfolio statement

Investments (continued)

Holding	as at 31.01.24 \$'000	as at 31.01.24 %	as at 31.01.23 %
Fixed income (continued)			
Debt securities (continued)			
'B' credit rated bonds (continued)			
€858,000 Galaxy Bidco FRN 8.912% 31/07/2026	937	0.29	
€5,257,000 Garfunkelux Holdco 3 FRN 10.218% 01/05/2026	4,718	1.46	
€4,905,000 Golden Goose FRN 8.877% 14/05/2027	5,349	1.65	
€192,000 Goldstory FRN 9.475% 01/03/2026	209	0.06	
€4,133,000 Guala Closures FRN 7.925% 29/06/2029	4,530	1.40	
€3,650,000 HSE Finance FRN 9.752% 15/10/2026	2,565	0.79	
€2,925,000 Iceland Bondco FRN 9.502% 15/12/2027	3,173	0.98	
€3,740,000 IMA Industria Macchine Automatiche FRN 7.942% 15/01/2028	4,064	1.26	
€3,510,000 International Design FRN 8.252% 15/05/2026	3,789	1.17	
€2,769,000 IPD 3 FRN 8.675% 15/06/2028	3,040	0.94	
€1,287,000 iQera FRN 10.502% 15/02/2027	1,218	0.38	
€5,166,000 Italmatch Chemicals FRN 9.393% 06/02/2028	5,583	1.73	
€4,064,000 Kapla FRN 7.175% 15/12/2026	4,390	1.36	
€1,765,000 Kapla FRN 7.3812% 31/07/2030	1,909	0.59	
€1,150,000 Kepler FRN 9.675% 15/05/2029	1,254	0.39	
€7,701,000 Lion/Polaris Lux 4 FRN 7.925% 01/07/2026	8,358	2.58	
€1,704,000 Monitchem 3 FRN FRN 9.175% 01/05/2028	1,868	0.58	
€5,052,000 Mooney FRN 7.807% 17/12/2026	5,450	1.68	
€8,918,000 Multiversity FRN 8.137% 30/10/2028	9,683	2.99	
€4,329,000 Parts Europe FRN 7.97% 20/07/2027	4,693	1.45	
€4,698,000 Pfeiderer FRN 8.692% 15/04/2026	4,205	1.30	
€3,006,000 PLT VII Finance FRN 8.567% 05/01/2026	3,273	1.01	
€200,000 PrestigeBidCo FRN 9.942% 15/07/2027	221	0.07	
€4,786,000 Q-Park I FRN 5.975% 01/03/2026	5,184	1.60	
€2,746,000 Ren10 FRN 8.343% 01/02/2027	2,973	0.92	
€5,110,000 Rimini Bidco FRN 9.175% 14/12/2026	5,557	1.72	
€3,108,000 Rossini FRN 7.762% 30/10/2025	3,367	1.04	
€2,902,000 SCIL IV LLC FRN 8.343% 01/11/2026	3,145	0.97	
€4,799,000 Sherwood Financing FRN 8.627% 15/11/2027	5,148	1.59	
€772,000 Skill Bidco FRN 10.714% 02/03/2028	848	0.26	

Portfolio statement

Investments (continued)

Holding	as at 31.01.24 \$'000	as at 31.01.24 %	as at 31.01.23 %
Fixed income (continued)			
Debt securities (continued)			
'B' credit rated bonds (continued)			
€3,214,000 Stonegate Pub Co Financing 2019 FRN 9.752% 31/07/2025	3,368	1.04	
€9,389,000 TeamSystem FRN 7.692% 15/02/2028	10,146	3.14	
€404,433 Tendam Brands FRN 11.412% 31/03/2028	441	0.14	
€5,268,000 TK Elevator Midco FRN 8.692% 15/07/2027	5,783	1.79	
€3,657,000 Transcom FRN 9.175% 15/12/2026	3,977	1.23	
€3,260,000 Trivium Packaging Finance FRN 7.752% 15/08/2026	3,534	1.09	
€2,654,000 TVL Finance FRN 9.425% 28/04/2028	2,912	0.90	
€2,693,000 United FRN 7.252% 15/02/2026	2,915	0.90	
€2,520,000 United FRN 8.1472% 15/02/2031	2,718	0.84	
€2,472,000 United FRN 8.843% 01/02/2029	2,678	0.83	
€1,518,000 WEPA Hygieneprodukte FRN 6.8% 15/12/2026	1,634	0.51	
'CCC' credit rated bonds	3,915	1.21	0.74
€2,261,000 Novafives FRN 8.425% 15/06/2025	2,416	0.75	
€1,042,000 Oriflame Investment FRN 8.252% 04/05/2026	322	0.10	
€1,107,721 Selecta 8% 01/04/2026	1,177	0.36	
'D' credit rated bonds	141	0.04	0.09
US\$1,924,000 Yuzhou 6.35% 13/01/2027	141	0.04	
Bonds with no credit rating	3	0.00	0.00
£3,118,000 House of Fraser Funding 6.53% 30/12/2050 ^a	3	0.00	
Debt derivatives	1,953	0.60	0.28
Credit default swaps	1,953	0.60	0.28
US\$(17,460,000) Markit CDX North American High Yield Series 37 V3 5 Year Dec 2026	1,221	0.38	
US\$(11,760,000) Markit CDX North American High Yield Series 39 V2 5 Year Dec 2027	732	0.22	
Currency	1,185	0.37	(1.11)
Forward currency contracts	1,185	0.37	(1.11)
€3,216,179 Bought for US\$3,486,517 (expires 28.02.24)	4	0.00	
€(233,134,898) Sold for US\$254,168,771 (expires 28.02.24)	1,176	0.37	
£(1,169,374) Sold for US\$1,488,525 (expires 28.02.24)	5	0.00	

Portfolio statement

Investments (continued)

Holding	as at 31.01.24 \$'000	as at 31.01.24 %	as at 31.01.23 %
Share class hedging	(1,060)	(0.33)	1.45
Forward currency contracts for share class hedging	(1,060)	(0.33)	1.45
£256,487,454 Bought for US\$326,493,773 (expires 28.02.24)	(1,061)	(0.33)	
£(319,948) Sold for US\$407,200 (expires 28.02.24)	1	0.00	
Total portfolio	287,350	88.83	92.47
Net other assets/(liabilities)	36,126	11.17	7.53
Net assets attributable to shareholders	323,476	100.00	100.00

^a Defaulted bond.

Portfolio statement

Top ten portfolio transactions for the year to 31 January 2024

Largest purchases	\$'000
Cerved FRN 9.175% 15/02/2029	5,924
888 Acquisitions FRN 9.442% 15/07/2028	5,466
US Treasury FRN 5.4495% 31/10/2025	4,993
Guala Closures FRN 7.925% 29/06/2029	4,842
Cirsa Finance International FRN 8.412% 31/07/2028	4,560
Lottomatica FRN 8.1% 01/06/2028	4,262
Cedacri Mergeco FRN 8.627% 15/05/2028	3,677
Cheplapharm Arzneimittel FRN 8.752% 15/05/2030	3,628
Iceland Bondco FRN 9.502% 15/12/2027	3,409
TVL Finance FRN 9.425% 28/04/2028	3,403
Other purchases	56,006
Total purchases	100,170

Largest sales	\$'000
Italmatch Chemicals FRN 6.934% 30/09/2024	7,523
Cirsa Finance International FRN 5.672% 30/09/2025	6,707
TVL Finance FRN 9.2079% 15/07/2025	6,230
Petroleos Mexicanos FRN 5.812% 24/08/2023	4,808
US Treasury FRN 5.3364% 31/01/2024	4,800
United FRN 7.448% 15/05/2025	4,749
Bormioli Pharma FRN 5.262% 15/11/2024	3,883
Stonegate Pub Co Financing 2019 FRN 9.752% 31/07/2025	3,385
TeamSystem FRN 7.692% 15/02/2028	3,353
Limacorporate FRN 5.512% 15/08/2023	3,291
Other sales	58,849
Total sales	107,578

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

Financial highlights

Fund performance

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

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

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

Long-term performance by share class

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

Share class	One year % ^a	Three years % pa	Five years % pa	Ten years % pa
Sterling				
Class 'A-H' Income	+13.1	+6.0	+4.3	n/a
Class 'A-H' Accumulation	+13.2	+6.0	+4.3	n/a
Class 'E-H' Income	+13.8	+6.7	+5.0	n/a
Class 'E-H' Accumulation	+13.8	+6.7	+5.0	n/a
Class 'I-H' Income	+13.6	+6.4	+4.8	n/a
Class 'I-H' Accumulation	+13.6	+6.5	+4.8	n/a
Class 'PP-H' Income	+13.7	+6.6	n/a	n/a
Class 'PP-H' Accumulation	+13.8	+6.6	n/a	n/a
Class 'R-H' Income	+13.3	+6.2	+4.5	n/a
Class 'R-H' Accumulation	+13.4	+6.2	+4.5	n/a
Benchmark^b	+14.1	+7.4	+6.3	n/a

^a Not annualised.

^b Prior to 31 March 2016 the benchmark was the ICE BofAML Global Floating Rate High Yield (GBP Hedged) Index. Thereafter it is the ICE BofAML Global Floating Rate High Yield 3% Constrained (GBP Hedged) Index.

Specific share class performance

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

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

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

Financial highlights

Sterling Class 'A-H' Income share performance

The share class was launched on 11 September 2014.

for the year to 31 January Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	83.91	88.24	87.80
Return before operating charges	10.79	1.05	5.21
Operating charges	(0.89)	(0.87)	(0.94)
Return after operating charges	9.90	0.18	4.27
Distributions	(7.29)	(4.51)	(3.83)
Closing NAV	86.52	83.91	88.24
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	1.03	1.03	1.05
Return after charges	+11.80	+0.20	+4.86
Other information			
Closing NAV (\$'000)	2,564	2,873	3,714
Number of shares	2,335,624	2,778,009	3,140,257
Highest share price (UK p)	89.19	89.10	90.75
Lowest share price (UK p)	84.04	80.52	87.89

Sterling Class 'A-H' Accumulation share performance

The share class was launched on 11 September 2014.

for the year to 31 January Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	117.49	117.03	111.63
Return before operating charges	15.71	1.64	6.62
Operating charges	(1.28)	(1.18)	(1.22)
Return after operating charges	14.43	0.46	5.40
Distributions	(9.27)	(4.93)	(3.73)
Retained distributions	9.27	4.93	3.73
Closing NAV	131.92	117.49	117.03
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	1.03	1.03	1.04
Return after charges	+12.28	+0.39	+4.84
Other information			
Closing NAV (\$'000)	4,502	3,927	4,038
Number of shares	2,690,196	2,712,079	2,573,855
Highest share price (UK p)	133.01	118.85	118.49
Lowest share price (UK p)	117.65	108.09	111.73

Financial highlights

Sterling Class 'E-H' Income share performance

The share class was launched on 3 October 2014.

for the year to 31 January Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	88.01	91.99	90.96
Return before operating charges	11.37	1.12	5.42
Operating charges	(0.39)	(0.38)	(0.41)
Return after operating charges	10.98	0.74	5.01
Distributions	(7.68)	(4.72)	(3.98)
Closing NAV	91.31	88.01	91.99
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	0.43	0.43	0.44
Return after charges	+12.48	+0.80	+5.51
Other information			
Closing NAV (\$'000)	5,785	8,711	11,263
Number of shares	4,994,211	8,031,872	9,134,656
Highest share price (UK p)	94.11	92.88	94.45
Lowest share price (UK p)	88.15	84.30	91.05

Sterling Class 'E-H' Accumulation share performance

The share class was launched on 11 September 2014.

for the year to 31 January Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	124.98	123.81	117.34
Return before operating charges	16.71	1.69	7.01
Operating charges	(0.57)	(0.52)	(0.54)
Return after operating charges	16.14	1.17	6.47
Distributions	(10.68)	(5.96)	(4.68)
Retained distributions	10.68	5.96	4.68
Closing NAV	141.12	124.98	123.81
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	0.43	0.43	0.44
Return after charges	+12.91	+0.94	+5.51
Other information			
Closing NAV (\$'000)	2,422	2,640	3,265
Number of shares	1,353,027	1,713,929	1,967,485
Highest share price (UK p)	142.28	126.42	125.30
Lowest share price (UK p)	125.16	114.61	117.46

Financial highlights

Sterling Class 'I-H' Income share performance

The share class was launched on 11 September 2014.

for the year to 31 January Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	86.68	90.77	89.95
Return before operating charges	11.19	1.11	5.35
Operating charges	(0.56)	(0.55)	(0.60)
Return after operating charges	10.63	0.56	4.75
Distributions	(7.55)	(4.65)	(3.93)
Closing NAV	89.76	86.68	90.77
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	0.63	0.63	0.64
Return after charges	+12.26	+0.62	+5.28
Other information			
Closing NAV (\$'000)	44,602	59,786	43,743
Number of shares	39,170,461	55,968,483	35,951,537
Highest share price (UK p)	92.52	91.65	93.21
Lowest share price (UK p)	86.82	83.07	90.04

Sterling Class 'I-H' Accumulation share performance

The share class was launched on 11 September 2014.

for the year to 31 January Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	122.57	121.63	115.51
Return before operating charges	16.40	1.69	6.89
Operating charges	(0.82)	(0.75)	(0.77)
Return after operating charges	15.58	0.94	6.12
Distributions	(10.21)	(5.61)	(4.36)
Retained distributions	10.21	5.61	4.36
Closing NAV	138.15	122.57	121.63
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	0.63	0.63	0.64
Return after charges	+12.71	+0.77	+5.30
Other information			
Closing NAV (\$'000)	190,143	138,861	140,398
Number of shares	108,489,046	91,921,700	86,116,137
Highest share price (UK p)	139.30	124.00	123.11
Lowest share price (UK p)	122.75	112.53	115.62

Financial highlights

Sterling Class 'PP-H' Income share performance

The share class was launched on 5 August 2019.

for the year to 31 January Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	92.02	96.28	95.30
Return before operating charges	11.87	1.17	5.68
Operating charges	(0.50)	(0.49)	(0.53)
Return after operating charges	11.37	0.68	5.15
Distributions	(8.02)	(4.94)	(4.17)
Closing NAV	95.37	92.02	96.28
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	0.53	0.53	0.53
Return after charges	+12.36	+0.71	+5.40
Other information			
Closing NAV (\$'000)	59,059	81,606	91,696
Number of shares	48,818,999	71,963,537	71,057,376
Highest share price (UK p)	98.30	97.21	98.86
Lowest share price (UK p)	92.16	88.17	95.39

Sterling Class 'PP-H' Accumulation share performance

The share class was launched on 8 April 2019.

for the year to 31 January Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	109.38	108.42	102.86
Return before operating charges	14.66	1.53	6.13
Operating charges	(0.62)	(0.57)	(0.57)
Return after operating charges	14.04	0.96	5.56
Distributions	(9.23)	(5.11)	(3.99)
Retained distributions	9.23	5.11	3.99
Closing NAV	123.42	109.38	108.42
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	0.53	0.53	0.53
Return after charges	+12.84	+0.89	+5.41
Other information			
Closing NAV (\$'000)	13,164	8,854	46,420
Number of shares	8,407,456	6,568,457	31,942,815
Highest share price (UK p)	124.45	110.65	109.74
Lowest share price (UK p)	109.54	100.36	102.97

Financial highlights

Sterling Class 'R-H' Income share performance

The share class was launched on 11 September 2014.

for the year to 31 January Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	84.90	89.16	88.56
Return before operating charges	10.97	1.05	5.28
Operating charges	(0.77)	(0.75)	(0.81)
Return after operating charges	10.20	0.30	4.47
Distributions	(7.39)	(4.56)	(3.87)
Closing NAV	87.71	84.90	89.16
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	0.88	0.88	0.89
Return after charges	+12.01	+0.34	+5.05
Other information			
Closing NAV (\$'000)	791	339	348
Number of shares	710,878	324,495	291,163
Highest share price (UK p)	90.41	90.02	91.60
Lowest share price (UK p)	85.04	81.44	88.65

Sterling Class 'R-H' Accumulation share performance

The share class was launched on 11 September 2014.

for the year to 31 January Change in NAV per share	2024 UK p	2023 UK p	2022 UK p
Opening NAV	119.38	118.76	113.06
Return before operating charges	16.01	1.63	6.75
Operating charges	(1.13)	(1.01)	(1.05)
Return after operating charges	14.88	0.62	5.70
Distributions	(9.61)	(5.18)	(3.96)
Retained distributions	9.61	5.18	3.96
Closing NAV	134.26	119.38	118.76
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.00	0.00
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.00	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.00
Operating charges	0.88	0.88	0.89
Return after charges	+12.46	+0.52	+5.04
Other information			
Closing NAV (\$'000)	444	191	99
Number of shares	260,687	129,555	61,913
Highest share price (UK p)	135.37	120.77	120.21
Lowest share price (UK p)	119.55	109.74	113.17

Financial statements and notes

Financial statements

Statement of total return

for the year to 31 January		2024		2023	
	Note	\$'000	\$'000	\$'000	\$'000
Income					
Net capital gains/(losses)	3		20,056		(35,829)
Revenue	5	27,333		15,184	
Expenses	6	(1,946)		(1,699)	
Interest payable and similar charges		(5)		(29)	
Net revenue/(expense) before taxation		25,382		13,456	
Taxation	7	0		0	
Net revenue/(expense) after taxation			25,382		13,456
Total return before distributions			45,438		(22,373)
Distributions	8		(26,211)		(14,242)
Change in net assets attributable to shareholders from investment activities			19,227		(36,615)

Statement of change in net assets attributable to shareholders

for the year to 31 January		2024		2023	
		\$'000	\$'000	\$'000	\$'000
Opening net assets attributable to shareholders			307,788		344,984
Amounts received on issue of shares		82,605		71,627	
Amounts paid on cancellation of shares		(101,155)		(79,561)	
			(18,550)		(7,934)
Dilution adjustments			587		575
Change in net assets attributable to shareholders from investment activities (see above)			19,227		(36,615)
Retained distributions on Accumulation shares			14,422		6,778
Unclaimed distributions			2		0
Closing net assets attributable to shareholders			323,476		307,788

Financial statements and notes

Financial statements

Balance sheet

as at 31 January	Note	2024 \$'000	2023 \$'000
Assets			
Fixed assets			
Investments		288,411	288,431
Current assets			
Debtors	9	7,796	12,191
Cash and bank balances	10	10,937	17,961
Cash equivalents		31,071	15,176
Total assets		338,215	333,759
Liabilities			
Investment liabilities		(1,061)	(3,812)
Creditors			
Overdrawn positions at futures clearing houses and collateral manager		(2,131)	(1,481)
Distribution payable		(2,513)	(2,795)
Other creditors	11	(9,034)	(17,883)
Total liabilities		(14,739)	(25,971)
Net assets attributable to shareholders		323,476	307,788

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 13.

2 Distribution policy

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

3 Net capital gains/(losses)

for the year to 31 January	2024 \$'000	2023 \$'000
Non-derivative securities	9,750	(20,901)
Derivative contracts	9,271	(9,462)
Currency gains/(losses)	1,035	(5,466)
Net capital gains/(losses)	20,056	(35,829)

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. Please refer to the 'Financial highlights' section for the effect of dilution adjustments.

for the year to 31 January	2024 \$'000	2023 \$'000
a) Purchases		
Debt securities	100,170	96,222
b) Sales		
Debt securities	107,578	104,365
c) There were no direct portfolio transaction costs		
	%	%
d) Indirect portfolio transaction costs		
Average portfolio dealing spread as at the balance sheet date	0.93	1.32

5 Revenue

for the year to 31 January	2024 \$'000	2023 \$'000
Bank interest	76	15
Derivative revenue	1,655	1,477
Interest distributions	1,401	421
Interest on debt securities	24,128	13,304
Rebate of ongoing charges from underlying funds	21	17
Share class hedging revenue	52	(50)
Total revenue	27,333	15,184

6 Expenses

for the year to 31 January	2024 \$'000	2023 \$'000
Payable to the ACD or associate		
Annual charge	1,946	1,699
Total expenses	1,946	1,699

Audit fees for the financial year ending 2024 were £13,000 (2023: £13,000) (including VAT), which are covered by the annual charge.

Financial statements and notes

7 Taxation

for the year to 31 January	2024 \$'000	2023 \$'000
a) Analysis of charge in the year		
Corporation tax	0	0
Withholding tax	0	0
Deferred tax (note 7c)	0	0
Total taxation	0	0
b) Factors affecting taxation charge for the year		
Net revenue/(expense) before taxation	25,382	13,456
Corporation tax at 20%	5,076	2,691
Effects of:		
Interest distributions	(5,076)	(2,691)
Total tax charge (note 7a)	0	0
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 in the current financial year (2023: same).

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 January	2024		2023	
	Inc \$'000	Acc \$'000	Inc \$'000	Acc \$'000
Interest distributions				
First interim	2,810	2,868	1,394	1,277
Second interim	3,463	3,599	1,556	1,362
Third interim	3,177	3,689	1,723	1,614
Final	2,513	4,266	2,795	2,525
Total net distributions	26,385		14,246	
Income deducted on cancellation of shares		801		439
Income received on issue of shares		(975)		(443)
Distributions	26,211		14,242	
Net revenue/(expense) per statement of total return	25,382		13,456	
Expenses offset against capital		829		786
Distributions	26,211		14,242	

Financial statements and notes

9 Debtors

as at 31 January	2024 \$'000	2023 \$'000
Amounts receivable on issues of shares	421	132
Currency deals outstanding	3,931	9,385
Debt security interest receivable	3,144	2,411
Derivative revenue receivable	170	192
Distributions receivable	129	71
Rebate of ongoing charges from underlying funds	1	0
Total debtors	7,796	12,191

10 Cash and bank balances

as at 31 January	2024 \$'000	2023 \$'000
Amounts held at futures clearing houses and collateral manager	0	6
Cash held as bank balances	10,937	17,955
Total cash and bank balances	10,937	17,961

11 Other creditors

as at 31 January	2024 \$'000	2023 \$'000
Amounts payable on cancellation of shares	401	1,461
Annual charge payable	50	41
Currency deals outstanding	3,934	9,395
Purchases awaiting settlement	4,649	6,986
Total other creditors	9,034	17,883

12 Contingent assets, liabilities and outstanding commitments

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

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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 01.02.23	Issued	Movements Cancelled	Converted	Closing 31.01.24
Sterling					
Class 'A-H' Income	2,778,009	463,813	(906,198)	0	2,335,624
Class 'A-H' Accumulation	2,712,079	1,172,796	(1,194,679)	0	2,690,196
Class 'E-H' Income	8,031,872	(1)	(3,037,660)	0	4,994,211
Class 'E-H' Accumulation	1,713,929	19,999	(380,901)	0	1,353,027
Class 'I-H' Income	55,968,483	19,815,615	(36,613,637)	0	39,170,461
Class 'I-H' Accumulation	91,921,700	27,516,828	(10,949,482)	0	108,489,046
Class 'PP-H' Income	71,963,537	1,852,968	(24,997,506)	0	48,818,999
Class 'PP-H' Accumulation	6,568,457	6,720,828	(4,881,829)	0	8,407,456
Class 'R-H' Income	324,495	548,593	(162,210)	0	710,878
Class 'R-H' Accumulation	129,555	450,969	(319,837)	0	260,687

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-H'	1.03
Class 'E-H'	0.43
Class 'I-H'	0.63
Class 'PP-H'	0.53
Class 'R-H'	0.88

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.

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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 0.03% (2023: 0.01%) 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 January	Assets	Liabilities	Assets	Liabilities
Basis of valuation	2024	2024	2023	2023
	\$'000	\$'000	\$'000	\$'000
Level 1	26,587	0	26,378	0
Level 2	261,821	(1,061)	262,047	(3,812)
Level 3	3	0	6	0
	288,411	(1,061)	288,431	(3,812)

Level 3 assets comprise solely of House of Fraser Funding (2023: House of Fraser Funding) which is a defaulted bond.

17 Risk management policies

The general risk management policies for the fund are set out in note 3 to the financial statements on pages 13 to 15.

18 Market risk sensitivity and exposure

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

The VaR limit set during the period to 5 March 2023 was 20% (2023: 20%).

The VaR limit set during the period from 6 March 2023 was two times the benchmark.

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The lowest, highest and average VaR, as well as utilisation of VaR with reference to the limit above, are calculated during the financial years ended 31 January 2024 and 31 January 2023.

	from 6 March 2023 to 31 January 2024 % of VaR	from 6 March 2023 to 31 January 2024 Utilisation of VaR %	from 1 February 2023 to 5 March 2023 % of VaR	from 1 February 2023 to 5 March 2023 Utilisation of VaR 20%	2023 % of VaR	2023 Utilisation of VaR 20%
for the year ended 31 January						
Lowest	91.93	45.96	3.72	18.60	2.09	10.45
Highest	114.29	57.14	4.22	21.10	5.95	29.75
Average	101.76	50.88	3.96	19.82	4.52	22.61

19 Credit risk

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

as at 31 January	2024 \$'000	2023 \$'000
Investment grade securities	26,587	26,378
Below investment grade securities	258,682	256,324
Unrated securities	3	0
Other investments	2,078	1,917
Total	287,350	284,619

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 January 2024	Swaps \$'000	Forward currency contracts \$'000
Barclays Bank	1,953	0
BNP Paribas	0	7
HSBC	0	1,148
State Street Bank	0	(1,030)
Total	1,953	125

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as at 31 January 2023	Swaps \$'000	Forward currency contracts \$'000
Barclays Bank	1,258	0
BNP Paribas	0	4
Goldman Sachs	(237)	0
HSBC	0	5
JPMorgan	(163)	0
Royal Bank of Scotland	0	(22)
State Street Bank	0	4,254
UBS	0	(3,182)
Total	858	1,059

20 Leverage risk

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

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

The lowest, highest and average level of leverage employed and utilisation of the leverage level calculated during the financial years ended 31 January 2024 and 31 January 2023 are disclosed in the table below. Leverage has been calculated using the Gross Sum of Notional Approach for derivative positions only (including forward currency contracts) and excludes all physical holdings. Percentages are expressed with reference to fund valuation.

for the year to 31 January	2024 \$'000	2024 %	2023 \$'000	2023 %
Lowest	578,415	185.90	479,924	186.55
Highest	1,927,741	612.90	2,002,351	624.41
Average	742,781	232.89	762,019	266.64

21 Exchange rate risk for hedged share classes

This fund contains hedged share classes. These 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 can be adequately managed without significantly impacting all shareholders.

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The exposure to forward currency contracts for share class hedging at the year-end accounting date is disclosed in the portfolio statement on page 115.

22 Interest distribution tables

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

Quarterly distribution periods

	Start	End	Xd	Payment
First interim	01.02.23	30.04.23	02.05.23	30.06.23
Second interim	01.05.23	31.07.23	01.08.23	30.09.23
Third interim	01.08.23	31.10.23	01.11.23	31.12.23
Final	01.11.23	31.01.24	01.02.24	31.03.24

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-H' Income shares

Interest distributions for the year to 31 January	Income 2024 UK p	Group 2 Equalisation 2024 UK p	Group 1 & 2 Distribution 2024 UK p	2023 UK p
First interim	0.7281	0.9111	1.6392	0.8483
Second interim	0.4968	1.3515	1.8483	0.9828
Third interim	0.9758	0.9024	1.8782	1.1514
Final	0.7519	1.1771	1.9290	1.5299

Sterling Class 'A-H' Accumulation shares

Interest distributions for the year to 31 January	Income 2024 UK p	Group 2 Equalisation 2024 UK p	Group 1 & 2 Distribution 2024 UK p	2023 UK p
First interim	0.4644	1.5361	2.0005	0.8401
Second interim	0.7274	1.5845	2.3119	1.0225
Third interim	1.3377	1.0756	2.4133	1.2629
Final	1.8682	0.6741	2.5423	1.8068

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Sterling Class 'E-H' Income shares

Interest distributions for the year to 31 January	Income 2024 UK p	Group 2 Equalisation 2024 UK p	Group 1 & 2 Distribution	
			2024 UK p	2023 UK p
First interim	1.7200	0.0000	1.7200	0.8850
Second interim	1.9429	0.0000	1.9429	1.0268
Third interim	1.9780	0.0000	1.9780	1.2049
Final	2.0343	0.0000	2.0343	1.6037

Sterling Class 'E-H' Accumulation shares

Interest distributions for the year to 31 January	Income 2024 UK p	Group 2 Equalisation 2024 UK p	Group 1 & 2 Distribution	
			2024 UK p	2023 UK p
First interim	2.3120	0.0000	2.3120	1.0645
Second interim	2.6657	0.0000	2.6657	1.2648
Third interim	2.7800	0.0000	2.7800	1.5241
Final	2.9256	0.0000	2.9256	2.1046

Sterling Class 'I-H' Income shares

Interest distributions for the year to 31 January	Income 2024 UK p	Group 2 Equalisation 2024 UK p	Group 1 & 2 Distribution	
			2024 UK p	2023 UK p
First interim	1.0078	0.6857	1.6935	0.8731
Second interim	0.6137	1.2991	1.9128	1.0125
Third interim	0.9793	0.9660	1.9453	1.1875
Final	0.8957	1.1040	1.9997	1.5810

Sterling Class 'I-H' Accumulation shares

Interest distributions for the year to 31 January	Income 2024 UK p	Group 2 Equalisation 2024 UK p	Group 1 & 2 Distribution	
			2024 UK p	2023 UK p
First interim	1.1947	1.0129	2.2076	0.9882
Second interim	1.0373	1.5095	2.5468	1.1829
Third interim	1.2908	1.3656	2.6564	1.4359
Final	1.2834	1.5141	2.7975	2.0044

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Sterling Class 'PP-H' Income shares

Interest distributions for the year to 31 January	Income 2024 UK p	Group 2 Equalisation 2024 UK p	Group 1 & 2 Distribution 2024 UK p	2023 UK p
First interim	0.8381	0.9602	1.7983	0.9261
Second interim	1.1817	0.8492	2.0309	1.0742
Third interim	1.0342	1.0322	2.0664	1.2599
Final	0.9843	1.1405	2.1248	1.6772

Sterling Class 'PP-H' Accumulation shares

Interest distributions for the year to 31 January	Income 2024 UK p	Group 2 Equalisation 2024 UK p	Group 1 & 2 Distribution 2024 UK p	2023 UK p
First interim	1.1771	0.8197	1.9968	0.9068
Second interim	0.5949	1.7104	2.3053	1.0807
Third interim	1.4573	0.9450	2.4023	1.3079
Final	0.8099	1.7179	2.5278	1.8156

Sterling Class 'R-H' Income shares

Interest distributions for the year to 31 January	Income 2024 UK p	Group 2 Equalisation 2024 UK p	Group 1 & 2 Distribution 2024 UK p	2023 UK p
First interim	0.5920	1.0683	1.6603	0.8573
Second interim	0.6268	1.2456	1.8724	0.9934
Third interim	1.0030	0.8996	1.9026	1.1640
Final	0.8487	1.1071	1.9558	1.5479

Sterling Class 'R-H' Accumulation shares

Interest distributions for the year to 31 January	Income 2024 UK p	Group 2 Equalisation 2024 UK p	Group 1 & 2 Distribution 2024 UK p	2023 UK p
First interim	0.7784	1.2975	2.0759	0.8936
Second interim	0.9709	1.4299	2.4008	1.0811
Third interim	1.7520	0.7529	2.5049	1.3261
Final	1.8004	0.8266	2.6270	1.8795

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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 Investments 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 here: 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 2022 to 31 December 2022.

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

