

# M&G Investment Funds (1)

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

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# Authorised Corporate Director's Report

The Authorised Corporate Director (ACD) of M&G Investment Funds (1) presents its annual report and audited financial statements for the year ended 31 August 2023.

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

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

## Company information

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

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

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

As at 31 August 2023, none of the funds held shares of the other funds within this OEIC.

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

## Fund managers

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

### M&G Asian Fund

David Perrett

### M&G European Sustain Paris Aligned Fund

John William Olsen

### M&G Global Sustain Paris Aligned Fund

John William Olsen

### M&G Global Themes Fund

Alex Araujo

### M&G Japan Fund

Carl Vine

### M&G Japan Smaller Companies Fund

Carl Vine

### M&G North American Dividend Fund

John Weavers

### M&G North American Value Fund

Daniel White

## ACD

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

## Directors of the ACD

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

# Authorised Corporate Director's Report

## Investment manager

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

## Registrar

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

## Depository

NatWest Trustee & Depository Services Limited,  
House A, Floor 0, 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.co.uk/valueassessment](http://mandg.co.uk/valueassessment)

## Climate-related Financial Disclosures (TCFD)

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

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

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

## Important information

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

On 17 November 2022 the US dollar Class 'C' Accumulation shares was launched for the M&G Global Themes Fund.

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

As at 28 February 2023, the distribution frequency for M&G Japan Fund changed from annual to semi-annual.

On 27 April 2023 the Sterling Class 'PP' Income share class and the Sterling Class 'PP' Accumulation share class were launched for M&G Asian Fund.

On 28 April 2023, following approval from the FCA investors were formally notified of the ACD's intention to close M&G European Index Tracker Fund. The effective date of the closure was 30 June 2023. Termination of the M&G European Index Tracker Fund has been completed with an effective date of 30 August 2023.

On 14 June 2023 the Sterling Class 'I-H' Accumulation share class and the Sterling Class 'PP-H' Accumulation share class were launched for M&G Japan Fund.

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

# Authorised Corporate Director's Report

## Investor information

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

## Customer services and administration for UK clients:

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

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

Telephone: 0800 390 390 (UK only)

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

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

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

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

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

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

## German information agent:

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

## Swiss paying agent and representative:

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

# Authorised Corporate Director's Report

## Authorised Corporate Director's Responsibilities

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

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

## Directors' statement

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

M&G Securities Limited  
26 October 2023

# Depository's Responsibilities and Report

## Statement of the Depository's Responsibilities and Report of the Depository to the Shareholders of M&G Investment Funds (1) ('the Company') for the year ended 31 August 2023

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

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

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

The Depository must ensure that:

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

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

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

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

Edinburgh  
26 October 2023

NatWest Trustee and  
Depository Services Limited

# Independent Auditor's Report

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

### Opinion

We have audited the financial statements of M&G Investment Funds (1) ("the Company") comprising each of its sub-funds for the year ended 31 August 2023, which comprise the Statement of Total Return, the Statement of Change in Net Assets Attributable to Shareholders, the Balance Sheet, the related notes and the Distribution Tables, and the accounting policies of the Company, which include a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

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

### Basis for opinion

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

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

### Conclusions relating to going concern

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

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

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

### Other information

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

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

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



# Independent Auditor's Report

We have nothing to report in this regard.

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

In our opinion:

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

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

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

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

## Responsibilities of the ACD

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

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

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

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

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

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

# Independent Auditor's Report

Our approach was as follows:

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

capabilities, where appropriate, to identify non-compliance with the applicable laws and regulations.

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

## Use of our report

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

Edinburgh  
26 October 2023

Ernst & Young LLP  
Statutory Auditor

# Financial statements and notes

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

## Notes to the financial statements

### 1 Statement of compliance

The financial statements of M&G Investment Funds (1) have been prepared in compliance with UK Financial Reporting Standard 102 (FRS 102) and in accordance with the Statement of Recommended Practice (SORP) for Authorised Funds issued by the Investment Association in May 2014 and amended in June 2017, except in relation to the separate disclosure in note 13.

### 2 Summary of significant accounting policies

#### a. Basis of preparation

There are no material events that have been identified that may cast significant doubt on the Company's ability to continue as a going concern for a period of 12 months from when the financial statements are authorised for issue. The ACD believes that the Company has adequate resources to continue in operational existence for the foreseeable future and they continue to adopt the going concern basis in preparing the financial statements. The ACD has made an assessment of each fund's ability to continue as a going concern which is made as at the date of issue of these financial statements and considers liquidity, declines in global capital markets, investor intention, known redemption levels, expense projections and key service provider's operational resilience.

The financial statements of M&G Investment Funds (1) are prepared on a going concern basis, under the historical cost convention as modified by the revaluation of certain financial assets and liabilities measured at fair value through profit or loss.

#### b. Functional and presentational currency

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

#### c. Exchange rates

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

#### d. Investments – recognition and valuation

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

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

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

- Equities which are traded on an active market are included at the quoted price, which is normally the bid price, excluding any accrued interest in respect of bonds.

# Financial statements and notes

- Equities traded on the Alternative Investment Market (AIM), whose liquidity cannot be guaranteed, are included at their quoted bid price as this represents the most objective and appropriate method of valuation.
  - Collective investment schemes operated by the ACD are included at either their cancellation price for dual priced funds or their single price for single priced funds.
  - Collective investment schemes operated by another manager are included at either their bid price for dual priced funds or their single price for single priced funds.
  - Other equities which are unquoted or not actively traded on a quoted market are included at a value estimated by the ACD using an appropriate valuation technique, excluding any accrued interest in respect of bonds.
  - Exchange traded futures and options are included at the cost of closing out the contract at the balance sheet date.
  - Over the counter equity options, credit default swaps, interest rate swaps, asset swaps and inflation swaps are included at a value provided by Markit Valuations Limited, an independent credit derivative price provider. Their fair value excludes any accrued interest in respect of derivatives where the income is revenue in nature.
  - Forward currency contracts, for share class hedging and investment, are included at a value determined by reference to current forward exchange rates for contracts with similar maturity profiles.
- e. Recognition of income and expenses**
- Dividends, including ordinary stock dividends, from equity investments are recognised when the security is quoted ex-dividend.
  - Distributions from collective investment schemes are recognised when the scheme is priced ex-distribution.
  - Bank interest is recognised on an accruals basis.
  - Underwriting commission is recognised when the issue takes place.
  - Revenue from derivatives is recognised on an accruals basis.
  - Fee rebates from investing in other collective investment schemes are recognised on an accruals basis.
  - Expenses are recognised on an accruals basis.
- f. Treatment of income and expenses**
- Any increases or decreases in the fair value of investments and gains and losses realised on sales of investments are treated as capital and recognised in net capital gains/(losses).
  - The value of any enhancement to a stock dividend is treated as capital.
  - Ordinary equity dividends, including ordinary stock dividends are treated as revenue.
  - Special dividends, share buy backs or additional share issues may be treated as revenue or capital depending on the facts of each particular case.
  - Distributions from collective investment schemes are treated as revenue in nature, except for any element of equalisation, which represents the average amount of income included in the price paid for the collective investment scheme, which is treated as capital.
  - Other interest income, such as bank interest is treated as revenue.

# Financial statements and notes

- Underwriting commission is treated as revenue, except where the fund is required to take up all or some of the shares underwritten, in which case a proportion of the commission received is deducted from the cost of the shares and treated as capital.
  - The treatment of the income on derivative contracts depends upon the nature of the transaction. Both motive and circumstances are used to determine whether the returns should be treated as capital or revenue. Where positions are undertaken to protect or enhance capital, and the circumstances support this, the returns are recognised in net capital gains; similarly where the motives and circumstances are to generate or protect revenue, and the circumstances support this, the returns are included within net revenue before taxation. Where positions generate total returns it will generally be appropriate to apportion such returns between capital and revenue to properly reflect the nature of the transaction.
  - Expenses relating to the purchase and sale of investments are treated as capital; all other expenses are treated as revenue.
  - Rebates of charges from holdings in collective investment schemes are treated as revenue or capital in accordance with the underlying scheme's distribution policy.
- g. Operating charges**
- Operating charges include payments made to M&G and to providers independent of M&G:
- **Annual charge:** Charge paid to M&G covering the annual cost of M&G managing and administering the fund and the costs of third parties providing services to the fund. For every £1 billion of a fund's net asset value, a discount of 0.02% will be applied to that fund's annual charge (up to a maximum of 0.12%).
  - **Extraordinary legal and tax expenses:** Costs that specifically relate to legal or tax claims that are both exceptional and unforeseeable. Such expenses are uncommon, and would not be expected in most years. Although they result in a short-term cost to the fund, generally they can deliver longer term benefits for investors.
  - **Ongoing charges from underlying funds:** Ongoing charges from underlying funds (excluding Investment Trust Companies and Real Estate Investment Trusts) will be rebated.
- These charges do not include portfolio transaction costs or any entry and exit charges (also known as initial and redemption charges). The charging structures of share classes may differ, and therefore the operating charges may differ.
- Operating charges are in line with the ongoing charges shown in the Key Investor Information Document, other than where there have been extraordinary legal or tax expenses, or an estimate has been used for the ongoing charge because a material change has made the operating charges unreliable as an estimate of future charges.
- h. Portfolio transaction costs**
- Portfolio transaction costs are incurred by funds when buying and selling investments. These costs vary depending on the types of investment, their market capitalisation, country of exchange and method of execution. They are made up of direct and indirect portfolio transaction costs:
- **Direct portfolio transaction costs:** Broker execution commission and taxes.
  - **Indirect portfolio transaction costs:** 'Dealing spread' – the difference between the buying and selling prices of the fund's investments; some types of investment, such as fixed interest securities, have no direct transaction costs and only the dealing spread is paid.
- Investments are bought or sold by a fund when changes are made to the investment portfolio and

# Financial statements and notes

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

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

## i. Tax

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

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

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

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

## j. Allocation of returns to share classes

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

All available net revenue accounted for in accordance with the above policies and adjusted where relevant by any specific distribution policies set out in the notes to that fund's financial

statements, is distributed to holders of Income shares or retained and reinvested for holders of Accumulation shares. Should expenses and taxation together exceed revenue, there will be no distribution and the shortfall will be met from capital.

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

## 3 Risk management policies

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

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

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

The following risk management policies are applicable to the funds, with specific risk disclosures set out in the notes to the financial statements of each fund.

### a. Market risk

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

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

# Financial statements and notes

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. Liquidity risk**

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

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

Investment liquidity considerations include an assessment of asset class liquidity conditions,

liquidity of underlying holdings, portfolio construction and concentration, the scale of individual stock ownership and the nature of the investment strategy.

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

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

Liquidity in funds is independently assessed and challenged through the internal governance process at M&G. Fund liquidity is modelled and compared against potential liability scenarios such as severe redemption or collateral calls and any funds with liquidity issues are flagged to the internal committee. Funds flagged to the internal committee are escalated and remedial action agreed. None of the funds have been escalated for remedial action.

## **d. Credit risk**

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

The capital value of interest-bearing securities within a fund may also be affected by interest rate fluctuations such that when interest rates rise, the

# Financial statements and notes

capital value of the interest-bearing securities is likely to fall and vice versa.

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

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



# Authorised Corporate Director's Report

For the purposes of these financial statements, the Prospectus dated 15 August 2023 has been used.

## Investment objective

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

## Investment policy

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

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

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

Derivatives may be used for efficient portfolio management and hedging.

## Investment approach

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

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

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

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

## Benchmark

Benchmark: MSCI AC Asia Pacific ex Japan Index.

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

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

For 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 12 to 14.

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



### The above number:

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

# Authorised Corporate Director's Report

## Investment review

For the year ended 31 August 2023

### Performance against objective

Between 1 September 2022 (the start of the review period) and 31 August 2023, the M&G Asian Fund delivered a negative total return (the combination of income and growth of capital) across all its sterling share classes. Fund performance was comfortably ahead of the fund's benchmark, the MSCI AC Asia Pacific ex Japan Index, which fell by -7.6% over the same period.

Over five years, the fund generated an annualised positive total return across its sterling share classes and was ahead of its benchmark, which returned 2.3% pa over this period. Therefore, the fund met the objective over its specified timeframe of five years.

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

### Performance review

Over the review period, the MSCI AC Asia Pacific ex Japan Index recorded a negative return in sterling terms and lagged the global MSCI ACWI Index by a wide margin. Performance was mainly held back by falls (in sterling terms) in the Chinese, Hong Kong and Indian stockmarkets, which represent around half of the regional index by market capitalisation. Some of the weakness in returns was due to falls in the value of local currencies versus sterling.

Despite expectations that China's reopening (which occurred towards the end of 2022) might have a positive effect on Asia Pacific equities, 2023 has so far turned out to be a tough period for the asset class. Whilst there was optimism in the wake of China's reopening, the economic recovery has taken longer than was expected by most market participants. Sentiment towards China has also been hit by ongoing tensions with the US.

The Indian stockmarket actually rose in local currency terms over the review period, but weakness of the rupee resulted in India recording a negative return in

sterling terms. Indian stockmarket has recently benefited from significant interest from foreign investors attracted by the robust economic growth of the world's most populous country.

Better performing stockmarkets in a regional context included South Korea and Taiwan, although only South Korea recorded a positive return in sterling terms. Both markets have significant weightings in technology shares, which outperformed over the 12-month period, partly due to excitement about developments in artificial intelligence (AI).

Against this backdrop, the fund recorded a negative return, but was ahead of its benchmark, the MSCI AC Asia Pacific ex Japan Index, with outperformance mainly driven by strong stockpicking.

Key contributors to outperformance included MINISO, Yangzijiang Shipbuilding and Indian plastics company Supreme Industries (this position has now been closed).

MINISO is a discount retailer which is growing rapidly both in China and overseas markets as well. The company's advanced logistics capability offers a tremendous competitive advantage, in our view, in a sector where operating cost competitiveness is critical to success. We were anchor investors in MINISO's Hong Kong listing in July 2022 and since then the stock has rallied significantly.

Yangzijiang Shipbuilding received accreditation to manufacture large-scale LNG (liquid natural gas) ships and won some large-scale container ship orders, which boosted its share price. We believe the market is materially underestimating the scope for profit growth in 2023 and beyond, as margins rise sharply in response to better-priced orders, falling steel prices and a weaker renminbi.

Holdings in Brilliance China Automotive and Indonesia's Bank Mandiri also added value.

We have followed Brilliance China Automotive, which owns a stake in BMW's China operations, for more than a decade. We invested when the company was re-listed in October 2022 – its shares had been suspended whilst fraud was being investigated and new audit

# Authorised Corporate Director's Report

controls were put in place. Unsurprisingly, some investors were keen to exit the stock, but we saw it as an excellent opportunity to invest at an attractive level. Brilliance China Automotive's share price has rallied significantly since we invested and the company has paid two special dividends.

Conversely, holdings that held back relative returns included Hainan Meilan International Airport, JD.Com, Arbe Robotics and Zai Lab.

Shares in Hainan Meilan International Airport and Chinese e-commerce company JD.Com fell back on fears about the strength of consumer spending in China. Israel-based Arbe Robotics and Hong Kong-listed biopharmaceutical company Zai Lab are early-stage businesses which are growing quickly, but are not yet profitable. Like many growth companies, their share prices were punished during the review period by the rise in global interest rates, which have a larger effect on companies where value is based on future profits. The positions in Arbe Robotics and Zai Lab have now been closed.

Another holding that detracted was Australia's Amcor. The company primarily manufactures plastic packaging for consumer staples. Amcor has suffered from softer volumes as consumers have pared back purchases impacted by higher inflation. This slower top line growth combined with higher interest costs has weighed on Amcor's share price. However, the company is a structural winner from the shift to more eco-friendly packaging, as it is a global leader, has an attractive valuation and is buying back its shares.

## Investment activities

We aim to identify significant dislocations between the price and what we consider to be the underlying value of a stock. We seek to exploit these dislocations using what we believe to be our greater perspective compared to other investors. In our opinion, our edge does not come from better forecasting, but rather from the superior pricing of risk.

Our strategy utilises independent, proprietary research to identify and extensively research opportunities across a universe of more than 450 Asia ex-Japan

stocks, which has been carefully refined over many years. We deliberately concentrate our efforts around a pre-defined universe of companies.

We tend to make longer-term investments, although returns may be enhanced by opportunistic positioning where merited by the risk/reward opportunity. The desire is for portfolio returns to be driven by our stockpicking ability, rather than the portfolio's exposure to be dominated by one or two specific investment styles. We also pay close attention to the portfolio's below-benchmark positions. The performance gap between the portfolio and the benchmark index over time is affected not just by what we invest in, but also what we do not.

Early on in the review period we initiated a position in Samsung Electro Mechanics (SEMCO) and Brilliance China Automotive, the latter holding was one of the fund's key contributors to outperformance over the review period. SEMCO is a technology company that we believe has a strong, structural growth runway over the medium term, but whose shares sold off ahead of our investment, on near-term cyclical fears.

We began holdings in Indonesia's Bank Rakyat and Samsung Life as well. Rakyat is a micro-finance focused bank and we feel its operations have many years of profitable growth ahead of them, while at the same time expanding access to formal finance to poorer parts of Indonesia society. We also invested in Samsung Life, whose underlying insurance business is set to benefit from regulatory change.

We closed positions in South Korea's Shinhan Financial and SK Square, Singapore-based airports service company SATS, and real estate company Lendlease.

In 2023, we established new positions in Hyundai Motor and industrials Hans Laser Technology and Jiangsu Zhongtian Technology. At the same time we exited Arbe Robotics, Hana Financial and restaurant group Yum China. The switch from Yum China to Zhongtian was in response to the sharp recovery in Chinese consumer-related stocks, which left a renewable energy company like Zhongtian attractively valued in comparison.

# Authorised Corporate Director's Report

We also switched out of India's Axis Bank and into Bank of China (Hong Kong) and closed positions in Yuanta Financial and Hon Hai Precision Industry.

Later, we started new positions in Nexteer Automotive and VTech Holdings and exited Dongyue Group. We also added, Mineral Resources, Infosys, and China Tower. Mineral Resources is an Australian mining services company that also owns iron ore and, most importantly, lithium mines. Lithium is a key component for EV (electric vehicle) batteries and we had been looking for an opportunity to invest in the sector.

Towards the end of the review period, we closed the fund's position in Australian logistics business Brambles, India's Tech Mahindra, Ping An Insurance and TravelSky Technology. We also began a position in China's BYD, which manufactures electric and hybrid vehicles and has leading technology in rechargeable batteries.

We closed positions in SK Telecom, Jio Financial Services, Mesoblast, Zai Laboand Supreme Industries (its share price had doubled from the time we invested to when we finally closed the position) and began holdings in Bandhan Bank and PDD Holdings.

## Outlook

What we find interesting in the current global macroeconomic environment is that inflation in Asia ex-Japan is – for the most part – proving much better behaved than in the West. As a result we have seen a divergence in interest rate expectations, between the West and Asia, which has resulted in lower exchange rates in the latter. As a result for the most part Asian exchange rates are very competitively valued compared to their western counterparts at the present time.

This was especially the case in China where mortgage rates were reduced and the renminbi softened, with deflation rather than inflation a bigger fear. While we shy away from forecasting outcomes, but rather focus on bottom-up investing and pricing risk, our sense is that China has considerable policy flexibility and will use it as necessary. Meanwhile the market is seemingly pricing in a very negative outcome, meaning the equity

risk premium (the extra return investors expect from investing in the stockmarket over a risk-free rate) is very high.

While in danger of sounding repetitive, we are keen to emphasise that our investment program is all about bottom-up, differentiated research on individual stocks within our investment universe. We are sceptical of investors' ability to add value through forecasting of macro-events, irrespective of market pricing. Rather, we are trying to price risk successfully in stocks where we feel we have a superior perspective and where we have identified a meaningful divergence between the price of a business and its underlying value.

We are also disciplined in portfolio construction. Consequently, while we see numerous bottom up stock picking ideas in China, we have limited our exposure to that market to avoid having one thematic or correlated risk dominating overall portfolio outcomes. This approach has been rewarded over the review period, where stockpicking in China overall, contributed to the fund's outperformance.

## David Perrett

Fund manager

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

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

# Portfolio statement

## Investments

Holding	as at 31.08.23 \$'000	as at 31.08.23 %	as at 31.08.22 %
<b>Equities</b>	<b>227,260</b>	<b>100.03</b>	<b>102.10</b>
<b>Ireland</b>	<b>1,378</b>	<b>0.61</b>	<b>0.00</b>
14,234 PDD ADR	1,378	0.61	
<b>United States</b>	<b>2,475</b>	<b>1.09</b>	<b>0.00</b>
3,849,000 Nexteer Automotive	2,475	1.09	
<b>Canada</b>	<b>2,204</b>	<b>0.97</b>	<b>0.94</b>
78,536 Cenovus Energy	1,549	0.68	
49,178 Cenovus Energy Warrants 01/01/2026	655	0.29	
<b>Australia</b>	<b>33,191</b>	<b>14.61</b>	<b>15.22</b>
518,642 Amcor	5,062	2.23	
307,112 ANZ	5,025	2.21	
216,612 BHP	6,282	2.76	
167,334 BlueScope Steel	2,273	1.00	
7,441 CSL	1,311	0.58	
52,495 Mineral Resources	2,424	1.07	
282,943 National Australia Bank	5,298	2.33	
825,861 Stockland REIT	2,265	1.00	
135,879 Woodside Energy	3,251	1.43	
<b>China</b>	<b>50,344</b>	<b>22.16</b>	<b>24.54</b>
483,776 Alibaba	5,522	2.43	
82,568 Autohome ADR	2,408	1.06	
57,500 BYD	1,796	0.79	
7,695,000 CGN Power	1,924	0.85	
6,394,000 China Construction Bank	3,407	1.50	
23,498,000 China Tower	2,276	1.00	
1,698,800 GF Securities	2,415	1.06	
64,945 H World ADR	2,662	1.17	
2,214,000 Hainan Meilan International Airport	2,122	0.93	
467,064 Han's Laser Technology Industry	1,428	0.63	
1,806,000 Huatai Securities	2,373	1.05	
304,803 JD.com	4,949	2.18	
977,400 Jiangsu Zhongtian Technology	1,950	0.86	
164,115 KE ADR	2,441	1.07	

# Portfolio statement

## Investments (continued)

Holding	as at 31.08.23 \$'000	as at 31.08.23 %	as at 31.08.22 %
<b>Equities (continued)</b>			
<b>China (continued)</b>			
87,480 Meituan	1,421	0.63	
211,400 MINISO	1,370	0.60	
63,684 MINISO ADR	1,586	0.70	
5,361,500 Sinopec Engineering	2,481	1.09	
1,562,000 Weichai Power	2,018	0.89	
3,034,700 Yangzijiang Shipbuilding	3,795	1.67	
<b>Hong Kong</b>	<b>27,710</b>	<b>12.20</b>	<b>11.13</b>
497,800 AIA	4,500	1.98	
874,000 BOC Hong Kong	2,426	1.07	
3,378,000 Brilliance China Automotive	1,367	0.60	
472,350 CK Hutchison	2,567	1.13	
418,000 HutchMed <sup>a</sup>	1,279	0.56	
117,037 HutchMed ADR	1,853	0.82	
207,000 Sun Hung Kai Properties	2,326	1.02	
213,500 Techtronic Industries	2,107	0.93	
184,600 Tencent	7,608	3.35	
275,200 VTech	1,677	0.74	
<b>India</b>	<b>19,280</b>	<b>8.49</b>	<b>10.26</b>
916,349 Bandhan Bank	2,537	1.12	
226,989 Cartrade Tech	1,505	0.66	
354,664 HDFC Bank	6,754	2.98	
294,110 ICICI Bank	3,414	1.50	
121,804 Infosys	2,114	0.93	
101,640 Reliance Industries	2,956	1.30	
<b>Indonesia</b>	<b>6,364</b>	<b>2.80</b>	<b>2.08</b>
9,978,000 Bank Mandiri	3,947	1.74	
6,662,400 Bank Rakyat Indonesia	2,417	1.06	
<b>Singapore</b>	<b>13,613</b>	<b>5.99</b>	<b>6.01</b>
274,086 DBS	6,754	2.97	
2,550,400 Genting Singapore	1,651	0.73	
6,069,200 NetLink NBN Trust	3,863	1.70	

# Portfolio statement

## Investments (continued)

Holding	as at 31.08.23 \$'000	as at 31.08.23 %	as at 31.08.22 %
<b>Equities (continued)</b>			
<b>Singapore (continued)</b>			
386,600 Vertex Technology Acquisition	1,339	0.59	
120,000 Vertex Technology Acquisition Warrants 31/12/2029	6	0.00	
<b>South Korea</b>	<b>29,682</b>	<b>13.06</b>	<b>12.81</b>
39,164 Hyundai Motor Preference Shares	3,010	1.32	
108,972 KB Financial	4,460	1.96	
18,184 Samsung Electro-Mechanics	1,863	0.82	
236,197 Samsung Electronics	11,955	5.26	
16,715 Samsung Fire & Marine Insurance	3,117	1.37	
59,033 Samsung Life Insurance	3,015	1.33	
24,542 SK Hynix	2,262	1.00	
<b>Taiwan</b>	<b>20,172</b>	<b>8.88</b>	<b>10.52</b>
255,220 Delta Electronics	2,773	1.22	
92,000 MediaTek	2,036	0.90	
891,178 Taiwan Semiconductor Manufacturing	15,363	6.76	
<b>Thailand</b>	<b>4,866</b>	<b>2.14</b>	<b>1.85</b>
496,000 Bangkok Bank	2,401	1.06	
661,400 Kasikornbank	2,465	1.08	
<b>Bermuda</b>	<b>14,026</b>	<b>6.17</b>	<b>6.30</b>
502,000 CK Infrastructure	2,538	1.12	
5,046,255 COSCO SHIPPING Ports	3,112	1.37	
15,950,000 Pacific Basin Shipping	4,326	1.90	
10,316,000 Sinopec Kantons	4,050	1.78	
<b>Israel</b>	<b>0</b>	<b>0.00</b>	<b>0.44</b>
<b>Cayman Islands</b>	<b>1,955</b>	<b>0.86</b>	<b>0.00</b>
110,650 Baidu	1,955	0.86	
<b>Total portfolio</b>	<b>227,260</b>	<b>100.03</b>	<b>102.10</b>
<b>Net other assets/(liabilities)</b>	<b>(75)</b>	<b>(0.03)</b>	<b>(2.10)</b>
<b>Net assets attributable to shareholders</b>	<b>227,185</b>	<b>100.00</b>	<b>100.00</b>

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

<sup>a</sup> AIM quoted.

# Portfolio statement

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

Largest purchases	\$'000
JD.com	3,990
BOC Hong Kong	3,962
Samsung Life Insurance	3,296
China Tower	2,901
BHP	2,749
Mineral Resources	2,729
Hyundai Motor Preference Shares	2,584
Ancor	2,566
Hainan Meilan International Airport	2,541
Bandhan Bank	2,537
Other purchases	72,608
<b>Total purchases</b>	<b>102,463</b>

Largest sales	\$'000
Supreme Industries	3,815
MINISO	3,124
Tech Mahindra	2,601
Dongyue	2,570
Hana Financial	2,555
Brambles	2,180
Morimatsu	2,109
AIA	2,089
SK Hynix	2,086
TravelSky Technology	1,989
Other sales	53,873
<b>Total sales</b>	<b>78,991</b>

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



# Financial highlights

## Fund performance

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

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

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

## Long-term performance by share class

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

Share class	One year % <sup>a</sup>	Three years % pa	Five years % pa	Ten years % pa
<b>Sterling</b>				
Class 'A' Income	-3.4	+6.8	+3.7	+5.9
Class 'A' Accumulation	-3.4	+6.8	+3.7	+5.9
Class 'I' Income	-3.0	+7.2	+4.2	+6.6
Class 'I' Accumulation	-3.0	+7.2	+4.2	+6.6
Class 'PP' Income	n/a	n/a	n/a	n/a
Class 'PP' Accumulation	n/a	n/a	n/a	n/a
Class 'R' Income	-3.2	+7.0	+3.9	+6.3
Class 'R' Accumulation	-3.2	+7.0	+3.9	+6.3
<b>Benchmark</b>	<b>-7.6</b>	<b>+0.6</b>	<b>+2.3</b>	<b>+6.7</b>

<sup>a</sup> 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 14 September 1973.

for the year to 31 August	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	1,512.62	1,558.37	1,272.93
Return before operating charges	(38.95)	39.52	346.24
Operating charges	(18.68)	(20.73)	(21.15)
Return after operating charges	(57.63)	18.79	325.09
Distributions	(52.28)	(64.54)	(39.65)
Closing NAV	1,402.71	1,512.62	1,558.37
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	1.85	1.49	1.96
Dilution adjustments	(0.41)	(0.13)	(0.34)
Total direct transaction costs	1.44	1.36	1.62
Performance and charges	%	%	%
Direct portfolio transaction costs	0.09	0.09	0.11
Operating charges	1.25	1.35	1.39
Return after charges	-3.81	+1.21	+25.54
Other information			
Closing NAV (\$'000)	115,861	116,985	138,377
Number of shares	6,514,022	6,658,008	6,448,963
Highest share price (UK p)	1,627.02	1,592.73	1,616.52
Lowest share price (UK p)	1,291.90	1,377.45	1,257.08

## Sterling Class 'A' Accumulation share performance

The share class was launched on 14 September 1973.

for the year to 31 August	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	2,833.79	2,800.44	2,230.99
Return before operating charges	(71.43)	70.57	606.50
Operating charges	(35.12)	(37.22)	(37.05)
Return after operating charges	(106.55)	33.35	569.45
Distributions	(64.56)	(74.32)	(32.81)
Retained distributions	64.56	74.32	32.81
Closing NAV	2,727.24	2,833.79	2,800.44
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	3.46	2.68	3.43
Dilution adjustments	(0.76)	(0.23)	(0.60)
Total direct transaction costs	2.70	2.45	2.83
Performance and charges	%	%	%
Direct portfolio transaction costs	0.09	0.09	0.11
Operating charges	1.26	1.35	1.39
Return after charges	-3.76	+1.19	+25.52
Other information			
Closing NAV (\$'000)	15,167	17,433	19,060
Number of shares	438,588	529,601	494,299
Highest share price (UK p)	3,049.72	2,861.79	2,832.85
Lowest share price (UK p)	2,421.52	2,474.97	2,202.95

# Financial highlights

## Sterling Class 'I' Income share performance

The share class was launched on 3 August 2012.

for the year to 31 August	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	1,770.24	1,816.37	1,476.96
Return before operating charges	(45.80)	46.33	402.36
Operating charges	(14.82)	(17.05)	(16.82)
Return after operating charges	(60.62)	29.28	385.54
Distributions	(61.31)	(75.41)	(46.13)
Closing NAV	1,648.31	1,770.24	1,816.37
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	2.17	1.74	2.29
Dilution adjustments	(0.48)	(0.15)	(0.40)
Total direct transaction costs	1.69	1.59	1.89
Performance and charges	%	%	%
Direct portfolio transaction costs	0.09	0.09	0.11
Operating charges	0.85	0.95	0.95
Return after charges	-3.42	+1.61	+26.10
Other information			
Closing NAV (\$'000)	21,588	19,006	23,443
Number of shares	1,032,890	924,254	937,354
Highest share price (UK p)	1,907.38	1,858.45	1,880.04
Lowest share price (UK p)	1,512.90	1,608.95	1,458.70

## Sterling Class 'I' Accumulation share performance

The share class was launched on 3 August 2012.

for the year to 31 August	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	2,230.97	2,196.01	1,741.45
Return before operating charges	(57.04)	55.54	474.39
Operating charges	(18.35)	(20.58)	(19.83)
Return after operating charges	(75.39)	34.96	454.56
Distributions	(59.37)	(68.12)	(34.81)
Retained distributions	59.37	68.12	34.81
Closing NAV	2,155.58	2,230.97	2,196.01
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	2.76	2.11	2.69
Dilution adjustments	(0.61)	(0.18)	(0.47)
Total direct transaction costs	2.15	1.93	2.22
Performance and charges	%	%	%
Direct portfolio transaction costs	0.09	0.09	0.11
Operating charges	0.82	0.95	0.95
Return after charges	-3.38	+1.59	+26.10
Other information			
Closing NAV (\$'000)	64,199	32,575	37,531
Number of shares	2,348,803	1,257,013	1,241,243
Highest share price (UK p)	2,404.92	2,246.35	2,216.46
Lowest share price (UK p)	1,907.50	1,944.76	1,719.73

# Financial highlights

## Sterling Class 'PP' Income share performance

The share class was launched on 27 April 2023.

for the period to 31 August Change in NAV per share	2023 UK p
Opening NAV	100.00
Return before operating charges	(1.11)
Operating charges	(0.20)
Return after operating charges	(1.31)
Distributions	(1.67)
Closing NAV	97.02
Direct transaction costs	UK p
Costs before dilution adjustments	0.05
Dilution adjustments	(0.01)
Total direct transaction costs	0.04
Performance and charges	%
Direct portfolio transaction costs	0.09
Operating charges	0.51
Return after charges	-1.31
Other information	
Closing NAV (\$'000)	25
Number of shares	20,010
Highest share price (UK p)	103.18
Lowest share price (UK p)	95.89

## Sterling Class 'PP' Accumulation share performance

The share class was launched on 27 April 2023.

for the period to 31 August Change in NAV per share	2023 UK p
Opening NAV	100.00
Return before operating charges	(1.11)
Operating charges	(0.20)
Return after operating charges	(1.31)
Distributions	(1.49)
Retained distributions	1.49
Closing NAV	98.69
Direct transaction costs	UK p
Costs before dilution adjustments	0.05
Dilution adjustments	(0.01)
Total direct transaction costs	0.04
Performance and charges	%
Direct portfolio transaction costs	0.09
Operating charges	0.51
Return after charges	-1.31
Other information	
Closing NAV (\$'000)	25
Number of shares	20,000
Highest share price (UK p)	103.18
Lowest share price (UK p)	95.89

# Financial highlights

## Sterling Class 'R' Income share performance

The share class was launched on 3 August 2012.

for the year to 31 August	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	174.16	179.15	146.04
Return before operating charges	(4.49)	4.56	39.76
Operating charges	(1.90)	(2.12)	(2.10)
Return after operating charges	(6.39)	2.44	37.66
Distributions	(6.02)	(7.43)	(4.55)
Closing NAV	161.75	174.16	179.15
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.21	0.17	0.23
Dilution adjustments	(0.05)	(0.01)	(0.04)
Total direct transaction costs	0.16	0.16	0.19
Performance and charges	%	%	%
Direct portfolio transaction costs	0.09	0.09	0.11
Operating charges	1.10	1.20	1.20
Return after charges	-3.67	+1.36	+25.79
Other information			
Closing NAV (\$'000)	1,100	1,021	1,304
Number of shares	536,523	504,666	528,666
Highest share price (UK p)	187.45	183.18	185.68
Lowest share price (UK p)	148.78	158.48	144.23

## Sterling Class 'R' Accumulation share performance

The share class was launched on 3 August 2012.

for the year to 31 August	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	217.62	214.74	170.73
Return before operating charges	(5.50)	5.42	46.46
Operating charges	(2.37)	(2.54)	(2.45)
Return after operating charges	(7.87)	2.88	44.01
Distributions	(5.27)	(6.06)	(2.90)
Retained distributions	5.27	6.06	2.90
Closing NAV	209.75	217.62	214.74
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.27	0.21	0.26
Dilution adjustments	(0.06)	(0.02)	(0.05)
Total direct transaction costs	0.21	0.19	0.21
Performance and charges	%	%	%
Direct portfolio transaction costs	0.09	0.09	0.11
Operating charges	1.11	1.20	1.20
Return after charges	-3.62	+1.34	+25.78
Other information			
Closing NAV (\$'000)	9,220	9,388	11,216
Number of shares	3,466,724	3,713,967	3,793,375
Highest share price (UK p)	234.35	219.53	217.05
Lowest share price (UK p)	186.00	189.93	168.60

# Financial statements and notes

## Financial statements

### Statement of total return

for the year to 31 August	Note	2023		2022	
		\$'000	\$'000	\$'000	\$'000
<b>Income</b>					
Net capital gains/(losses)	3		3,218		(40,447)
Revenue	5	8,554		8,891	
Expenses	6	(2,397)		(2,767)	
Interest payable and similar charges		(2)		0	
Net revenue/(expense) before taxation		6,155		6,124	
Taxation	7	(765)		(593)	
Net revenue/(expense) after taxation			5,390		5,531
<b>Total return before distributions</b>			<b>8,608</b>		<b>(34,916)</b>
Distributions	8		(7,375)		(7,655)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>1,233</b>		<b>(42,571)</b>

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

for the year to 31 August	2023		2022	
	\$'000	\$'000	\$'000	\$'000
<b>Opening net assets attributable to shareholders</b>		<b>196,408</b>		<b>241,065</b>
Amounts received on issue of shares	42,732		6,572	
Amounts paid on cancellation of shares	(15,658)		(10,404)	
		27,074		(3,832)
Dilution adjustments		109		32
Change in net assets attributable to shareholders from investment activities (see above)		1,233		(42,571)
Retained distributions on Accumulation shares		2,359		1,713
Unclaimed distributions		2		1
<b>Closing net assets attributable to shareholders</b>		<b>227,185</b>		<b>196,408</b>

# Financial statements and notes

## Financial statements

### Balance sheet

as at 31 August	Note	2023 \$'000	2022 \$'000
<b>Assets</b>			
<b>Fixed assets</b>			
Investments		227,260	200,525
<b>Current assets</b>			
Debtors	9	759	240
Cash and bank balances	10	5,875	582
Cash equivalents		3,241	3,638
<b>Total assets</b>		<b>237,135</b>	<b>204,985</b>
<b>Liabilities</b>			
<b>Creditors</b>			
Bank overdrafts		(3,694)	0
Distribution payable		(5,162)	(5,844)
Other creditors	11	(532)	(2,141)
Deferred tax provision	7	(562)	(592)
<b>Total liabilities</b>		<b>(9,950)</b>	<b>(8,577)</b>
<b>Net assets attributable to shareholders</b>		<b>227,185</b>	<b>196,408</b>

# Financial statements and notes

## Notes to the financial statements

### 1 Accounting policies

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

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

### 2 Distribution policy

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

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

### 3 Net capital gains/(losses)

for the year to 31 August	2023 \$'000	2022 \$'000
Non-derivative securities	3,264	(40,386)
Currency gains/(losses)	(46)	(61)
<b>Net capital gains/(losses)</b>	<b>3,218</b>	<b>(40,447)</b>



# 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 August	2023 \$'000	% of transaction	2022 \$'000	% of transaction
<b>a) Purchases</b>				
<b>Equities</b>				
Equities before transaction costs	102,330		64,068	
Commissions	57	0.06	57	0.09
Taxes	76	0.07	35	0.05
<b>Total purchases after transaction costs</b>	<b>102,463</b>		<b>64,160</b>	
<b>b) Sales</b>				
<b>Equities</b>				
Equities before transaction costs	79,128		68,653	
Commissions	(41)	0.05	(41)	0.06
Taxes	(96)	0.12	(85)	0.12
<b>Total sales after transaction costs</b>	<b>78,991</b>		<b>68,527</b>	
	2023 \$'000	% of average NAV	2022 \$'000	% of average NAV
<b>c) Direct portfolio transaction costs</b>				
<b>Commissions paid</b>				
Equities	98	0.05	98	0.04
<b>Taxes paid</b>				
Equities	172	0.08	120	0.05
<b>Total direct portfolio transaction costs</b>	<b>270</b>	<b>0.13</b>	<b>218</b>	<b>0.09</b>
		%		%
<b>d) Indirect portfolio transaction costs</b>				
Average portfolio dealing spread as at the balance sheet date		0.27		0.22

# Financial statements and notes

## 5 Revenue

for the year to 31 August	2023 \$'000	2022 \$'000
Bank interest	5	0
Dividends from equity investments: non-taxable	8,277	8,675
Dividends from equity investments: taxable	0	17
Interest distributions	107	10
Property distribution: taxable	163	102
Rebate of ongoing charges from underlying funds	2	1
Stock dividends	0	86
<b>Total revenue</b>	<b>8,554</b>	<b>8,891</b>

## 6 Expenses

for the year to 31 August	2023 \$'000	2022 \$'000
<b>Payable to the ACD or associate</b>		
Annual charge	2,397	2,767
<b>Total expenses</b>	<b>2,397</b>	<b>2,767</b>

Audit fees for the financial year ending 2023 were £11,000 (2022: £11,000) (including VAT), which are covered by the annual charge.

# Financial statements and notes

## 7 Taxation

for the year to 31 August	2023 \$'000	2022 \$'000
<b>a) Analysis of charge in the year</b>		
Corporation tax	0	0
Withholding tax	456	415
Capital gains tax (India)	339	0
Deferred tax provision on capital gains tax (India) (note 7c)	(30)	178
<b>Total taxation</b>	<b>765</b>	<b>593</b>
<b>b) Factors affecting taxation charge for the year</b>		
Net revenue/(expense) before taxation	6,155	6,124
Corporation tax at 20%	1,231	1,225
<b>Effects of:</b>		
Dividends from equity investments: non-taxable	(1,655)	(1,735)
Stock dividends: non-taxable	0	(17)
Current year expenses not utilised	430	529
Withholding tax	456	415
Capital gains tax (India)	309	178
Overseas tax expensed	(6)	(2)
<b>Total tax charge (note 7a)</b>	<b>765</b>	<b>593</b>
<b>c) Provision for deferred taxation</b>		
Provision at the start of the year	592	414
Deferred tax in profit and loss account (note 7a)	(30)	178
<b>Provision at the end of the year</b>	<b>562</b>	<b>592</b>

The fund has not recognised a deferred tax asset of \$22,958,000 (2022: \$22,528,000) arising as a result of having excess management expenses. We do not expect this asset to be utilised in the foreseeable future.

# Financial statements and notes

## 8 Distributions

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

for the year to 31 August	2023		2022	
	Inc \$'000	Acc \$'000	Inc \$'000	Acc \$'000
<b>Dividend distributions</b>				
Final	5,162	2,359	5,844	1,713
Total net distributions		7,521		7,557
Income deducted on cancellation of shares		284		341
Income received on issue of shares		(430)		(243)
<b>Distributions</b>		<b>7,375</b>		<b>7,655</b>
Net revenue/(expense) per statement of total return		5,390		5,531
Expenses offset against capital		1,676		2,032
Stock dividends not distributed		0		(86)
Capital gains tax offset against capital		309		178
<b>Distributions</b>		<b>7,375</b>		<b>7,655</b>

## 9 Debtors

as at 31 August	2023 \$'000	2022 \$'000
Amounts receivable on issues of shares	558	0
Distributions receivable	10	3
Dividends receivable	191	188
Sales awaiting settlement	0	49
<b>Total debtors</b>	<b>759</b>	<b>240</b>

## 10 Cash and bank balances

as at 31 August	2023 \$'000	2022 \$'000
Cash held as bank balances	5,875	582
<b>Total cash and bank balances</b>	<b>5,875</b>	<b>582</b>

# Financial statements and notes

## 11 Other creditors

as at 31 August	2023 \$'000	2022 \$'000
Amounts payable on cancellation of shares	391	1,975
Annual charge payable	53	63
Purchases awaiting settlement	88	103
<b>Total other creditors</b>	<b>532</b>	<b>2,141</b>

## 12 Contingent assets, liabilities and outstanding commitments

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

## 13 Shares in issue

The following table shows each class of share in issue during the year. Each share class has the same rights on winding up however they may have different charging structures as set out in note 14.

Share class	Opening 01.09.22	Issued	Movements Cancelled	Converted	Closing 31.08.23
<b>Sterling</b>					
Class 'A' Income	6,658,008	50,413	(194,399)	0	6,514,022
Class 'A' Accumulation	529,601	13,554	(104,567)	0	438,588
Class 'I' Income	924,254	143,235	(34,599)	0	1,032,890
Class 'I' Accumulation	1,257,013	1,327,899	(236,109)	0	2,348,803
Class 'PP' Income	0	20,010	0	0	20,010
Class 'PP' Accumulation	0	20,000	0	0	20,000
Class 'R' Income	504,666	129,248	(97,391)	0	536,523
Class 'R' Accumulation	3,713,967	329,587	(576,830)	0	3,466,724

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

# Financial statements and notes

## 14 Charging structure

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

Share class	Annual charge to 15.05.23 %	Annual charge from 16.05.23 %
<b>Sterling</b>		
Class 'A'	1.35	1.00
Class 'I'	0.95	0.60
Class 'PP'	Up to 1.30	Up to 0.95
Class 'R'	1.20	0.85

## 15 Related parties

M&G Securities Limited, as Authorised Corporate Director (ACD), is a related party and acts as principal on all the transactions of shares in the fund except with in specie transactions, where M&G Securities Limited acts as an agent. The aggregate monies received through issues, and paid on cancellations, are disclosed in the 'Statement of change in net assets attributable to shareholders' and note 8. Amounts due to/from M&G Securities Limited in respect of share transactions at the year end are disclosed in notes 9 and 11 where applicable.

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

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

At the balance sheet date, shareholders from within M&G plc, of which M&G Securities Limited is a wholly owned subsidiary, have holdings totaling 39.68% (2022: 42.01%) 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.

# Financial statements and notes

## Level 3: Valuation technique using unobservable inputs

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

as at 31 August	Assets 2023 \$'000	Liabilities 2023 \$'000	Assets 2022 \$'000	Liabilities 2022 \$'000
Level 1	227,260	0	200,525	0
Level 2	0	0	0	0
Level 3	0	0	0	0
	<b>227,260</b>	<b>0</b>	<b>200,525</b>	<b>0</b>

## 17 Risk management policies

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

## 18 Market risk sensitivity

A five per cent increase in the value of the fund's investment portfolio would have the effect of increasing the return and net assets by \$11,363,000 (2022: \$10,026,000). A five per cent decrease would have an equal and opposite effect.

## 19 Currency risk sensitivity and exposure

A five per cent increase in the value of the fund's currency exposure would have the effect of increasing the return and net assets by \$10,559,000 (2022: \$8,876,000). A five per cent decrease would have an equal and opposite effect.

as at 31 August	2023 \$'000	2022 \$'000
<b>Currency exposure</b>		
Australian dollar	33,234	29,957
Canadian dollar	2,204	1,841
Chinese yuan	3,375	0
Hong Kong dollar	79,060	65,901
Indian rupee	19,231	20,168
Indonesian rupiah	6,364	4,077
Singapore dollar	17,758	13,943
South Korean won	29,682	25,154
Sterling	(4,758)	(7,820)
Taiwan dollar	20,172	20,663
Thailand baht	4,866	3,626
US dollar	15,997	18,898
<b>Total</b>	<b>227,185</b>	<b>196,408</b>

# Financial statements and notes

## 20 Interest rate risk sensitivity and exposure

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

## 21 Credit risk

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

## 22 Dividend distribution tables

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

### Annual distribution period

	Start	End	Xd	Payment
Final	01.09.22	31.08.23	01.09.23	31.10.23

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

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

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

### Sterling Class 'A' Income shares

Ordinary distributions for the year to 31 August	Group 2		Group 1 & 2 Distribution	
	Income	Equalisation	2023	2022
	2023 UK p	2023 UK p	2023 UK p	2022 UK p
Final	37.4186	14.8577	52.2763	64.5368

### Sterling Class 'A' Accumulation shares

Ordinary distributions for the year to 31 August	Group 2		Group 1 & 2 Distribution	
	Income	Equalisation	2023	2022
	2023 UK p	2023 UK p	2023 UK p	2022 UK p
Final	29.6739	34.8818	64.5557	74.3213

### Sterling Class 'I' Income shares

Ordinary distributions for the year to 31 August	Group 2		Group 1 & 2 Distribution	
	Income	Equalisation	2023	2022
	2023 UK p	2023 UK p	2023 UK p	2022 UK p
Final	34.6607	26.6538	61.3145	75.4051



# Financial statements and notes

## Sterling Class 'I' Accumulation shares

Ordinary distributions for the year to 31 August	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2023 UK p	2023 UK p	2023 UK p	2022 UK p
Final	37.7067	21.6610	59.3677	68.1156

## Sterling Class 'PP' Income shares

Ordinary distributions for the year to 31 August	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2023 UK p	2023 UK p	2023 UK p	2022 UK p
Final	1.6690	0.0000	1.6690	n/a

## Sterling Class 'PP' Accumulation shares

Ordinary distributions for the year to 31 August	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2023 UK p	2023 UK p	2023 UK p	2022 UK p
Final	1.4945	0.0000	1.4945	n/a

## Sterling Class 'R' Income shares

Ordinary distributions for the year to 31 August	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2023 UK p	2023 UK p	2023 UK p	2022 UK p
Final	3.4293	2.5936	6.0229	7.4257

## Sterling Class 'R' Accumulation shares

Ordinary distributions for the year to 31 August	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2023 UK p	2023 UK p	2023 UK p	2022 UK p
Final	2.5284	2.7411	5.2695	6.0601

## 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 15 August 2023 has been used.

## Investment objective

The fund has two aims:

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

## Investment policy

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

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

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

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

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

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

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

Derivatives may be used for efficient portfolio management and hedging.

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

## Investment approach

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

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

# Authorised Corporate Director's Report

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

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

## ESG Information

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

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

## Benchmark

Benchmark: MSCI Europe ex UK Index.

The benchmark is the target for the fund's financial objective and is used to measure the fund's financial performance. The index has been chosen as the fund's

benchmark as it best reflects the financial aspects of the fund's investment policy.

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

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

For 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 12 to 14.

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



### The above number:

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

# Authorised Corporate Director's Report

## Investment review

For the year ended 31 August 2023

### Performance against objective

Over the reporting period, the M&G European Sustain Paris Aligned Fund delivered positive total returns (the combination of income and growth of capital) across all its sterling share classes. The fund outperformed its benchmark, the MSCI Europe Ex-UK Index, which posted 15.71% over the same period.

Over five years, the fund had a positive annualised total return across all its share classes and met its objective of delivering a higher total return (the combination of capital growth and income), net of the ongoing charge figure, than the MSCI Europe ex UK Index, which returned 5.5% pa 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

European stockmarkets gained over the 12 months under review, despite experiencing some bouts of volatility. Investor sentiment was lifted by receding inflation and optimism that major central banks were nearing the end of their interest rate hiking cycles. Meanwhile, concerns about a recession eased, helped by lower energy prices. Equity markets in Europe outperformed the MSCI World Index, led by strong gains in a number of countries including Italy, Germany and France.

At the sector level, financials, consumer discretionary and technology performed well, while real estate (which the fund had no exposure to), communication services and consumer staples lagged.

Against this backdrop, the fund delivered a strong positive return and significantly outperformed its benchmark. Strong security selection was the main driver of the outperformance while sector allocation marginally contributed to relative performance.

Stockpicking within financials was the biggest driver of outperformance, followed by our picks in

communication services and health care. However, our choices in industrials weighed on performance.

In terms of sector allocation, our overweight position in industrials contributed positively, as did our underweight positioning in consumer staples. However, our above-benchmark positioning in communication services was unhelpful.

At the individual stock level, top contributors were AIB, Novo Nordisk and Bank of Georgia. Notable detractors included our holdings in ISS, ALK-Abelló and Vestas Wind Systems.

### Engagement activities

During the period, we engaged with a number of portfolio companies on their emission reporting. We encouraged Fresenius Medical Care and ISS to improve their disclosure of carbon emissions, while requesting DSV to clarify and disclose the company strategy for achieving near-term targets following the acquisition of GIL (and its fleet of diesel-powered trucks).

We also engaged with other companies to discuss validation of their emission reduction targets via the Science Based Targets initiative (SBTi). For example, we met with Danish drug maker, ALK-Abelló, to ensure it was on track to have its near-term climate goals validated by the SBTi. We suggested that the business disclose its strategy for achieving these targets and that variable remuneration be tied into milestones.

In corporate governance, we encouraged Linde to increase female representation at the board level. We approached Novo Nordisk to determine whether the company had effective governance in place to avoid the potential misuse of its obesity drug, Wegovy.

Following on from our conversation with WH Smith in 2022, we asked the company to consider paying staff in line with the real living wage. We also wanted to ensure that the business had taken remedial action in response to an HMRC report highlighting its failure to pay the minimum wage between 2017 and 2019.

### Investment activities

Activity was light during the period. In October, we initiated a position in entertainment firm Universal

# Authorised Corporate Director's Report

Music Group (UMG). We felt that the breadth of the company's music catalogue is an important competitive advantage in today's streaming world.

Elsewhere, we added to our positions in Scout24 and Akzo Nobel and trimmed our holding in Novo Nordisk. We closed our position in UK-based Georgia Capital.

## Outlook

In light of the fund's exposure to climate solution providers, the sharp de-rating of renewable energy companies as a result of inflation and high interest rates, is particularly notable. However, with regards to our holdings in this area, the de-rating leaves a much larger margin of safety between current share prices and what we believe to be the intrinsic value of these companies. As part of their efforts to execute on climate policies, politicians may respond to the sector's struggles by reviewing subsidies and pricing schemes. Declining inflationary pressures, an end to the US solar industry de-stocking and a fall in interest rates would all act as tailwinds for stocks in this area.

As we have some exposure to pharmaceuticals, it is perhaps worth highlighting that companies in this area have been negatively affected by high interest rates. Life science companies have also struggled with de-stocking issues. We believe this is a short-term issue and could offer an attractive opportunity to investors with a longer-term view. Disinflationary trends and signs of an economic slowdown should act as a positive catalyst for stocks in this sector.

Overall, despite recent challenges, we remain confident in the prospects for our holdings. These are companies that we believe have the potential to deliver attractive financial returns, while providing resilience during economic downturns, and which align with the fund's Paris Agreement climate change objective.

## John William Olsen

Fund manager

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

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

# Portfolio statement

## Investments

Holding	as at 31.08.23 €'000	as at 31.08.23 %	as at 31.08.22 %
<b>Equities</b>	<b>411,007</b>	<b>98.70</b>	<b>98.27</b>
<b>Chemicals</b>	<b>28,796</b>	<b>6.92</b>	<b>6.96</b>
224,657 Akzo Nobel	16,876	4.06	
33,369 Linde	11,920	2.86	
<b>Electrical equipment</b>	<b>48,181</b>	<b>11.57</b>	<b>11.94</b>
201,282 Legrand	18,401	4.42	
143,823 Schneider Electric	22,940	5.51	
315,943 Vestas Wind Systems	6,840	1.64	
<b>Machinery</b>	<b>28,505</b>	<b>6.85</b>	<b>6.51</b>
245,377 Andritz	12,029	2.89	
1,522,043 Metso Outotec	16,476	3.96	
<b>Commercial services &amp; supplies</b>	<b>14,158</b>	<b>3.40</b>	<b>4.13</b>
599,087 ISS	9,832	2.36	
73,377 Société BIC	4,326	1.04	
<b>Air freight &amp; logistics</b>	<b>17,874</b>	<b>4.29</b>	<b>4.33</b>
99,846 DSV	17,874	4.29	
<b>Marine</b>	<b>16,872</b>	<b>4.05</b>	<b>4.01</b>
58,658 Kuehne + Nagel International	16,872	4.05	
<b>Textiles, apparel &amp; luxury goods</b>	<b>8,818</b>	<b>2.12</b>	<b>1.56</b>
92,808 Pandora	8,818	2.12	
<b>Speciality retail</b>	<b>8,718</b>	<b>2.09</b>	<b>2.41</b>
511,653 WH Smith	8,718	2.09	
<b>Food products</b>	<b>18,411</b>	<b>4.42</b>	<b>5.45</b>
166,294 Nestlé	18,411	4.42	
<b>Personal products</b>	<b>9,540</b>	<b>2.29</b>	<b>2.61</b>
201,334 Unilever	9,540	2.29	
<b>Health care providers &amp; services</b>	<b>9,805</b>	<b>2.35</b>	<b>2.09</b>
218,673 Fresenius Medical Care	9,805	2.35	
<b>Biotechnology</b>	<b>8,892</b>	<b>2.14</b>	<b>2.23</b>
1,026,843 Grifols Preference Shares	8,892	2.14	
<b>Pharmaceuticals</b>	<b>44,298</b>	<b>10.64</b>	<b>12.07</b>
788,868 ALK-Abelló	8,628	2.07	
207,151 Novo Nordisk	35,670	8.57	

# Portfolio statement

## Investments (continued)

Holding	as at 31.08.23 €'000	as at 31.08.23 %	as at 31.08.22 %
<b>Equities (continued)</b>			
<b>Banks</b>	<b>47,075</b>	<b>11.30</b>	<b>10.90</b>
4,758,338 AIB	19,947	4.79	
224,927 Bank of Georgia	9,286	2.23	
579,346 FincoBank	7,398	1.77	
787,763 ING	10,444	2.51	
<b>Capital markets</b>	<b>0</b>	<b>0.00</b>	<b>1.00</b>
<b>Insurance</b>	<b>17,493</b>	<b>4.20</b>	<b>3.66</b>
88,864 Hannover Rueck	17,493	4.20	
<b>IT services</b>	<b>14,969</b>	<b>3.59</b>	<b>3.47</b>
236,627 Amadeus IT	14,969	3.59	
<b>Software</b>	<b>19,050</b>	<b>4.58</b>	<b>3.53</b>
147,469 SAP	19,050	4.58	
<b>Entertainment</b>	<b>27,992</b>	<b>6.72</b>	<b>4.54</b>
249,713 CTS Eventim	14,533	3.49	
584,910 Universal Music	13,459	3.23	
<b>Interactive media &amp; services</b>	<b>21,560</b>	<b>5.18</b>	<b>4.87</b>
343,524 Scout24	21,560	5.18	
<b>Total portfolio</b>	<b>411,007</b>	<b>98.70</b>	<b>98.27</b>
<b>Net other assets/(liabilities)</b>	<b>5,418</b>	<b>1.30</b>	<b>1.73</b>
<b>Net assets attributable to shareholders</b>	<b>416,425</b>	<b>100.00</b>	<b>100.00</b>

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

# Portfolio statement

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

Largest purchases	€'000
Universal Music	12,223
Scout24	3,290
Akzo Nobel	2,113
Novo Nordisk	1,964
Schneider Electric	1,584
Nestlé	1,341
SAP	1,275
Legrand	1,254
Hannover Rueck	1,233
DSV	1,233
Other purchases	13,719
<b>Total purchases</b>	<b>41,229</b>

Largest sales	€'000
Novo Nordisk	7,847
ING	6,418
Schneider Electric	3,755
CTS Eventim	3,698
AIB	3,680
FinecoBank	3,452
Georgia Capital	3,112
Linde	2,549
DSV	1,890
Kuehne + Nagel International	1,740
Other sales	13,831
<b>Total sales</b>	<b>51,972</b>

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



# Financial highlights

## Fund performance

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

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

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

## Long-term performance by share class

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

Share class	One year % <sup>a</sup>	Three years % pa	Five years % pa	Ten years % pa
<b>Sterling</b>				
Class 'A' Income	+23.8	+10.9	+6.2	+7.8
Class 'A' Accumulation	+23.8	+10.9	+6.2	+7.8
Class 'I' Income	+24.3	+11.4	+6.7	+8.5
Class 'I' Accumulation	+24.3	+11.4	+6.7	+8.5
Class 'PP' Income	+24.4	n/a	n/a	n/a
Class 'PP' Accumulation	+24.4	n/a	n/a	n/a
Class 'R' Income	+24.0	+11.1	+6.4	+8.2
Class 'R' Accumulation	+24.0	+11.1	+6.5	+8.2
<b>Benchmark</b>	<b>+15.7</b>	<b>+9.2</b>	<b>+5.5</b>	<b>+7.4</b>

<sup>a</sup> 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 29 September 1989.

for the year to 31 August	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	226.16	270.13	211.57
Return before operating charges	55.37	(36.50)	65.09
Operating charges	(2.41)	(2.34)	(2.56)
Return after operating charges	52.96	(38.84)	62.53
Distributions	(5.50)	(5.13)	(3.97)
Closing NAV	273.62	226.16	270.13
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.04	0.08	0.10
Dilution adjustments	(0.04)	(0.01)	(0.02)
Total direct transaction costs	0.00	0.07	0.08
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.03	0.03
Operating charges	0.95	0.95	1.06
Return after charges	+23.42	-14.38	+29.56
Other information			
Closing NAV (€'000)	150,291	136,893	82,250
Number of shares	47,096,644	52,001,854	26,169,937
Highest share price (UK p)	280.47	272.87	273.10
Lowest share price (UK p)	211.66	213.73	201.32

## Sterling Class 'A' Accumulation share performance

The share class was launched on 29 September 1989.

for the year to 31 August	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	518.70	605.85	467.36
Return before operating charges	127.27	(81.90)	144.16
Operating charges	(5.54)	(5.25)	(5.67)
Return after operating charges	121.73	(87.15)	138.49
Distributions	(7.08)	(6.25)	(3.23)
Retained distributions	7.08	6.25	3.23
Closing NAV	640.43	518.70	605.85
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.09	0.18	0.23
Dilution adjustments	(0.09)	(0.02)	(0.03)
Total direct transaction costs	0.00	0.16	0.20
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.03	0.03
Operating charges	0.95	0.95	1.06
Return after charges	+23.47	-14.38	+29.63
Other information			
Closing NAV (€'000)	123,537	113,157	54,740
Number of shares	16,539,897	18,742,076	7,765,818
Highest share price (UK p)	644.80	611.99	605.56
Lowest share price (UK p)	485.62	481.39	444.71

# Financial highlights

## Sterling Class 'I' Income share performance

The share class was launched on 3 August 2012.

for the year to 31 August	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	1,830.93	2,178.15	1,698.24
Return before operating charges	449.16	(294.86)	523.85
Operating charges	(11.37)	(10.93)	(11.98)
Return after operating charges	437.79	(305.79)	511.87
Distributions	(44.62)	(41.43)	(31.96)
Closing NAV	2,224.10	1,830.93	2,178.15
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.32	0.65	0.84
Dilution adjustments	(0.32)	(0.07)	(0.13)
Total direct transaction costs	0.00	0.58	0.71
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.03	0.03
Operating charges	0.55	0.55	0.61
Return after charges	+23.91	-14.04	+30.14
Other information			
Closing NAV (€'000)	30,200	21,181	12,446
Number of shares	1,164,276	993,867	491,111
Highest share price (UK p)	2,279.15	2,201.88	2,202.04
Lowest share price (UK p)	1,714.16	1,726.94	1,617.34

## Sterling Class 'I' Accumulation share performance

The share class was launched on 3 August 2012.

for the year to 31 August	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	2,339.81	2,721.99	2,090.38
Return before operating charges	575.17	(368.53)	646.39
Operating charges	(14.47)	(13.65)	(14.78)
Return after operating charges	560.70	(382.18)	631.61
Distributions	(42.55)	(38.21)	(24.76)
Retained distributions	42.55	38.21	24.76
Closing NAV	2,900.51	2,339.81	2,721.99
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.41	0.81	1.04
Dilution adjustments	(0.41)	(0.09)	(0.16)
Total direct transaction costs	0.00	0.72	0.88
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.03	0.03
Operating charges	0.55	0.55	0.61
Return after charges	+23.96	-14.04	+30.22
Other information			
Closing NAV (€'000)	79,801	55,047	18,601
Number of shares	2,359,075	2,021,174	587,343
Highest share price (UK p)	2,919.57	2,751.67	2,720.71
Lowest share price (UK p)	2,191.38	2,167.27	1,990.77

# Financial highlights

## Sterling Class 'PP' Income share performance

The share class was launched on 2 September 2021.

for the year/period to 31 August	2023	2022
Change in NAV per share	UK p	UK p
Opening NAV	84.10	100.00
Return before operating charges	20.66	(13.60)
Operating charges	(0.44)	(0.41)
Return after operating charges	20.22	(14.01)
Distributions	(2.05)	(1.89)
Closing NAV	102.27	84.10
<b>Direct transaction costs</b>	<b>UK p</b>	<b>UK p</b>
Costs before dilution adjustments	0.02	0.03
Dilution adjustments	(0.02)	0.00
Total direct transaction costs	0.00	0.03
<b>Performance and charges</b>	<b>%</b>	<b>%</b>
Direct portfolio transaction costs	0.00	0.03
Operating charges	0.45	0.45
Return after charges	+24.04	-14.01
<b>Other information</b>		
Closing NAV (€'000)	1,389	363
Number of shares	1,164,882	370,882
Highest share price (UK p)	104.79	101.05
Lowest share price (UK p)	78.74	79.29

## Sterling Class 'PP' Accumulation share performance

The share class was launched on 2 September 2021.

for the year/period to 31 August	2023	2022
Change in NAV per share	UK p	UK p
Opening NAV	85.99	100.00
Return before operating charges	21.15	(13.60)
Operating charges	(0.44)	(0.41)
Return after operating charges	20.71	(14.01)
Distributions	(1.66)	(1.49)
Retained distributions	1.66	1.49
Closing NAV	106.70	85.99
<b>Direct transaction costs</b>	<b>UK p</b>	<b>UK p</b>
Costs before dilution adjustments	0.02	0.03
Dilution adjustments	(0.02)	0.00
Total direct transaction costs	0.00	0.03
<b>Performance and charges</b>	<b>%</b>	<b>%</b>
Direct portfolio transaction costs	0.00	0.03
Operating charges	0.45	0.45
Return after charges	+24.08	-14.01
<b>Other information</b>		
Closing NAV (€'000)	1,059	529
Number of shares	851,236	529,126
Highest share price (UK p)	107.40	101.05
Lowest share price (UK p)	80.55	79.62

# Financial highlights

## Sterling Class 'R' Income share performance

The share class was launched on 3 August 2012.

for the year to 31 August Change in NAV per share	2023 UK p	2022 UK p	2021 UK p
Opening NAV	178.15	212.47	166.08
Return before operating charges	43.64	(28.73)	51.16
Operating charges	(1.60)	(1.55)	(1.65)
Return after operating charges	42.04	(30.28)	49.51
Distributions	(4.33)	(4.04)	(3.12)
Closing NAV	215.86	178.15	212.47
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.03	0.06	0.08
Dilution adjustments	(0.03)	(0.01)	(0.01)
Total direct transaction costs	0.00	0.05	0.07
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.03	0.03
Operating charges	0.80	0.80	0.86
Return after charges	+23.60	-14.25	+29.81
Other information			
Closing NAV (€'000)	4,741	3,932	2,872
Number of shares	1,883,172	1,896,149	1,161,903
Highest share price (UK p)	221.24	214.68	214.80
Lowest share price (UK p)	166.75	168.23	158.09

## Sterling Class 'R' Accumulation share performance

The share class was launched on 3 August 2012.

for the year to 31 August Change in NAV per share	2023 UK p	2022 UK p	2021 UK p
Opening NAV	227.97	265.87	204.69
Return before operating charges	55.99	(35.96)	63.22
Operating charges	(2.06)	(1.94)	(2.04)
Return after operating charges	53.93	(37.90)	61.18
Distributions	(3.50)	(3.12)	(1.86)
Retained distributions	3.50	3.12	1.86
Closing NAV	281.90	227.97	265.87
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.04	0.08	0.10
Dilution adjustments	(0.04)	(0.01)	(0.02)
Total direct transaction costs	0.00	0.07	0.08
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.03	0.03
Operating charges	0.80	0.80	0.86
Return after charges	+23.66	-14.26	+29.89
Other information			
Closing NAV (€'000)	25,407	20,137	9,671
Number of shares	7,728,268	7,588,674	3,126,289
Highest share price (UK p)	283.79	268.64	265.75
Lowest share price (UK p)	213.46	211.41	194.86

# Financial statements and notes

## Financial statements

### Statement of total return

for the year to 31 August	Note	2023		2022	
		€'000	€'000	€'000	€'000
<b>Income</b>					
Net capital gains/(losses)	3		76,906		(59,509)
Revenue	5	8,835		8,048	
Expenses	6	(3,238)		(2,796)	
Interest payable and similar charges		(4)		(13)	
Net revenue/(expense) before taxation		5,593		5,239	
Taxation	7	(744)		(862)	
Net revenue/(expense) after taxation			4,849		4,377
<b>Total return before distributions</b>			<b>81,755</b>		<b>(55,132)</b>
Distributions	8		(6,424)		(5,780)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>75,331</b>		<b>(60,912)</b>

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

for the year to 31 August	2023		2022	
	€'000	€'000	€'000	€'000
<b>Opening net assets attributable to shareholders</b>		<b>351,239</b>		<b>182,399</b>
Amounts received on issue of shares	64,502		6,548	
Amounts paid on cancellation of shares	(77,664)		(25,825)	
Transfer from M&G European Select Fund & M&G Pan European Select Smaller Companies Fund	0		246,448	
		(13,162)		227,171
Dilution adjustments		132		20
Change in net assets attributable to shareholders from investment activities (see above)		75,331		(60,912)
Retained distributions on Accumulation shares		2,867		2,549
Unclaimed distributions		18		12
<b>Closing net assets attributable to shareholders</b>		<b>416,425</b>		<b>351,239</b>

# Financial statements and notes

## Financial statements

### Balance sheet

as at 31 August	Note	2023 €'000	2022 €'000
<b>Assets</b>			
<b>Fixed assets</b>			
Investments		411,007	345,146
<b>Current assets</b>			
Debtors	9	15,573	4,022
Cash and bank balances	10	85	130
Cash equivalents		8,937	5,527
<b>Total assets</b>		<b>435,602</b>	<b>354,825</b>
<b>Liabilities</b>			
<b>Creditors</b>			
Bank overdrafts		(8,445)	0
Distribution payable		(3,372)	(2,973)
Other creditors	11	(7,360)	(613)
<b>Total liabilities</b>		<b>(19,177)</b>	<b>(3,586)</b>
<b>Net assets attributable to shareholders</b>		<b>416,425</b>	<b>351,239</b>

# Financial statements and notes

## Notes to the financial statements

### 1 Accounting policies

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

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

### 2 Distribution policy

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

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

### 3 Net capital gains/(losses)

for the year to 31 August	2023 €'000	2022 €'000
Non-derivative securities	76,944	(60,115)
Currency gains/(losses)	(33)	(92)
Reimbursement received from/(paid to) M&G	(11)	691
Rebate of ongoing charges from underlying funds taken to capital	6	7
<b>Net capital gains/(losses)</b>	<b>76,906</b>	<b>(59,509)</b>



# 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 August	2023 €'000	% of transaction	2022 €'000	% of transaction
<b>a) Purchases</b>				
<b>Equities</b>				
Equities before transaction costs	41,184		61,317	
Commissions	12	0.03	21	0.03
Taxes	33	0.08	64	0.10
<b>Total purchases after transaction costs</b>	<b>41,229</b>		<b>61,402</b>	
<b>b) Sales</b>				
<b>Equities</b>				
Equities before transaction costs	51,987		55,402	
Commissions	(15)	0.03	(21)	0.04
<b>Total sales after transaction costs</b>	<b>51,972</b>		<b>55,381</b>	
	2023 €'000	% of average NAV	2022 €'000	% of average NAV
<b>c) Direct portfolio transaction costs</b>				
<b>Commissions paid</b>				
Equities	27	0.01	42	0.01
<b>Taxes paid</b>				
Equities	33	0.01	64	0.02
<b>Total direct portfolio transaction costs</b>	<b>60</b>	<b>0.02</b>	<b>106</b>	<b>0.03</b>
		%		%
<b>d) Indirect portfolio transaction costs</b>				
Average portfolio dealing spread as at the balance sheet date		0.07		0.09

## 5 Revenue

for the year to 31 August	2023 €'000	2022 €'000
Bank interest	15	0
Dividends from equity investments: non-taxable	8,717	7,999
Dividends from equity investments: taxable	103	49
<b>Total revenue</b>	<b>8,835</b>	<b>8,048</b>

# Financial statements and notes

## 6 Expenses

for the year to 31 August	2023 €'000	2022 €'000
<b>Payable to the ACD or associate</b>		
Annual charge	3,238	2,796
<b>Total expenses</b>	<b>3,238</b>	<b>2,796</b>

Audit fees for the financial year ending 2023 were €11,000 (2022: €11,000) (including VAT), which are covered by the annual charge.

## 7 Taxation

for the year to 31 August	2023 €'000	2022 €'000
<b>a) Analysis of charge in the year</b>		
Corporation tax	0	0
Withholding tax	744	862
Deferred tax (note 7c)	0	0
<b>Total taxation</b>	<b>744</b>	<b>862</b>
<b>b) Factors affecting taxation charge for the year</b>		
Net revenue/(expense) before taxation	5,593	5,239
Corporation tax at 20%	1,119	1,048
<b>Effects of:</b>		
Dividends from equity investments: non-taxable	(1,744)	(1,600)
Expenses not deductible for tax purposes	1	1
Current year expenses not utilised	624	551
Withholding tax	744	862
<b>Total tax charge (note 7a)</b>	<b>744</b>	<b>862</b>
<b>c) Provision for deferred taxation</b>		
Provision at the start of the year	0	0
Deferred tax in profit and loss account (note 7a)	0	0
<b>Provision at the end of the year</b>	<b>0</b>	<b>0</b>

The fund has not recognised a deferred tax asset of €9,362,000 (2022: €8,738,000) arising as a result of having excess management expenses. We do not expect this asset to be utilised in the foreseeable future.

# Financial statements and notes

## 8 Distributions

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

for the year to 31 August	2023		2022	
	Inc €'000	Acc €'000	Inc €'000	Acc €'000
<b>Dividend distributions</b>				
Interim	378	0	755	74
Final	3,372	2,867	2,973	2,475
Total net distributions		6,617		6,277
Income deducted on cancellation of shares		322		214
Income received on issue of shares		(515)		(711)
<b>Distributions</b>		<b>6,424</b>		<b>5,780</b>
Net revenue/(expense) per statement of total return		4,849		4,377
Expenses offset against capital		1,575		1,403
<b>Distributions</b>		<b>6,424</b>		<b>5,780</b>

## 9 Debtors

as at 31 August	2023 €'000	2022 €'000
Amounts receivable on issues of shares	6,968	1
Currency deals outstanding	6,239	113
Dividends receivable	0	85
Withholding tax recoverable	2,302	3,179
Reimbursement receivable from M&G	64	644
<b>Total debtors</b>	<b>15,573</b>	<b>4,022</b>

## 10 Cash and bank balances

as at 31 August	2023 €'000	2022 €'000
Cash held as bank balances	85	130
<b>Total cash and bank balances</b>	<b>85</b>	<b>130</b>

# Financial statements and notes

## 11 Other creditors

as at 31 August	2023 €'000	2022 €'000
Amounts payable on cancellation of shares	411	233
Annual charge payable	93	76
Currency deals outstanding	6,254	114
Purchases awaiting settlement	502	0
Payable to M&G (Lux) Pan European Select Fund	100	190
<b>Total other creditors</b>	<b>7,360</b>	<b>613</b>

## 12 Contingent assets, liabilities and outstanding commitments

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

## 13 Shares in issue

The following table shows each class of share in issue during the year. Each share class has the same rights on winding up however they may have different charging structures as set out in note 14.

Share class	Opening 01.09.22	Issued	Movements Cancelled	Converted	Closing 31.08.23
<b>Sterling</b>					
Class 'A' Income	52,001,854	895,821	(5,801,031)	0	47,096,644
Class 'A' Accumulation	18,742,076	185,177	(2,387,356)	0	16,539,897
Class 'I' Income	993,867	302,764	(132,355)	0	1,164,276
Class 'I' Accumulation	2,021,174	1,561,444	(1,223,543)	0	2,359,075
Class 'PP' Income	370,882	887,000	(93,000)	0	1,164,882
Class 'PP' Accumulation	529,126	369,430	(47,320)	0	851,236
Class 'R' Income	1,896,149	137,432	(150,409)	0	1,883,172
Class 'R' Accumulation	7,588,674	634,475	(494,881)	0	7,728,268

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

# Financial statements and notes

## 14 Charging structure

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

Share class	Annual charge %
<b>Sterling</b>	
Class 'A'	0.95
Class 'I'	0.55
Class 'PP'	Up to 0.70
Class 'R'	0.80

## 15 Related parties

M&G Securities Limited, as Authorised Corporate Director (ACD), is a related party and acts as principal on all the transactions of shares in the fund except with in specie transactions, where M&G Securities Limited acts as an agent. The aggregate monies received through issues, and paid on cancellations, are disclosed in the 'Statement of change in net assets attributable to shareholders' and note 8. Amounts due to/from M&G Securities Limited in respect of share transactions at the year end are disclosed in notes 9 and 11 where applicable.

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

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

At the balance sheet date, shareholders from within M&G plc, of which M&G Securities Limited is a wholly owned subsidiary, have holdings totaling 13.50% (2022: 13.89%) of the fund's shares.

## 16 Fair value analysis

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

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

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

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

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

# Financial statements and notes

## Level 3: Valuation technique using unobservable inputs

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

as at 31 August	Assets 2023 €'000	Liabilities 2023 €'000	Assets 2022 €'000	Liabilities 2022 €'000
Level 1	411,007	0	345,146	0
Level 2	0	0	0	0
Level 3	0	0	0	0
	<b>411,007</b>	<b>0</b>	<b>345,146</b>	<b>0</b>

## 17 Risk management policies

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

## 18 Market risk sensitivity

A five per cent increase in the value of the fund's investment portfolio would have the effect of increasing the return and net assets by €20,550,000 (2022: €17,257,000). A five per cent decrease would have an equal and opposite effect.

## 19 Currency risk sensitivity and exposure

A five per cent increase in the value of the fund's currency exposure would have the effect of increasing the return and net assets by €8,046,000 (2022: €6,983,000). A five per cent decrease would have an equal and opposite effect.

as at 31 August	2023 €'000	2022 €'000
<b>Currency exposure</b>		
Danish krone	88,224	81,766
Euro	255,496	211,588
Sterling	24,785	23,271
Swiss franc	36,000	34,614
US dollar	11,920	0
<b>Total</b>	<b>416,425</b>	<b>351,239</b>

## 20 Interest rate risk sensitivity and exposure

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

# Financial statements and notes

## 21 Credit risk

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

## 22 Dividend distribution tables

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

### Semi-annual distribution periods

	Start	End	Xd	Payment
Interim	01.09.22	28.02.23	01.03.23	30.04.23
Final	01.03.23	31.08.23	01.09.23	31.10.23

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

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

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

### Sterling Class 'A' Income shares

Ordinary distributions for the year to 31 August	Group 2		Group 1 & 2 Distribution	
	Income 2023 UK p	Equalisation 2023 UK p	2023 UK p	2022 UK p
Interim	0.2510	0.3009	0.5519	0.9842
Final	1.1722	3.7734	4.9456	4.1418

### Sterling Class 'A' Accumulation shares

Ordinary distributions for the year to 31 August	Group 2		Group 1 & 2 Distribution	
	Income 2023 UK p	Equalisation 2023 UK p	2023 UK p	2022 UK p
Interim	0.0000	0.0000	0.0000	0.0000
Final	1.9367	5.1403	7.0770	6.2533

# Financial statements and notes

## Sterling Class 'I' Income shares

Ordinary distributions for the year to 31 August	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2023 UK p	2023 UK p	2023 UK p	2022 UK p
Interim	1.1098	3.3619	4.4717	7.9405
Final	10.3939	29.7566	40.1505	33.4882

## Sterling Class 'I' Accumulation shares

Ordinary distributions for the year to 31 August	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2023 UK p	2023 UK p	2023 UK p	2022 UK p
Interim	0.0000	0.0000	0.0000	3.0625
Final	16.2393	26.3060	42.5453	35.1506

## Sterling Class 'PP' Income shares

Ordinary distributions for the year to 31 August	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2023 UK p	2023 UK p	2023 UK p	2022 UK p
Interim	0.2054	0.0000	0.2054	0.3573
Final	1.8456	0.0000	1.8456	1.5375

## Sterling Class 'PP' Accumulation shares

Ordinary distributions for the year to 31 August	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2023 UK p	2023 UK p	2023 UK p	2022 UK p
Interim	0.0021	0.0000	0.0021	0.1538
Final	0.9250	0.7344	1.6594	1.3372

## Sterling Class 'R' Income shares

Ordinary distributions for the year to 31 August	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2023 UK p	2023 UK p	2023 UK p	2022 UK p
Interim	0.1220	0.3128	0.4348	0.7743
Final	0.8471	3.0527	3.8998	3.2609



# Financial statements and notes

## Sterling Class 'R' Accumulation shares

Ordinary distributions for the year to 31 August	Income	Group 2	Group 1 & 2	
	2023	Equalisation	Distribution	
	UK p	2023	2023	2022
	UK p	UK p	UK p	UK p
Interim	0.0000	0.0000	0.0000	0.0000
Final	1.7256	1.7722	3.4978	3.1175

## 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 15 August 2023 has been used.

## Investment objective

The fund has two aims:

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

## Investment policy

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

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

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

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

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

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

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

Derivatives may be used for efficient portfolio management and hedging.

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

## Investment approach

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

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

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

# Authorised Corporate Director's Report

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

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

## ESG Information

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

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

## Benchmark

Benchmark: MSCI World Index.

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

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

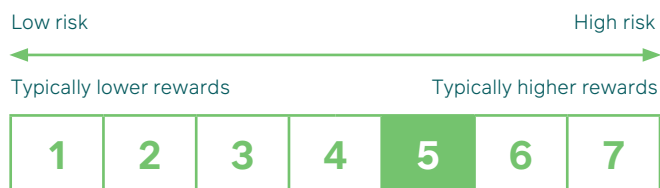
The fund is actively managed and within given constraints, the fund manager has freedom in choosing which investments to buy, hold and sell in the fund. The fund's holdings may deviate significantly from the benchmark's constituents, and as a result the fund's performance may deviate materially from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

For 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 12 to 14.

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



### The above number:

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

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## Investment review

For the year ended 31 August 2023

### Performance against objective

Over the reporting period, the M&G Global Sustain Paris Aligned Fund delivered positive total returns (the combination of income and growth of capital) across all its sterling share classes. The fund outperformed its benchmark, the MSCI World Index, which posted 6.7% over the same period.

Over five years, the fund had a positive annualised total return across all its share classes and met its objective of delivering a higher total return (the combination of capital growth and income), net of the ongoing charge figure, than the MSCI World Index, which returned 9.4% pa 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 period under review saw heightened volatility across global financial markets. After reaching lows in September, global equities rallied for much of the review period. Investor sentiment was buoyed by receding inflation and optimism that major central banks were nearing the end of their interest rate hiking cycles. Concerns about a potential US recession also eased amid a strong employment market and sustained economic activity. Later in the period, large-capitalised technology stocks outperformed as they benefited from positive news around artificial intelligence (AI). The MSCI World Index increased 6.7% (in sterling terms) during the review period.

In terms of sectors, technology, communication services and industrials performed well, while real estate and utilities (sectors which the fund had no exposure to) lagged.

Against this backdrop, the fund delivered a positive return and outperformed its benchmark. Both sector allocation and stock selection contributed to relative performance.

In terms of the former, not having any exposure to real estate and utilities contributed positively, as did our underweight in consumer discretionary. However, our below-benchmark positioning in technology detracted from relative returns. Stockpicking in industrials and healthcare added value, though our choices in consumer discretionary were unhelpful.

At the individual stock level, top contributors included Danish pharmaceuticals firm Novo Nordisk, software company Adobe (a new holding during the period) and supply-chain solutions company Manhattan Associates. Not holding graphic chipmaker Nvidia weighed on returns as the stock fared well during the review period. Other notable detractors included our holdings in UnitedHealth and ALK-Abelló.

### Engagement activities

During the period, we engaged with a number of portfolio companies on their emission reporting. We encouraged Ball to improve their disclosure of carbon emissions while engaging other companies to validate their emission reduction targets via the Science Based Targets initiative (SBTi). For example, UnitedHealth expressed that the company was committed to SBTi validation. We also met with ALK-Abelló to ensure it was on track to have its near-term climate goals validated by the SBTi. We suggested that the business disclose its strategy for achieving these targets and that variable remuneration be tied into milestones.

Over the course of the year, we encouraged US-listed online marketplace eBay to link remuneration KPIs to sustainability targets. We also urged the company to set a net zero target via the SBTi.

In corporate governance, we encouraged Linde to increase female representation at the board level and approached Novo Nordisk to determine whether the company had effective governance in place to avoid the potential misuse of its obesity drug, Wegovy.

Following on from our conversation with WH Smith in 2022, we asked the company to consider paying staff in line with the real living wage. We also wanted to ensure that the business had taken remedial action in response

# Authorised Corporate Director's Report

to an HMRC report highlighting its failure to pay the minimum wage between 2017 and 2019.

## Investment activities

In December, we opened new positions in the aforementioned Adobe and e-commerce firm eBay. Both stocks were trading at attractive valuations following a wider technology sector sell-off during the month. We sold our holdings in US regional lender M&T Bank and video game specialist Electronic Arts. Later in the period, we sold our holdings in uniform rental company UniFirst after the company's estimated emission intensity rose above 50% of the fund's benchmark. As the company does not report its actual emissions and failed to set a science-based target for emission reduction, we felt the company was no longer compatible with our alignment to the Paris Agreement's goals. Towards the end of the review period, we initiated a new position in renewable energy firm SolarEdge Technologies.

## Outlook

In light of the fund's exposure to climate solution providers, the sharp de-rating of renewable energy companies as a result of inflation and high interest rates, is particularly notable. However, with regards to our holdings in this area, the de-rating leaves a much larger margin of safety between current share prices and what we believe to be the intrinsic value of these companies. As part of their efforts to execute on climate policies, politicians may respond to the sector's struggles by reviewing subsidies and pricing schemes. Declining inflationary pressures, an end to the US solar industry de-stocking and a fall in interest rates would all act as tailwinds for stocks in this area.

As we have some exposure to pharmaceuticals, it is perhaps worth highlighting that companies in this area have been negatively affected by high interest rates. Life science companies have also struggled with de-stocking issues. We believe this is a short-term issue and could offer an attractive opportunity to investors with a longer-term view. Disinflationary trends and signs of an economic slowdown should act as a positive catalyst for stocks in this sector.

Overall, despite recent challenges, we remain confident in the prospects for our holdings. These are companies that we believe have the potential to deliver attractive financial returns, while providing resilience during economic downturns, and which align with the fund's Paris Agreement climate change objective.

## John William Olsen

Fund manager

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

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

# Portfolio statement

## Investments

Holding	as at 31.08.23 \$'000	as at 31.08.23 %	as at 31.08.22 %
<b>Equities</b>	<b>762,661</b>	<b>97.59</b>	<b>98.41</b>
<b>Chemicals</b>	<b>25,291</b>	<b>3.24</b>	<b>3.25</b>
65,119 Linde	25,291	3.24	
<b>Containers &amp; packaging</b>	<b>13,442</b>	<b>1.72</b>	<b>2.17</b>
247,132 Ball	13,442	1.72	
<b>Building products</b>	<b>22,376</b>	<b>2.86</b>	<b>3.20</b>
378,800 Johnson Controls International	22,376	2.86	
<b>Electrical equipment</b>	<b>34,315</b>	<b>4.39</b>	<b>3.91</b>
197,876 Schneider Electric	34,315	4.39	
<b>Machinery</b>	<b>33,456</b>	<b>4.28</b>	<b>3.77</b>
202,625 Graco	15,979	2.04	
747,034 Weir	17,477	2.24	
<b>Commercial services &amp; supplies</b>	<b>10,083</b>	<b>1.29</b>	<b>2.86</b>
565,095 ISS	10,083	1.29	
<b>Marine</b>	<b>23,952</b>	<b>3.07</b>	<b>2.72</b>
76,589 Kuehne + Nagel International	23,952	3.07	
<b>Speciality retail</b>	<b>48,537</b>	<b>6.21</b>	<b>4.25</b>
406,469 eBay	18,208	2.33	
1,637,142 WH Smith	30,329	3.88	
<b>Food products</b>	<b>19,054</b>	<b>2.44</b>	<b>2.87</b>
158,288 Nestlé	19,054	2.44	
<b>Household products</b>	<b>11,008</b>	<b>1.41</b>	<b>1.80</b>
152,257 Reckitt Benckiser	11,008	1.41	
<b>Personal products</b>	<b>28,135</b>	<b>3.60</b>	<b>3.84</b>
546,105 Unilever	28,135	3.60	
<b>Health care equipment &amp; supplies</b>	<b>28,693</b>	<b>3.67</b>	<b>4.00</b>
102,281 Becton Dickinson	28,693	3.67	
<b>Health care providers &amp; services</b>	<b>44,262</b>	<b>5.67</b>	<b>7.83</b>
90,193 UnitedHealth	44,262	5.67	
<b>Pharmaceuticals</b>	<b>53,845</b>	<b>6.89</b>	<b>6.83</b>
571,877 ALK-Abelló	6,800	0.87	
251,283 Novo Nordisk	47,045	6.02	

# Portfolio statement

## Investments (continued)

Holding	as at 31.08.23 \$'000	as at 31.08.23 %	as at 31.08.22 %
<b>Equities (continued)</b>			
<b>Banks</b>	<b>28,056</b>	<b>3.59</b>	<b>2.87</b>
772,895 HDFC Bank	14,718	1.88	
925,281 ING	13,338	1.71	
<b>Diversified financial services</b>	<b>0</b>	<b>0.00</b>	<b>2.29</b>
<b>Consumer finance</b>	<b>39,615</b>	<b>5.07</b>	<b>6.36</b>
132,145 American Express	21,241	2.72	
203,982 Discover Financial Services	18,374	2.35	
<b>Capital markets</b>	<b>28,935</b>	<b>3.70</b>	<b>3.53</b>
250,302 Bank of New York Mellon	11,122	1.42	
77,883 Morningstar	17,813	2.28	
<b>Insurance</b>	<b>23,924</b>	<b>3.06</b>	<b>3.19</b>
1,082,500 Tokio Marine	23,924	3.06	
<b>IT services</b>	<b>29,644</b>	<b>3.79</b>	<b>3.74</b>
119,778 Visa	29,644	3.79	
<b>Software</b>	<b>150,293</b>	<b>19.23</b>	<b>14.01</b>
60,743 Adobe	33,170	4.24	
60,096 ANSYS	18,995	2.43	
193,226 Manhattan Associates	39,635	5.07	
178,039 Microsoft	58,493	7.49	
<b>Electronic equipment, instruments &amp; components</b>	<b>12,507</b>	<b>1.60</b>	<b>0.00</b>
76,185 SolarEdge Technologies	12,507	1.60	
<b>Entertainment</b>	<b>0</b>	<b>0.00</b>	<b>2.10</b>
<b>Interactive media &amp; services</b>	<b>53,238</b>	<b>6.81</b>	<b>7.02</b>
299,679 Alphabet	40,643	5.20	
305,600 Tencent	12,595	1.61	
<b>Total portfolio</b>	<b>762,661</b>	<b>97.59</b>	<b>98.41</b>
<b>Net other assets/(liabilities)</b>	<b>18,844</b>	<b>2.41</b>	<b>1.59</b>
<b>Net assets attributable to shareholders</b>	<b>781,505</b>	<b>100.00</b>	<b>100.00</b>

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

# Portfolio statement

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

Largest purchases	\$'000
Adobe	24,079
eBay	17,901
SolarEdge Technologies	15,078
Morningstar	5,736
ANSYS	2,042
Weir	1,902
UnitedHealth	930
Microsoft	797
Novo Nordisk	659
Schneider Electric	557
Other purchases	8,222
<b>Total purchases</b>	<b>77,903</b>

Largest sales	\$'000
Novo Nordisk	16,911
Electronic Arts	16,786
UnitedHealth	13,181
Manhattan Associates	10,126
M&T Bank	9,808
Microsoft	9,442
UniFirst	9,027
Schneider Electric	8,006
Alphabet	6,351
Adobe	6,035
Other sales	88,017
<b>Total sales</b>	<b>193,690</b>

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



# Financial highlights

## Fund performance

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

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

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

## Long-term performance by share class

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

Share class	One year % <sup>a</sup>	Three years % pa	Five years % pa	Ten years % pa
<b>Sterling</b>				
Class 'A' Income	+8.3	+12.0	+9.7	+10.4
Class 'A' Accumulation	+8.3	+12.0	+9.7	+10.4
Class 'I' Income	+8.7	+12.4	+10.3	+11.1
Class 'I' Accumulation	+8.7	+12.4	+10.3	+11.1
Class 'PP' Income	+9.0	n/a	n/a	n/a
Class 'PP' Accumulation	+9.0	n/a	n/a	n/a
Class 'R' Income	+8.4	+12.1	+10.0	+10.9
Class 'R' Accumulation	+8.4	+12.1	+10.0	+10.9
<b>Benchmark<sup>b</sup></b>	<b>+6.7</b>	<b>+10.9</b>	<b>+9.4</b>	<b>+11.8</b>

<sup>a</sup> Not annualised.

<sup>b</sup> Prior to 31 December 2015, the benchmark was the MSCI ACWI Index. Thereafter it is the MSCI World Index.

## Specific share class performance

The following comparative tables show the performance of each share class. All 'Performance and charges' percentages represent an annual rate except for the 'Return after operating charges' which is calculated as a percentage of the opening net asset value per share (NAV per share). '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 19 December 1967.

for the year to 31 August	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	580.61	588.39	459.51
Return before operating charges	55.99	8.21	142.08
Operating charges	(7.73)	(7.58)	(6.99)
Return after operating charges	48.26	0.63	135.09
Distributions	(9.72)	(8.41)	(6.21)
Closing NAV	619.15	580.61	588.39
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.08	0.17	0.02
Dilution adjustments	(0.08)	(0.10)	(0.02)
Total direct transaction costs	0.00	0.07	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.03	0.02
Operating charges	1.30	1.30	1.34
Return after charges	+8.31	+0.11	+29.40
Other information			
Closing NAV (\$'000)	302,554	271,086	342,607
Number of shares	38,538,165	40,194,436	42,289,266
Highest share price (UK p)	633.28	620.80	595.09
Lowest share price (UK p)	548.24	534.43	447.88

## Sterling Class 'A' Accumulation share performance

The share class was launched on 19 December 1967.

for the year to 31 August	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	1,232.03	1,230.67	951.04
Return before operating charges	119.12	17.26	294.08
Operating charges	(16.41)	(15.90)	(14.45)
Return after operating charges	102.71	1.36	279.63
Distributions	(4.87)	0.00	0.00
Retained distributions	4.87	0.00	0.00
Closing NAV	1,334.74	1,232.03	1,230.67
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.18	0.36	0.03
Dilution adjustments	(0.18)	(0.21)	(0.03)
Total direct transaction costs	0.00	0.15	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.03	0.02
Operating charges	1.30	1.30	1.34
Return after charges	+8.34	+0.11	+29.40
Other information			
Closing NAV (\$'000)	153,612	133,918	181,985
Number of shares	9,076,347	9,357,553	10,739,691
Highest share price (UK p)	1,344.12	1,298.49	1,231.67
Lowest share price (UK p)	1,163.62	1,117.85	926.99

# Financial highlights

## Sterling Class 'I' Income share performance

The share class was launched on 3 August 2012.

for the year to 31 August	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	2,875.10	2,901.89	2,256.05
Return before operating charges	278.00	40.69	699.53
Operating charges	(26.61)	(25.90)	(23.10)
Return after operating charges	251.39	14.79	676.43
Distributions	(48.22)	(41.58)	(30.59)
Closing NAV	3,078.27	2,875.10	2,901.89
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.42	0.84	0.07
Dilution adjustments	(0.42)	(0.50)	(0.07)
Total direct transaction costs	0.00	0.34	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.03	0.02
Operating charges	0.90	0.90	0.90
Return after charges	+8.74	+0.51	+29.98
Other information			
Closing NAV (\$'000)	55,827	40,031	48,796
Number of shares	1,430,255	1,198,645	1,221,239
Highest share price (UK p)	3,146.97	3,064.26	2,934.66
Lowest share price (UK p)	2,715.77	2,644.19	2,200.83

## Sterling Class 'I' Accumulation share performance

The share class was launched on 3 August 2012.

for the year to 31 August	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	3,301.78	3,284.95	2,527.16
Return before operating charges	319.87	46.03	783.67
Operating charges	(30.31)	(29.20)	(25.88)
Return after operating charges	289.56	16.83	757.79
Distributions	(26.10)	(14.28)	(8.66)
Retained distributions	26.10	14.28	8.66
Closing NAV	3,591.34	3,301.78	3,284.95
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.48	0.94	0.08
Dilution adjustments	(0.48)	(0.56)	(0.08)
Total direct transaction costs	0.00	0.38	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.03	0.02
Operating charges	0.90	0.90	0.90
Return after charges	+8.77	+0.51	+29.99
Other information			
Closing NAV (\$'000)	242,313	297,119	279,198
Number of shares	5,321,094	7,746,859	6,172,774
Highest share price (UK p)	3,614.87	3,468.86	3,287.38
Lowest share price (UK p)	3,119.55	2,993.31	2,465.35

# Financial highlights

## Sterling Class 'PP' Income share performance

The share class was launched on 2 September 2021.

for the year/period to 31 August	2023	2022
Change in NAV per share	UK p	UK p
Opening NAV	99.70	100.00
Return before operating charges	9.65	1.71
Operating charges	(0.62)	(0.60)
Return after operating charges	9.03	1.11
Distributions	(1.67)	(1.41)
Closing NAV	107.06	99.70
<b>Direct transaction costs</b>	<b>UK p</b>	<b>UK p</b>
Costs before dilution adjustments	0.01	0.03
Dilution adjustments	(0.01)	(0.02)
Total direct transaction costs	0.00	0.01
<b>Performance and charges</b>	<b>%</b>	<b>%</b>
Direct portfolio transaction costs	0.00	0.03
Operating charges	0.60	0.60
Return after charges	+9.06	+1.11
<b>Other information</b>		
Closing NAV (\$'000)	76	70
Number of shares	56,086	60,020
Highest share price (UK p)	109.41	105.97
Lowest share price (UK p)	94.20	91.60

## Sterling Class 'PP' Accumulation share performance

The share class was launched on 2 September 2021.

for the year/period to 31 August	2023	2022
Change in NAV per share	UK p	UK p
Opening NAV	101.10	100.00
Return before operating charges	9.85	1.67
Operating charges	(0.65)	(0.57)
Return after operating charges	9.20	1.10
Distributions	(1.10)	(0.74)
Retained distributions	1.10	0.74
Closing NAV	110.30	101.10
<b>Direct transaction costs</b>	<b>UK p</b>	<b>UK p</b>
Costs before dilution adjustments	0.02	0.03
Dilution adjustments	(0.02)	(0.02)
Total direct transaction costs	0.00	0.01
<b>Performance and charges</b>	<b>%</b>	<b>%</b>
Direct portfolio transaction costs	0.00	0.03
Operating charges	0.60	0.60
Return after charges	+9.10	+1.10
<b>Other information</b>		
Closing NAV (\$'000)	1,258	116
Number of shares	899,486	98,787
Highest share price (UK p)	110.98	105.97
Lowest share price (UK p)	95.55	91.60

# Financial highlights

## Sterling Class 'R' Income share performance

The share class was launched on 3 August 2012.

for the year to 31 August	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	283.20	286.56	223.34
Return before operating charges	27.32	4.02	69.15
Operating charges	(3.34)	(3.28)	(2.91)
Return after operating charges	23.98	0.74	66.24
Distributions	(4.74)	(4.10)	(3.02)
Closing NAV	302.44	283.20	286.56
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.04	0.08	0.01
Dilution adjustments	(0.04)	(0.05)	(0.01)
Total direct transaction costs	0.00	0.03	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.03	0.02
Operating charges	1.15	1.15	1.15
Return after charges	+8.47	+0.26	+29.66
Other information			
Closing NAV (\$'000)	4,263	3,564	4,836
Number of shares	1,111,682	1,083,301	1,225,646
Highest share price (UK p)	309.29	302.43	289.80
Lowest share price (UK p)	267.44	260.59	217.79

## Sterling Class 'R' Accumulation share performance

The share class was launched on 3 August 2012.

for the year to 31 August	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	321.91	321.07	247.63
Return before operating charges	31.15	4.50	76.68
Operating charges	(3.79)	(3.66)	(3.24)
Return after operating charges	27.36	0.84	73.44
Distributions	(1.75)	(0.50)	(0.15)
Retained distributions	1.75	0.50	0.15
Closing NAV	349.27	321.91	321.07
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.05	0.09	0.01
Dilution adjustments	(0.05)	(0.06)	(0.01)
Total direct transaction costs	0.00	0.03	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.03	0.02
Operating charges	1.15	1.15	1.15
Return after charges	+8.50	+0.26	+29.66
Other information			
Closing NAV (\$'000)	21,602	19,425	22,121
Number of shares	4,877,719	5,194,945	5,003,726
Highest share price (UK p)	351.66	338.87	321.33
Lowest share price (UK p)	304.07	291.98	241.47

# Financial statements and notes

## Financial statements

### Statement of total return

for the year to 31 August	Note	2023		2022	
		\$'000	\$'000	\$'000	\$'000
<b>Income</b>					
Net capital gains/(losses)	3		124,943		(137,601)
Revenue	5	14,191		12,017	
Expenses	6	(8,640)		(9,528)	
Interest payable and similar charges		(1)		(9)	
Net revenue/(expense) before taxation		5,550		2,480	
Taxation	7	(1,384)		(1,213)	
Net revenue/(expense) after taxation			4,166		1,267
<b>Total return before distributions</b>			<b>129,109</b>		<b>(136,334)</b>
Distributions	8		(8,457)		(5,816)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>120,652</b>		<b>(142,150)</b>

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

for the year to 31 August	2023		2022	
	\$'000	\$'000	\$'000	\$'000
<b>Opening net assets attributable to shareholders</b>		<b>765,329</b>		<b>896,293</b>
Amounts received on issue of shares	71,803		115,693	
Amounts paid on cancellation of shares	(178,902)		(106,025)	
		(107,099)		9,668
Dilution adjustments		173		198
Change in net assets attributable to shareholders from investment activities (see above)		120,652		(142,150)
Retained distributions on Accumulation shares		2,443		1,316
Unclaimed distributions		7		4
<b>Closing net assets attributable to shareholders</b>		<b>781,505</b>		<b>765,329</b>

# Financial statements and notes

## Financial statements

### Balance sheet

as at 31 August	Note	2023 \$'000	2022 \$'000
<b>Assets</b>			
<b>Fixed assets</b>			
Investments		762,661	753,167
<b>Current assets</b>			
Debtors	9	5,920	2,184
Cash and bank balances	10	3,801	154
Cash equivalents		20,649	18,061
<b>Total assets</b>		<b>793,031</b>	<b>773,566</b>
<b>Liabilities</b>			
<b>Creditors</b>			
Bank overdrafts		(872)	(149)
Distribution payable		(5,692)	(4,559)
Other creditors	11	(4,544)	(3,111)
Deferred tax provision	7	(418)	(418)
<b>Total liabilities</b>		<b>(11,526)</b>	<b>(8,237)</b>
<b>Net assets attributable to shareholders</b>		<b>781,505</b>	<b>765,329</b>

# Financial statements and notes

## Notes to the financial statements

### 1 Accounting policies

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

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

### 2 Distribution policy

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

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

### 3 Net capital gains/(losses)

for the year to 31 August	2023 \$'000	2022 \$'000
Non-derivative securities	125,399	(137,297)
Currency gains/(losses)	(456)	(304)
<b>Net capital gains/(losses)</b>	<b>124,943</b>	<b>(137,601)</b>



# 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 August	2023 \$'000	% of transaction	2022 \$'000	% of transaction
<b>a) Purchases</b>				
<b>Equities</b>				
Equities before transaction costs	77,858		89,808	
Commissions	27	0.03	24	0.03
Taxes	18	0.02	197	0.22
<b>Total purchases after transaction costs</b>	<b>77,903</b>		<b>90,029</b>	
<b>b) Sales</b>				
<b>Equities</b>				
Equities before transaction costs	193,754		77,847	
Commissions	(53)	0.03	(20)	0.03
Taxes	(11)	0.01	(3)	0.00
<b>Total sales after transaction costs</b>	<b>193,690</b>		<b>77,824</b>	
	2023 \$'000	% of average NAV	2022 \$'000	% of average NAV
<b>c) Direct portfolio transaction costs</b>				
<b>Commissions paid</b>				
Equities	80	0.01	44	0.01
<b>Taxes paid</b>				
Equities	29	0.00	200	0.02
<b>Total direct portfolio transaction costs</b>	<b>109</b>	<b>0.01</b>	<b>244</b>	<b>0.03</b>
		%		%
<b>d) Indirect portfolio transaction costs</b>				
Average portfolio dealing spread as at the balance sheet date		0.04		0.08

# Financial statements and notes

## 5 Revenue

for the year to 31 August	2023 \$'000	2022 \$'000
Bank interest	20	0
Dividends from equity investments: non-taxable	12,633	11,662
Dividends from equity investments: taxable	511	206
Interest distributions	1,009	135
Rebate of ongoing charges from underlying funds	18	14
<b>Total revenue</b>	<b>14,191</b>	<b>12,017</b>

## 6 Expenses

for the year to 31 August	2023 \$'000	2022 \$'000
<b>Payable to the ACD or associate</b>		
Annual charge	8,640	9,528
<b>Total expenses</b>	<b>8,640</b>	<b>9,528</b>

Audit fees for the financial year ending 2023 were £11,000 (2022: £11,000) (including VAT), which are covered by the annual charge.

# Financial statements and notes

## 7 Taxation

for the year to 31 August	2023 \$'000	2022 \$'000
<b>a) Analysis of charge in the year</b>		
Corporation tax	0	0
Withholding tax	1,275	1,275
Capital gains tax (India)	109	0
Deferred tax provision on capital gains tax (India) (note 7c)	0	(62)
<b>Total taxation</b>	<b>1,384</b>	<b>1,213</b>
<b>b) Factors affecting taxation charge for the year</b>		
Net revenue/(expense) before taxation	5,550	2,480
Corporation tax at 20%	1,110	496
<b>Effects of:</b>		
Dividends from equity investments: non-taxable	(2,527)	(2,332)
Current year expenses not utilised	1,417	1,836
Withholding tax	1,275	1,275
Capital gains tax (India)	109	(62)
<b>Total tax charge (note 7a)</b>	<b>1,384</b>	<b>1,213</b>
<b>c) Provision for deferred taxation</b>		
Provision at the start of the year	418	480
Deferred tax in profit and loss account (note 7a)	0	(62)
<b>Provision at the end of the year</b>	<b>418</b>	<b>418</b>

The fund has not recognised a deferred tax asset of \$38,686,000 (2022: \$37,269,000) arising as a result of having excess management expenses. We do not expect this asset to be utilised in the foreseeable future.

# Financial statements and notes

## 8 Distributions

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

for the year to 31 August	2023		2022	
	Inc \$'000	Acc \$'000	Inc \$'000	Acc \$'000
<b>Dividend distributions</b>				
Final	5,692	2,443	4,559	1,316
Total net distributions		8,135		5,875
Income deducted on cancellation of shares		630		274
Income received on issue of shares		(308)		(333)
<b>Distributions</b>		<b>8,457</b>		<b>5,816</b>
Net revenue/(expense) per statement of total return		4,166		1,267
Expenses offset against capital		4,182		4,599
Capital gains tax offset against capital		109		(62)
Income deficit transferred to capital		0		12
<b>Distributions</b>		<b>8,457</b>		<b>5,816</b>

## 9 Debtors

as at 31 August	2023 \$'000	2022 \$'000
Amounts receivable on issues of shares	4,142	90
Currency deals outstanding	70	49
Distributions receivable	150	47
Dividends receivable	433	725
Rebate of ongoing charges from underlying funds	1	0
Withholding tax recoverable	1,124	1,273
<b>Total debtors</b>	<b>5,920</b>	<b>2,184</b>

## 10 Cash and bank balances

as at 31 August	2023 \$'000	2022 \$'000
Cash held as bank balances	3,801	154
<b>Total cash and bank balances</b>	<b>3,801</b>	<b>154</b>

# Financial statements and notes

## 11 Other creditors

as at 31 August	2023 \$'000	2022 \$'000
Amounts payable on cancellation of shares	4,228	2,808
Annual charge payable	246	220
Currency deals outstanding	70	49
Payable to M&G (Lux) Global Sustain Paris Aligned Fund	0	34
<b>Total other creditors</b>	<b>4,544</b>	<b>3,111</b>

## 12 Contingent assets, liabilities and outstanding commitments

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

## 13 Shares in issue

The following table shows each class of share in issue during the year. Each share class has the same rights on winding up however they may have different charging structures as set out in note 14.

Share class	Opening 01.09.22	Issued	Movements Cancelled	Converted	Closing 31.08.23
<b>Sterling</b>					
Class 'A' Income	40,194,436	433,709	(2,089,980)	0	38,538,165
Class 'A' Accumulation	9,357,553	574,070	(855,276)	0	9,076,347
Class 'I' Income	1,198,645	329,664	(98,054)	0	1,430,255
Class 'I' Accumulation	7,746,859	1,109,403	(3,535,168)	0	5,321,094
Class 'PP' Income	60,020	33,066	(37,000)	0	56,086
Class 'PP' Accumulation	98,787	833,853	(33,154)	0	899,486
Class 'R' Income	1,083,301	116,294	(87,913)	0	1,111,682
Class 'R' Accumulation	5,194,945	171,950	(489,176)	0	4,877,719

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

# Financial statements and notes

## 14 Charging structure

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

Share class	Annual charge %
<b>Sterling</b>	
Class 'A'	1.30
Class 'I'	0.90
Class 'PP'	Up to 0.90
Class 'R'	1.15

## 15 Related parties

M&G Securities Limited, as Authorised Corporate Director (ACD), is a related party and acts as principal on all the transactions of shares in the fund except with in specie transactions, where M&G Securities Limited acts as an agent. The aggregate monies received through issues, and paid on cancellations, are disclosed in the 'Statement of change in net assets attributable to shareholders' and note 8. Amounts due to/from M&G Securities Limited in respect of share transactions at the year end are disclosed in notes 9 and 11 where applicable.

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

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

At the balance sheet date, shareholders from within M&G plc, of which M&G Securities Limited is a wholly owned subsidiary, have holdings totaling 39.29% (2022: 40.07%) of the fund's shares.

## 16 Fair value analysis

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

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

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

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

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

# Financial statements and notes

## Level 3: Valuation technique using unobservable inputs

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

as at 31 August	Assets 2023 \$'000	Liabilities 2023 \$'000	Assets 2022 \$'000	Liabilities 2022 \$'000
Level 1	762,661	0	753,167	0
Level 2	0	0	0	0
Level 3	0	0	0	0
	<b>762,661</b>	<b>0</b>	<b>753,167</b>	<b>0</b>

## 17 Risk management policies

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

## 18 Market risk sensitivity

A five per cent increase in the value of the fund's investment portfolio would have the effect of increasing the return and net assets by \$38,133,000 (2022: \$37,658,000). A five per cent decrease would have an equal and opposite effect.

## 19 Currency risk sensitivity and exposure

A five per cent increase in the value of the fund's currency exposure would have the effect of increasing the return and net assets by \$14,607,000 (2022: \$15,926,000). A five per cent decrease would have an equal and opposite effect.

as at 31 August	2023 \$'000	2022 \$'000
<b>Currency exposure</b>		
Danish krone	64,924	64,347
Euro	48,584	64,531
Hong Kong dollar	13,022	15,017
Indian rupee	14,718	17,544
Japanese yen	24,721	24,380
Sterling	81,660	89,177
Swiss franc	44,510	43,518
US dollar	489,366	446,815
<b>Total</b>	<b>781,505</b>	<b>765,329</b>

## 20 Interest rate risk sensitivity and exposure

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

# Financial statements and notes

## 21 Credit risk

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

## 22 Dividend distribution tables

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

### Annual distribution period

	Start	End	Xd	Payment
Final	01.09.22	31.08.23	01.09.23	31.10.23

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

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

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

### Sterling Class 'A' Income shares

Ordinary distributions for the year to 31 August	Group 2		Group 1 & 2 Distribution	
	Income	Equalisation	2023	2022
	2023 UK p	2023 UK p	2023 UK p	2022 UK p
Final	5.2069	4.5131	9.7200	8.4119

### Sterling Class 'A' Accumulation shares

Ordinary distributions for the year to 31 August	Group 2		Group 1 & 2 Distribution	
	Income	Equalisation	2023	2022
	2023 UK p	2023 UK p	2023 UK p	2022 UK p
Final	2.6927	2.1815	4.8742	n/a

### Sterling Class 'I' Income shares

Ordinary distributions for the year to 31 August	Group 2		Group 1 & 2 Distribution	
	Income	Equalisation	2023	2022
	2023 UK p	2023 UK p	2023 UK p	2022 UK p
Final	33.7242	14.4935	48.2177	41.5769



# Financial statements and notes

## Sterling Class 'I' Accumulation shares

Ordinary distributions for the year to 31 August	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2023 UK p	2023 UK p	2023 UK p	2022 UK p
Final	15.1897	10.9140	26.1037	14.2776

## Sterling Class 'PP' Income shares

Ordinary distributions for the year to 31 August	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2023 UK p	2023 UK p	2023 UK p	2022 UK p
Final	0.0806	1.5930	1.6736	1.4073

## Sterling Class 'PP' Accumulation shares

Ordinary distributions for the year to 31 August	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2023 UK p	2023 UK p	2023 UK p	2022 UK p
Final	0.4219	0.6780	1.0999	0.7440

## Sterling Class 'R' Income shares

Ordinary distributions for the year to 31 August	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2023 UK p	2023 UK p	2023 UK p	2022 UK p
Final	2.0412	2.7015	4.7427	4.1001

## Sterling Class 'R' Accumulation shares

Ordinary distributions for the year to 31 August	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2023 UK p	2023 UK p	2023 UK p	2022 UK p
Final	1.1022	0.6475	1.7497	0.5041

## 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 15 August 2023 has been used.

## Investment objective

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

## Investment policy

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

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

Derivatives may be used for efficient portfolio management.

## Investment approach

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

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

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

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

## Benchmark

Benchmark: MSCI ACWI Index.

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

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

For 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 12 to 14.

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



### The above number:

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

# Authorised Corporate Director's Report

## Investment review

For the year ended 31 August 2023

### Performance against objective

Between 1 September 2023 (the start of the review period) and 31 August 2023, the fund delivered a positive total return (the combination of income and growth of capital) in US dollars, and a negative return in sterling and euros, but all share classes underperformed the MSCI ACWI Index which returned 5.2% in sterling, 6.1% in euros and 14.5% in US dollars. Consequently, over this 12-month review period, the fund did not meet its objective of providing a higher total return than that of the MSCI ACWI Index, which was introduced as the fund benchmark on 17 November 2017.

Over five years, the fund generated a positive total return across all its share classes but performance relative to its benchmark, the MSCI ACWI Index, was mixed. The fund therefore did not meet the objective over the specified timeframe of five years for all share classes.

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

### Performance review

Global stockmarkets rose during the 12 months under review, in a rally dominated by a handful of new economy giants. The so-called Magnificent Seven – Apple, Microsoft, Alphabet, Amazon.com, NVIDIA, Tesla and Meta Platforms – hogged the limelight from the turn of the year, with the rest of the market lagging far behind. Industrials outperformed among the more economically sensitive sectors, but was ultimately an outlier. Energy and materials generated positive returns but fell short of the MSCI ACWI Index. Financials were held back by the weakness in banks following the collapse of Silicon Valley Bank in the US. Defensive stocks were completely out of favour. Utilities and real estate suffered the biggest losses owing to their perceived interest rate sensitivity, while consumer staples also declined. Healthcare barely eked out a positive return.

From a regional perspective, Europe was the standout performer after strong gains in Germany and France. Japan and the US also outperformed. Asia Pacific ex Japan and emerging markets faltered as China's weakness took its toll.

Against this backdrop, the fund struggled to keep up with its benchmark, the MSCI ACWI Index. First Republic Bank provided the biggest drag on performance after its financial troubles. The stock is no longer held in the fund after being sold during the period.

Crown Castle International and Ørsted declined in the friendless sectors of real estate and utilities, respectively, although fundamentals also played their part. Crown Castle International, a communications towers company which is structured as a real estate investment trust (REIT), reported better-than-expected results for the second quarter but lowered its full-year guidance, citing reduced network spending from telecom carriers. Nokia, the telecom equipment provider which is also held in the fund, also warned of weaker demand in networks infrastructure and mobile networks. We remain as optimistic as ever about the prospects for structural growth in digital infrastructure driven by rising mobile penetration and data usage globally, and we added to both stocks on weakness.

Ørsted, a world leader in offshore wind power generation, came under pressure at the end of the review period after announcing an additional US impairment. The negative surprise dented management credibility, which in turn triggered a substantial derating, but the company maintained its EBITDA guidance and remains well-placed for the long-term opportunity in offshore wind globally. We added to the holding on weakness.

Performance relative to the MSCI ACWI Index was also hampered by the zero exposure to NVIDIA and Meta Platforms. We continue to see more attractively priced long-term growth opportunities elsewhere.

Infineon Technologies led the gains in our semiconductor holdings, while Alphabet, the owner of Google, rallied strongly among the new economy

# Authorised Corporate Director's Report

bellwethers. The share price performance in both cases was backed by solid fundamentals as both companies reported robust operating results during the review period.

Stock selection added value in energy as PrairieSky Royalty made the biggest positive contribution to performance. The Canadian company, which receives royalties from oil & gas bearing landholdings, also delivered from a fundamental perspective and we are hugely excited by the unrecognised potential in the underlying asset base. We continue to believe that the cashflows running into perpetuity with minimal operating costs, capital commitment or environmental liabilities present a compelling opportunity for long-term investors, with the added benefit of industry-leading credentials for sustainability and ESG. Our conviction in the long-term investment case remains as strong as ever and it remains a core holding.

## Investment activities

We made five new purchases and divested six positions during the 12-month review period, a level of turnover consistent with our long-term investment horizon of three to five years.

We were particularly active in the real estate sector as concerns about interest-rate sensitivity triggered an indiscriminate sell-off. We initiated a holding in Segro, which is structured as a REIT, but should not be treated as a bond proxy, in our view, owing to its strong long-term growth credentials. The UK company provides exposure to the structural trend in e-commerce, with its portfolio of strategically located warehouses and fulfilment sites. Elsewhere in REITs, we continued to build our position in Alexandria Real Estate Equities, which provides exposure to life science infrastructure – the critical assets behind the research and development of drugs to address society's ongoing medical needs. Unite, the UK's leading provider of student accommodation, provided a source of cash.

Toray Industries was the second new purchase during the review period. The Japanese company has sustainability at its core as a market leader in carbon composites, which provide the aerospace industry with

fuel efficiency benefits owing to their lighter weight compared to traditional materials. The application of composite technology has expanded into other industries including renewables for use in wind turbines as well as the development of hydrogen as a future fuel.

We invested in BYD in the new calendar year to diversify our exposure to the explosive growth in electric vehicles. We bought the Hong Kong-listed shares. We also participated in the initial public offering (IPO) of Hidroelectrica. The utility has a pivotal role in Romania's economy, as well as the global trend of decarbonisation and the energy transition, and is well placed for the structural growth in renewables capacity, backed by the tailwind of EU policy.

QUALCOMM was the final purchase during the review period. The US semiconductor company provides exposure to the explosive growth in new technologies including Artificial Intelligence (AI) and Internet of Things (IoT). The weakness in the shares following the company's earnings report provided a buying opportunity.

Johnson & Johnson and Unilever provided a source of cash for better ideas. We divested our residual holding in First Republic Bank and exited Kunlun Energy and Weichai Power in China.

We gained three additional holdings by way of spin-offs: Brookfield, Meituan and Fortrea. Brookfield became a new holding after the successful spin-off of a partial stake in its asset management business. We subsequently divested Brookfield Asset Management to consolidate our exposure in Brookfield. Meituan, China's leading food delivery platform which was spun off Tencent, and Fortrea, which was spun out of LabCorp, were sold.

We remained active in our portfolio management, rotating capital away from strong performers and adding to weaker names where the long-term investment case remains intact. We reduced PrairieSky Royalty and Infineon Technologies into strength, and trimmed our holding in Franco-Nevada to manage its position size. We added to Bristol Myers Squibb in healthcare on weakness.

# Authorised Corporate Director's Report

## Outlook

The popular narrative of interest rates staying higher for longer, combined with lingering concerns about a looming recession, provides an uneasy backdrop for financial markets. These challenges require careful consideration, but it is also important, in our view, to distinguish between the broader economy and the discounting mechanism that the financial markets provide.

The concentrated nature of the current stockmarket rally, driven by the stark outperformance of a few new economy giants at the expense of everything else, has been testing for our diversified, valuation-conscious approach, but at the same time, we are convinced that the polarised state of the markets is presenting attractive opportunities for stockpickers with a long-term time horizon. Being selective will be paramount. We are undeterred in our belief that company fundamentals and value drive share prices over the long run and remain resolutely focused on the multi-decade trends that underpin our thematic approach – without overpaying for the cherished prize of growth.

We are convinced that the fund's chosen themes – from the road to zero carbon to cloud and connectivity – will persist for many years to come and that the beneficiaries of these powerful trends can generate profitable growth for a variety of stakeholders, including employees, customers, shareholders and broader society.

The ability to generate cashflow is absolutely critical in our company analysis. We are not investing in hope alone. History is littered with examples of blue-sky concepts which never turned a profit. Valuation is a crucial aspect of our stock selection process and we believe that the opportunities presented by the current market volatility will sow the seeds for future performance. We remain as optimistic as ever about the long-term prospects of the companies we are invested in and remain committed to our investment mantra: 'themes grounded in reality'.

## Alex Araujo

Fund manager

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

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

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

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

# Portfolio statement

## Investments

Holding	as at 31.08.23 \$'000	as at 31.08.23 %	as at 31.08.22 %
<b>Equities</b>	<b>2,879,504</b>	<b>99.13</b>	<b>98.93</b>
<b>United Kingdom</b>	<b>104,460</b>	<b>3.60</b>	<b>3.36</b>
212,777 AstraZeneca	29,041	1.00	
7,998,693 Segro REIT	75,419	2.60	
<b>Austria</b>	<b>58,645</b>	<b>2.02</b>	<b>1.46</b>
1,603,401 Erste Group Bank	58,645	2.02	
<b>Denmark</b>	<b>40,982</b>	<b>1.41</b>	<b>0.96</b>
641,309 Ørsted	40,982	1.41	
<b>Finland</b>	<b>36,707</b>	<b>1.26</b>	<b>1.53</b>
9,238,184 Nokia	36,707	1.26	
<b>France</b>	<b>70,223</b>	<b>2.42</b>	<b>3.02</b>
93,989 L'Oréal	41,489	1.43	
255,742 Vinci	28,734	0.99	
<b>Germany</b>	<b>175,424</b>	<b>6.04</b>	<b>8.06</b>
272,179 Hannover Rueck	58,253	2.01	
1,431,165 Infineon Technologies	51,411	1.77	
271,142 Siemens	41,113	1.41	
1,713,453 Siemens Energy	24,647	0.85	
<b>Italy</b>	<b>29,050</b>	<b>1.00</b>	<b>0.99</b>
4,292,873 Enel	29,050	1.00	
<b>Netherlands</b>	<b>29,527</b>	<b>1.02</b>	<b>1.48</b>
143,574 NXP Semiconductors	29,527	1.02	
<b>Spain</b>	<b>25,919</b>	<b>0.89</b>	<b>2.01</b>
871,299 Acciona Energias Renovables	25,919	0.89	
<b>Switzerland</b>	<b>86,964</b>	<b>2.99</b>	<b>3.55</b>
279,591 Garmin	29,595	1.02	
193,631 Roche	57,369	1.97	
<b>United States</b>	<b>1,268,065</b>	<b>43.65</b>	<b>41.64</b>
101,808 Air Products & Chemicals	30,112	1.04	
494,684 Alexandria Real Estate Equities REIT	58,240	2.01	
898,172 Alphabet	121,810	4.19	
156,633 American Tower REIT	28,602	0.98	
207,928 American Water Works	29,006	1.00	

# Portfolio statement

## Investments (continued)

Holding	as at 31.08.23 \$'000	as at 31.08.23 %	as at 31.08.22 %
<b>Equities (continued)</b>			
<b>United States (continued)</b>			
229,150 Becton Dickinson	64,284	2.21	
985,693 Bristol-Myers Squibb	61,552	2.12	
196,550 Cheniere Energy	32,352	1.11	
1,269,770 Comcast	60,244	2.07	
671,633 Crown Castle International REIT	68,363	2.35	
1,345,270 CSX	41,247	1.42	
644,036 CVS Health	43,045	1.48	
68,059 Elevance Health	31,299	1.08	
55,668 Equinix	44,110	1.52	
2,671,611 Intel	91,689	3.16	
137,841 LabCorp	29,264	1.01	
66,331 Martin Marietta Materials	29,593	1.02	
355,149 Microsoft	116,681	4.02	
102,404 Motorola Solutions	29,036	1.00	
430,925 NextEra Energy	28,813	0.99	
442,496 ONEOK	29,014	1.00	
152,010 PepsiCo	27,441	0.95	
390,151 QUALCOMM	43,978	1.51	
195,880 Republic Services	28,582	0.98	
123,259 Visa	30,505	1.05	
309,230 Walt Disney	26,096	0.90	
1,302,157 Weyerhaeuser REIT	43,107	1.48	
<b>Canada</b>	<b>451,213</b>	<b>15.53</b>	<b>16.46</b>
2,212,370 Brookfield	75,670	2.60	
601,797 Franco-Nevada	86,469	2.98	
154,351 Lululemon Athletica	58,357	2.01	
1,253,572 Magna International	72,448	2.49	
3,119,121 Manulife Financial	57,523	1.98	
5,231,217 PrairieSky Royalty	100,746	3.47	
<b>Japan</b>	<b>142,803</b>	<b>4.92</b>	<b>3.21</b>
269,000 Shimano	39,400	1.36	

# Portfolio statement

## Investments (continued)

Holding	as at 31.08.23 \$'000	as at 31.08.23 %	as at 31.08.22 %
<b>Equities (continued)</b>			
<b>Japan (continued)</b>			
10,795,900 Toray Industries	57,905	1.99	
2,644,900 Toyota Motor	45,498	1.57	
<b>Australia</b>	<b>30,423</b>	<b>1.05</b>	<b>1.94</b>
326,423 Erinbar <sup>a</sup>	0	0.00	
21,252,161 Starpharma	1,993	0.07	
3,317,589 Transurban	28,430	0.98	
<b>China</b>	<b>74,194</b>	<b>2.55</b>	<b>0.96</b>
2,375,500 BYD	74,194	2.55	
<b>Hong Kong</b>	<b>127,437</b>	<b>4.39</b>	<b>5.45</b>
4,778,568 AIA	43,201	1.49	
2,043,800 Tencent	84,236	2.90	
<b>Singapore</b>	<b>29,917</b>	<b>1.03</b>	<b>1.05</b>
1,214,078 DBS	29,917	1.03	
<b>South Korea</b>	<b>40,769</b>	<b>1.40</b>	<b>1.80</b>
805,486 Samsung Electronics	40,769	1.40	
<b>Romania</b>	<b>56,782</b>	<b>1.96</b>	<b>0.00</b>
2,289,459 Hidroelectrica	56,782	1.96	
<b>Total portfolio</b>	<b>2,879,504</b>	<b>99.13</b>	<b>98.93</b>
<b>Net other assets/(liabilities)</b>	<b>25,294</b>	<b>0.87</b>	<b>1.07</b>
<b>Net assets attributable to shareholders</b>	<b>2,904,798</b>	<b>100.00</b>	<b>100.00</b>

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

<sup>a</sup> Unlisted/unquoted.



# Portfolio statement

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

Largest purchases	\$'000
Segro REIT	90,554
BYD	67,940
Alexandria Real Estate Equities REIT	57,253
Toray Industries	56,772
Brookfield	53,400
Hidroelectrica	52,677
Crown Castle International REIT	46,013
QUALCOMM	43,534
Franco-Nevada	36,943
Ørsted	35,604
Other purchases	587,768
<b>Total purchases</b>	<b>1,128,458</b>

Largest sales	\$'000
PrairieSky Royalty	83,508
Infineon Technologies	66,736
Unilever	53,957
Lululemon Athletica	50,352
Siemens	46,999
Franco-Nevada	46,776
Siemens	45,353
Johnson & Johnson	41,326
Microsoft	36,713
Air Products & Chemicals	32,976
Other sales	712,675
<b>Total sales</b>	<b>1,217,371</b>

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

# Financial highlights

## Fund performance

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

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

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

## Long-term performance by share class

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

Share class	One year % <sup>a</sup>	Three years % pa	Five years % pa	Ten years % pa
<b>Euro</b>				
Class 'A' Income	-1.6	+10.1	+8.8	+7.6
Class 'A' Accumulation	-1.6	+10.1	+8.8	+7.6
Class 'C' Income	-0.6	+11.3	+9.9	n/a
Class 'C' Accumulation	-0.6	+11.2	+9.9	+8.6
<b>Benchmark (EUR)<sup>b</sup></b>	<b>+6.1</b>	<b>+11.3</b>	<b>+9.5</b>	<b>+10.5</b>
<b>Sterling</b>				
Class 'A' Income	-1.2	+9.2	+8.4	+8.0
Class 'A' Accumulation	-1.2	+9.2	+8.4	+8.0
Class 'I' Income	-0.8	+9.7	+8.9	+8.7
Class 'I' Accumulation	-0.8	+9.7	+8.9	+8.7
Class 'PP' Income	-0.6	+9.9	n/a	n/a
Class 'PP' Accumulation	-0.6	+9.9	n/a	n/a
Class 'R' Income	-1.0	+9.4	+8.6	+8.4
Class 'R' Accumulation	-1.0	+9.4	+8.7	+8.4
<b>Benchmark (GBP)<sup>b</sup></b>	<b>+5.2</b>	<b>+9.7</b>	<b>+8.5</b>	<b>+10.6</b>
<b>US dollar</b>				
Class 'A' Accumulation	+7.2	+6.9	+7.3	+5.5
Class 'C' Accumulation	n/a	n/a	n/a	n/a
<b>Benchmark (USD)<sup>b</sup></b>	<b>+14.5</b>	<b>+7.7</b>	<b>+8.0</b>	<b>+8.4</b>

<sup>a</sup> Not annualised.

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

# Financial highlights

## Specific share class performance

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

## Euro Class 'A' Income share performance

The share class was launched on 12 July 2013.

for the year to 31 August Change in NAV per share	2023 Euro €	2022 Euro €	2021 Euro €
Opening NAV	4,473.69	4,442.19	3,413.00
Return before operating charges	27.06	211.22	1,172.60
Operating charges	(85.23)	(84.96)	(73.31)
Return after operating charges	(58.17)	126.26	1,099.29
Distributions	(85.85)	(94.76)	(70.10)
Closing NAV	4,329.67	4,473.69	4,442.19
Direct transaction costs	Euro €	Euro €	Euro €
Costs before dilution adjustments	2.69	1.61	1.75
Dilution adjustments	(0.21)	(0.23)	(0.58)
Total direct transaction costs	2.48	1.38	1.17
Performance and charges	%	%	%
Direct portfolio transaction costs	0.06	0.03	0.03
Operating charges	1.95	1.86	1.86
Return after charges	-1.30	+2.84	+32.21
Other information			
Closing NAV (\$'000)	5,464	5,526	5,817
Number of shares	116,074	123,773	110,647
Highest share price (Euro €)	4,565.15	4,791.79	4,526.78
Lowest share price (Euro €)	4,052.61	4,234.52	3,281.37

## Euro Class 'A' Accumulation share performance

The share class was launched on 28 November 2001.

for the year to 31 August Change in NAV per share	2023 Euro €	2022 Euro €	2021 Euro €
Opening NAV	5,048.01	4,908.76	3,713.22
Return before operating charges	32.12	233.11	1,276.08
Operating charges	(96.21)	(93.86)	(80.54)
Return after operating charges	(64.09)	139.25	1,195.54
Distributions	(7.30)	(2.32)	0.00
Retained distributions	7.30	2.32	0.00
Closing NAV	4,983.92	5,048.01	4,908.76
Direct transaction costs	Euro €	Euro €	Euro €
Costs before dilution adjustments	3.03	1.78	1.93
Dilution adjustments	(0.23)	(0.25)	(0.64)
Total direct transaction costs	2.80	1.53	1.29
Performance and charges	%	%	%
Direct portfolio transaction costs	0.06	0.03	0.03
Operating charges	1.95	1.86	1.86
Return after charges	-1.27	+2.84	+32.20
Other information			
Closing NAV (\$'000)	1,858,604	1,771,256	2,084,155
Number of shares	34,299,357	35,160,310	35,876,406
Highest share price (Euro €)	5,152.82	5,294.80	4,924.51
Lowest share price (Euro €)	4,578.86	4,679.03	3,569.67

# Financial highlights

## Euro Class 'C' Income share performance

The share class was launched on 8 August 2014.

for the year to 31 August Change in NAV per share	2023 Euro ¢	2022 Euro ¢	2021 Euro ¢
Opening NAV	5,325.02	5,234.80	3,981.39
Return before operating charges	33.37	249.49	1,375.87
Operating charges	(49.67)	(46.50)	(40.26)
Return after operating charges	(16.30)	202.99	1,335.61
Distributions	(102.40)	(112.77)	(82.20)
Closing NAV	5,206.32	5,325.02	5,234.80
Direct transaction costs	Euro ¢	Euro ¢	Euro ¢
Costs before dilution adjustments	3.21	1.91	2.08
Dilution adjustments	(0.25)	(0.27)	(0.69)
Total direct transaction costs	2.96	1.64	1.39
Performance and charges	%	%	%
Direct portfolio transaction costs	0.06	0.03	0.03
Operating charges	0.95	0.86	0.86
Return after charges	-0.31	+3.88	+33.55
Other information			
Closing NAV (\$'000)	80	1,812	1,995
Number of shares	1,405	34,105	32,205
Highest share price (Euro ¢)	5,483.50	5,701.24	5,331.30
Lowest share price (Euro ¢)	4,830.55	5,030.64	3,830.79

## Euro Class 'C' Accumulation share performance

The share class was launched on 28 November 2001.

for the year to 31 August Change in NAV per share	2023 Euro ¢	2022 Euro ¢	2021 Euro ¢
Opening NAV	6,169.33	5,939.35	4,447.84
Return before operating charges	37.02	282.74	1,525.63
Operating charges	(56.62)	(52.76)	(34.12)
Return after operating charges	(19.60)	229.98	1,491.51
Distributions	(72.88)	(70.13)	(46.39)
Retained distributions	72.88	70.13	46.39
Closing NAV	6,149.73	6,169.33	5,939.35
Direct transaction costs	Euro ¢	Euro ¢	Euro ¢
Costs before dilution adjustments	3.66	2.16	1.76
Dilution adjustments	(0.28)	(0.30)	(0.58)
Total direct transaction costs	3.38	1.86	1.18
Performance and charges	%	%	%
Direct portfolio transaction costs	0.06	0.03	0.03
Operating charges	0.95	0.86	0.86
Return after charges	-0.32	+3.87	+33.53
Other information			
Closing NAV (\$'000)	6,996	6,715	7,593
Number of shares	104,632	109,064	108,022
Highest share price (Euro ¢)	6,352.21	6,468.22	5,955.32
Lowest share price (Euro ¢)	5,603.83	5,707.42	4,279.18

# Financial highlights

## Sterling Class 'A' Income share performance

The share class was launched on 28 February 1973.

for the year to 31 August	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	1,276.07	1,259.79	1,002.02
Return before operating charges	5.72	59.09	292.57
Operating charges	(17.12)	(16.03)	(14.98)
Return after operating charges	(11.40)	43.06	277.59
Distributions	(24.46)	(26.78)	(19.82)
Closing NAV	1,240.21	1,276.07	1,259.79
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.78	0.45	0.51
Dilution adjustments	(0.06)	(0.06)	(0.17)
Total direct transaction costs	0.72	0.39	0.34
Performance and charges	%	%	%
Direct portfolio transaction costs	0.06	0.03	0.03
Operating charges	1.35	1.26	1.31
Return after charges	-0.89	+3.42	+27.70
Other information			
Closing NAV (\$'000)	174,643	180,899	167,319
Number of shares	11,105,519	12,204,358	9,645,880
Highest share price (UK p)	1,342.42	1,340.14	1,278.78
Lowest share price (UK p)	1,177.88	1,188.13	977.16

## Sterling Class 'A' Accumulation share performance

The share class was launched on 28 February 1973.

for the year to 31 August	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	2,176.96	2,105.14	1,648.62
Return before operating charges	10.31	98.65	481.19
Operating charges	(29.19)	(26.83)	(24.67)
Return after operating charges	(18.88)	71.82	456.52
Distributions	(15.53)	(14.75)	(8.18)
Retained distributions	15.53	14.75	8.18
Closing NAV	2,158.08	2,176.96	2,105.14
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	1.33	0.75	0.84
Dilution adjustments	(0.10)	(0.11)	(0.28)
Total direct transaction costs	1.23	0.64	0.56
Performance and charges	%	%	%
Direct portfolio transaction costs	0.06	0.03	0.03
Operating charges	1.35	1.26	1.30
Return after charges	-0.87	+3.41	+27.69
Other information			
Closing NAV (\$'000)	325,797	362,310	355,260
Number of shares	11,905,840	14,327,902	12,256,391
Highest share price (UK p)	2,290.80	2,239.29	2,103.76
Lowest share price (UK p)	2,012.09	1,985.28	1,607.56

# Financial highlights

## Sterling Class 'I' Income share performance

The share class was launched on 3 August 2012.

for the year to 31 August	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	2,197.00	2,160.97	1,711.05
Return before operating charges	9.75	101.70	500.79
Operating charges	(20.81)	(18.92)	(16.94)
Return after operating charges	(11.06)	82.78	483.85
Distributions	(42.30)	(46.75)	(33.93)
Closing NAV	2,143.64	2,197.00	2,160.97
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	1.35	0.78	0.88
Dilution adjustments	(0.10)	(0.11)	(0.29)
Total direct transaction costs	1.25	0.67	0.59
Performance and charges	%	%	%
Direct portfolio transaction costs	0.06	0.03	0.03
Operating charges	0.95	0.86	0.86
Return after charges	-0.50	+3.83	+28.28
Other information			
Closing NAV (\$'000)	67,252	58,986	72,505
Number of shares	2,474,186	2,311,341	2,436,770
Highest share price (UK p)	2,315.27	2,307.64	2,193.46
Lowest share price (UK p)	2,028.98	2,042.01	1,670.01

## Sterling Class 'I' Accumulation share performance

The share class was launched on 3 August 2012.

for the year to 31 August	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	2,587.97	2,492.60	1,943.31
Return before operating charges	12.36	117.12	568.53
Operating charges	(24.54)	(21.75)	(19.24)
Return after operating charges	(12.18)	95.37	549.29
Distributions	(28.28)	(29.17)	(19.47)
Retained distributions	28.28	29.17	19.47
Closing NAV	2,575.79	2,587.97	2,492.60
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	1.59	0.89	1.00
Dilution adjustments	(0.12)	(0.12)	(0.33)
Total direct transaction costs	1.47	0.77	0.67
Performance and charges	%	%	%
Direct portfolio transaction costs	0.06	0.03	0.03
Operating charges	0.95	0.86	0.86
Return after charges	-0.47	+3.83	+28.27
Other information			
Closing NAV (\$'000)	405,150	344,826	369,113
Number of shares	12,404,711	11,470,538	10,754,838
Highest share price (UK p)	2,728.12	2,661.63	2,490.96
Lowest share price (UK p)	2,393.20	2,355.25	1,896.51

# Financial highlights

## Sterling Class 'PP' Income share performance

The share class was launched on 5 August 2019.

for the year to 31 August	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	131.22	128.77	101.76
Return before operating charges	0.60	6.08	29.86
Operating charges	(0.99)	(0.86)	(0.83)
Return after operating charges	(0.39)	5.22	29.03
Distributions	(2.49)	(2.77)	(2.02)
Closing NAV	128.34	131.22	128.77
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.08	0.05	0.06
Dilution adjustments	(0.01)	(0.01)	(0.02)
Total direct transaction costs	0.07	0.04	0.04
Performance and charges	%	%	%
Direct portfolio transaction costs	0.06	0.03	0.03
Operating charges	0.75	0.66	0.66
Return after charges	-0.30	+4.05	+28.53
Other information			
Closing NAV (\$'000)	3,684	1,686	2,422
Number of shares	2,263,939	1,106,506	1,366,092
Highest share price (UK p)	138.40	137.78	130.71
Lowest share price (UK p)	121.21	121.81	99.35

## Sterling Class 'PP' Accumulation share performance

The share class was launched on 8 April 2019.

for the year to 31 August	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	154.73	148.73	115.72
Return before operating charges	0.75	7.00	33.90
Operating charges	(1.17)	(1.00)	(0.89)
Return after operating charges	(0.42)	6.00	33.01
Distributions	(1.99)	(2.06)	(1.42)
Retained distributions	1.99	2.06	1.42
Closing NAV	154.31	154.73	148.73
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.10	0.05	0.06
Dilution adjustments	(0.01)	(0.01)	(0.02)
Total direct transaction costs	0.09	0.04	0.04
Performance and charges	%	%	%
Direct portfolio transaction costs	0.06	0.03	0.03
Operating charges	0.75	0.66	0.66
Return after charges	-0.27	+4.03	+28.53
Other information			
Closing NAV (\$'000)	2,252	1,014	958
Number of shares	1,150,777	564,411	468,034
Highest share price (UK p)	163.26	159.12	148.63
Lowest share price (UK p)	143.12	140.66	112.97



# Financial highlights

## Sterling Class 'R' Income share performance

The share class was launched on 3 August 2012.

for the year to 31 August	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	216.55	213.54	169.51
Return before operating charges	0.96	10.04	49.56
Operating charges	(2.59)	(2.41)	(2.17)
Return after operating charges	(1.63)	7.63	47.39
Distributions	(4.15)	(4.62)	(3.36)
Closing NAV	210.77	216.55	213.54
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.13	0.08	0.09
Dilution adjustments	(0.01)	(0.01)	(0.03)
Total direct transaction costs	0.12	0.07	0.06
Performance and charges	%	%	%
Direct portfolio transaction costs	0.06	0.03	0.03
Operating charges	1.20	1.11	1.11
Return after charges	-0.75	+3.57	+27.96
Other information			
Closing NAV (\$'000)	5,635	5,062	6,159
Number of shares	2,108,533	2,012,246	2,094,676
Highest share price (UK p)	227.95	227.48	216.75
Lowest share price (UK p)	199.92	201.54	165.37

## Sterling Class 'R' Accumulation share performance

The share class was launched on 3 August 2012.

for the year to 31 August	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	252.40	243.71	190.48
Return before operating charges	1.20	11.44	55.67
Operating charges	(3.01)	(2.75)	(2.44)
Return after operating charges	(1.81)	8.69	53.23
Distributions	(2.16)	(2.18)	(1.36)
Retained distributions	2.16	2.18	1.36
Closing NAV	250.59	252.40	243.71
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.15	0.09	0.10
Dilution adjustments	(0.01)	(0.01)	(0.03)
Total direct transaction costs	0.14	0.08	0.07
Performance and charges	%	%	%
Direct portfolio transaction costs	0.06	0.03	0.03
Operating charges	1.20	1.11	1.11
Return after charges	-0.72	+3.57	+27.95
Other information			
Closing NAV (\$'000)	26,050	25,701	29,568
Number of shares	8,198,421	8,765,926	8,811,115
Highest share price (UK p)	265.78	259.62	243.55
Lowest share price (UK p)	233.33	230.00	185.82

# Financial highlights

## US dollar Class 'A' Accumulation share performance

The share class was launched on 9 March 2007.

for the year to 31 August	2023	2022	2021
Change in NAV per share	US ¢	US ¢	US ¢
Opening NAV	1,786.45	2,060.07	1,567.50
Return before operating charges	171.30	(237.10)	526.92
Operating charges	(36.12)	(36.52)	(34.35)
Return after operating charges	135.18	(273.62)	492.57
Distributions	(2.85)	(0.65)	0.00
Retained distributions	2.85	0.65	0.00
Closing NAV	1,921.63	1,786.45	2,060.07
Direct transaction costs	US ¢	US ¢	US ¢
Costs before dilution adjustments	1.14	0.69	0.82
Dilution adjustments	(0.09)	(0.10)	(0.27)
Total direct transaction costs	1.05	0.59	0.55
Performance and charges	%	%	%
Direct portfolio transaction costs	0.06	0.03	0.03
Operating charges	1.95	1.86	1.86
Return after charges	+7.57	-13.28	+31.42
Other information			
Closing NAV (\$'000)	23,170	24,463	26,590
Number of shares	1,205,761	1,369,355	1,290,733
Highest share price (US ¢)	2,021.92	2,103.79	2,058.72
Lowest share price (US ¢)	1,583.41	1,730.45	1,473.79

## US dollar Class 'C' Accumulation share performance

The share class was launched on 17 November 2022.

for the period to 31 August	2023
Change in NAV per share	US ¢
Opening NAV	1,000.00
Return before operating charges	77.62
Operating charges	(8.20)
Return after operating charges	69.42
Distributions	(10.00)
Retained distributions	10.00
Closing NAV	1,069.42
Direct transaction costs	US ¢
Costs before dilution adjustments	0.51
Dilution adjustments	(0.04)
Total direct transaction costs	0.47
Performance and charges	%
Direct portfolio transaction costs	0.06
Operating charges	0.96
Return after charges	+6.94
Other information	
Closing NAV (\$'000)	21
Number of shares	2,000
Highest share price (US ¢)	1,124.17
Lowest share price (US ¢)	981.31

# Financial statements and notes

## Financial statements

### Statement of total return

for the year to 31 August	Note	2023		2022	
		\$'000	\$'000	\$'000	\$'000
<b>Income</b>					
Net capital gains/(losses)	3		208,931		(427,557)
Revenue	5	65,418		65,751	
Expenses	6	(45,450)		(48,963)	
Interest payable and similar charges		(4)		(45)	
Net revenue/(expense) before taxation		19,964		16,743	
Taxation	7	(7,913)		(8,120)	
Net revenue/(expense) after taxation			12,051		8,623
<b>Total return before distributions</b>			<b>220,982</b>		<b>(418,934)</b>
Distributions	8		(15,462)		(12,729)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>205,520</b>		<b>(431,663)</b>

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

for the year to 31 August	2023		2022	
	\$'000	\$'000	\$'000	\$'000
<b>Opening net assets attributable to shareholders</b>		<b>2,790,256</b>		<b>3,289,801</b>
Amounts received on issue of shares		139,120		107,908
Amounts paid on cancellation of shares		(240,239)		(183,555)
			(101,119)	(75,647)
Dilution adjustments		239		281
Change in net assets attributable to shareholders from investment activities (see above)		205,520		(431,663)
Retained distributions on Accumulation shares		9,888		7,477
Unclaimed distributions		14		7
<b>Closing net assets attributable to shareholders</b>		<b>2,904,798</b>		<b>2,790,256</b>

# Financial statements and notes

## Financial statements

### Balance sheet

as at 31 August	Note	2023 \$'000	2022 \$'000
<b>Assets</b>			
<b>Fixed assets</b>			
Investments		2,879,504	2,760,399
<b>Current assets</b>			
Debtors	9	17,913	8,536
Cash and bank balances	10	9,537	28,529
Cash equivalents		19,573	0
<b>Total assets</b>		<b>2,926,527</b>	<b>2,797,464</b>
<b>Liabilities</b>			
<b>Creditors</b>			
Distribution payable		(5,063)	(5,350)
Other creditors	11	(16,666)	(1,858)
<b>Total liabilities</b>		<b>(21,729)</b>	<b>(7,208)</b>
<b>Net assets attributable to shareholders</b>		<b>2,904,798</b>	<b>2,790,256</b>

# Financial statements and notes

## Notes to the financial statements

### 1 Accounting policies

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

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

### 2 Distribution policy

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

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

### 3 Net capital gains/(losses)

for the year to 31 August	2023 \$'000	2022 \$'000
Non-derivative securities	206,861	(427,212)
Capital gains on US REIT	2,460	5,793
Currency gains/(losses)	(390)	(6,138)
<b>Net capital gains/(losses)</b>	<b>208,931</b>	<b>(427,557)</b>

# 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 August	2023 \$'000	% of transaction	2022 \$'000	% of transaction
<b>a) Purchases</b>				
<b>Equities</b>				
Equities before transaction costs	1,127,324		1,033,911	
Commissions	467	0.04	360	0.03
Taxes	667	0.06	343	0.03
<b>Equities after transaction costs</b>	<b>1,128,458</b>		<b>1,034,614</b>	
<b>Other transaction types</b>				
Corporate actions	0		570	
<b>Total purchases after transaction costs</b>	<b>1,128,458</b>		<b>1,035,184</b>	
<b>b) Sales</b>				
<b>Equities</b>				
Equities before transaction costs	1,218,005		1,081,173	
Commissions	(456)	0.04	(350)	0.03
Taxes	(178)	0.01	(33)	0.00
<b>Total sales after transaction costs</b>	<b>1,217,371</b>		<b>1,080,790</b>	
	2023 \$'000	% of average NAV	2022 \$'000	% of average NAV
<b>c) Direct portfolio transaction costs</b>				
<b>Commissions paid</b>				
Equities	923	0.03	710	0.02
<b>Taxes paid</b>				
Equities	845	0.03	376	0.01
<b>Total direct portfolio transaction costs</b>	<b>1,768</b>	<b>0.06</b>	<b>1,086</b>	<b>0.03</b>
		%		%
<b>d) Indirect portfolio transaction costs</b>				
Average portfolio dealing spread as at the balance sheet date		0.09		0.14

# Financial statements and notes

## 5 Revenue

for the year to 31 August	2023 \$'000	2022 \$'000
Bank interest	81	9
Dividends from equity investments: non-taxable	57,869	60,390
Dividends from equity investments: taxable	2,072	2,194
Interest distributions	527	0
Property distribution: non-taxable	1,029	0
Property distribution: taxable	3,832	3,158
Rebate of ongoing charges from underlying funds	8	0
<b>Total revenue</b>	<b>65,418</b>	<b>65,751</b>

## 6 Expenses

for the year to 31 August	2023 \$'000	2022 \$'000
<b>Payable to the ACD or associate</b>		
Annual charge	45,450	48,963
<b>Total expenses</b>	<b>45,450</b>	<b>48,963</b>

Audit fees for the financial year ending 2023 were £11,000 (2022: £11,000) (including VAT), which are covered by the annual charge.

# Financial statements and notes

## 7 Taxation

for the year to 31 August	2023 \$'000	2022 \$'000
<b>a) Analysis of charge in the year</b>		
Corporation tax	0	0
Withholding tax	7,544	7,251
Capital gains tax (US)	369	869
Deferred tax (note 7c)	0	0
<b>Total taxation</b>	<b>7,913</b>	<b>8,120</b>
<b>b) Factors affecting taxation charge for the year</b>		
Net revenue/(expense) before taxation	19,964	16,743
Corporation tax at 20%	3,993	3,349
<b>Effects of:</b>		
Dividends from equity investments: non-taxable	(11,574)	(12,083)
Capital income subject to taxation	492	1,158
Current year expenses not utilised	7,519	7,863
Withholding tax	7,544	7,251
Withholding tax expensed	(225)	(287)
Capital gains tax (US)	369	869
Property income distributions: non-taxable	(205)	0
<b>Total tax charge (note 7a)</b>	<b>7,913</b>	<b>8,120</b>
<b>c) Provision for deferred taxation</b>		
Provision at the start of the year	0	0
Deferred tax in profit and loss account (note 7a)	0	0
<b>Provision at the end of the year</b>	<b>0</b>	<b>0</b>

The fund has not recognised a deferred tax asset of \$209,326,000 (2022: \$201,807,000) arising as a result of having excess management expenses. We do not expect this asset to be utilised in the foreseeable future.



# Financial statements and notes

## 8 Distributions

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

for the year to 31 August	2023		2022	
	Inc \$'000	Acc \$'000	Inc \$'000	Acc \$'000
<b>Dividend distributions</b>				
Final	5,063	9,888	5,350	7,477
Total net distributions		14,951		12,827
Income deducted on cancellation of shares		1,297		1,923
Income received on issue of shares		(786)		(2,021)
<b>Distributions</b>		<b>15,462</b>		<b>12,729</b>
Net revenue/(expense) per statement of total return		12,051		8,623
Expenses offset against capital		3,042		3,408
Capital gains tax offset against capital		369		869
Transfer to capital of income earned in the period		0		(171)
<b>Distributions</b>		<b>15,462</b>		<b>12,729</b>

## 9 Debtors

as at 31 August	2023 \$'000	2022 \$'000
Amounts receivable from M&G Global Leaders Fund	84	318
Amounts receivable on issues of shares	2,113	778
Currency deals outstanding	6,419	0
Distributions receivable	59	0
Dividends receivable	4,113	3,203
Sales awaiting settlement	1,474	1,157
Withholding tax recoverable	3,651	3,080
<b>Total debtors</b>	<b>17,913</b>	<b>8,536</b>

## 10 Cash and bank balances

as at 31 August	2023 \$'000	2022 \$'000
Cash held as bank balances	9,537	28,529
<b>Total cash and bank balances</b>	<b>9,537</b>	<b>28,529</b>

# Financial statements and notes

## 11 Other creditors

as at 31 August	2023 \$'000	2022 \$'000
Amounts payable on cancellation of shares	3,352	732
Annual charge payable	1,241	1,126
Currency deals outstanding	6,417	0
Purchases awaiting settlement	5,656	0
<b>Total other creditors</b>	<b>16,666</b>	<b>1,858</b>

## 12 Contingent assets, liabilities and outstanding commitments

There were no contingent assets, liabilities or outstanding commitments at the balance sheet date (2022: 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		Movements		Closing 31.08.23
	01.09.22	Issued	Cancelled	Converted	
<b>Euro</b>					
Class 'A' Income	123,773	15,288	(22,987)	0	116,074
Class 'A' Accumulation	35,160,310	233,198	(1,094,151)	0	34,299,357
Class 'C' Income	34,105	0	(32,700)	0	1,405
Class 'C' Accumulation	109,064	547,045	(551,477)	0	104,632
<b>Sterling</b>					
Class 'A' Income	12,204,358	139,709	(1,238,548)	0	11,105,519
Class 'A' Accumulation	14,327,902	165,707	(2,587,769)	0	11,905,840
Class 'I' Income	2,311,341	368,827	(205,982)	0	2,474,186
Class 'I' Accumulation	11,470,538	2,272,901	(1,338,728)	0	12,404,711
Class 'PP' Income	1,106,506	1,364,044	(206,611)	0	2,263,939
Class 'PP' Accumulation	564,411	775,332	(188,966)	0	1,150,777
Class 'R' Income	2,012,246	222,097	(125,810)	0	2,108,533
Class 'R' Accumulation	8,765,926	332,109	(899,614)	0	8,198,421
<b>US dollar</b>					
Class 'A' Accumulation	1,369,355	65,627	(229,221)	0	1,205,761
Class 'C' Accumulation	0	2,000	0	0	2,000

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

# Financial statements and notes

## 14 Charging structure

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

Share class	Annual charge %
<b>Euro</b>	
Class 'A'	1.90
Class 'C'	0.90
<b>Sterling</b>	
Class 'A'	1.30
Class 'I'	0.90
Class 'PP'	0.70
Class 'R'	1.15
<b>US dollar</b>	
Class 'A'	1.90
Class 'C'	0.90

## 15 Related parties

M&G Securities Limited, as Authorised Corporate Director (ACD), is a related party and acts as principal on all the transactions of shares in the fund except with in specie transactions, where M&G Securities Limited acts as an agent. The aggregate monies received through issues, and paid on cancellations, are disclosed in the 'Statement of change in net assets attributable to shareholders' and note 8. Amounts due to/from M&G Securities Limited in respect of share transactions at the year end are disclosed in notes 9 and 11 where applicable.

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

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

At the balance sheet date, shareholders from within M&G plc, of which M&G Securities Limited is a wholly owned subsidiary, have holdings totaling 5.12% (2022: 4.82%) 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.

# Financial statements and notes

## Level 2: Valuation technique using observable market data

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

## Level 3: Valuation technique using unobservable inputs

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

as at 31 August	Assets 2023 \$'000	Liabilities 2023 \$'000	Assets 2022 \$'000	Liabilities 2022 \$'000
Basis of valuation				
Level 1	2,879,504	0	2,760,399	0
Level 2	0	0	0	0
Level 3	0	0	0	0
	<b>2,879,504</b>	<b>0</b>	<b>2,760,399</b>	<b>0</b>

## 17 Risk management policies

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

## 18 Market risk sensitivity

A five per cent increase in the value of the fund's investment portfolio would have the effect of increasing the return and net assets by \$143,975,000 (2022: \$138,020,000). A five per cent decrease would have an equal and opposite effect.

# Financial statements and notes

## 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 \$65,626,000 (2022: \$63,438,000). A five per cent decrease would have an equal and opposite effect.

as at 31 August	2023 \$'000	2022 \$'000
<b>Currency exposure</b>		
Australian dollar	30,423	54,026
Canadian dollar	191,824	214,729
Danish krone	41,154	26,989
Euro	399,021	478,227
Hong Kong dollar	203,351	178,687
Japanese yen	144,456	89,780
New Romanian leu	56,782	0
Singapore dollar	30,349	29,417
South Korean won	40,769	50,267
Sterling	116,257	90,403
Swiss franc	58,128	56,237
US dollar	1,592,284	1,521,494
<b>Total</b>	<b>2,904,798</b>	<b>2,790,256</b>

## 20 Interest rate risk sensitivity and exposure

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

## 21 Credit risk

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

## 22 Dividend distribution tables

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

### Annual distribution period

	Start	End	Xd	Payment
Final	01.09.22	31.08.23	01.09.23	31.10.23

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

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

Group 2 shares are those purchased during a distribution period and therefore their distribution rate is made up of income and equalisation. Equalisation is the average amount of income included in the purchase price of all Group 2

# Financial statements and notes

shares and is refunded to the holders of these shares as a return of capital. Being capital it is not liable to Income Tax. Instead, it must be deducted from the cost of shares for Capital Gains Tax purposes. The tables below show the split of the Group 2 rates into the income and equalisation components.

## Euro Class 'A' Income shares

Ordinary distributions for the year to 31 August	Group 2		Group 1 & 2 Distribution	
	Income 2023	Equalisation 2023	2023	2022
	Euro ¢	Euro ¢	Euro ¢	Euro ¢
Final	59.6700	26.1780	85.8480	94.7559

## Euro Class 'A' Accumulation shares

Ordinary distributions for the year to 31 August	Group 2		Group 1 & 2 Distribution	
	Income 2023	Equalisation 2023	2023	2022
	Euro ¢	Euro ¢	Euro ¢	Euro ¢
Final	7.3004	0.0032	7.3036	2.3183

## Euro Class 'C' Income shares

Ordinary distributions for the year to 31 August	Group 2		Group 1 & 2 Distribution	
	Income 2023	Equalisation 2023	2023	2022
	Euro ¢	Euro ¢	Euro ¢	Euro ¢
Final	102.4038	0.0000	102.4038	112.7706

## Euro Class 'C' Accumulation shares

Ordinary distributions for the year to 31 August	Group 2		Group 1 & 2 Distribution	
	Income 2023	Equalisation 2023	2023	2022
	Euro ¢	Euro ¢	Euro ¢	Euro ¢
Final	67.5314	5.3498	72.8812	70.1285

## Sterling Class 'A' Income shares

Ordinary distributions for the year to 31 August	Group 2		Group 1 & 2 Distribution	
	Income 2023	Equalisation 2023	2023	2022
	UK p	UK p	UK p	UK p
Final	17.6054	6.8512	24.4566	26.7765

# Financial statements and notes

## Sterling Class 'A' Accumulation shares

Ordinary distributions for the year to 31 August	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2023 UK p	2023 UK p	2023 UK p	2022 UK p
Final	9.8963	5.6293	15.5256	14.7531

## Sterling Class 'I' Income shares

Ordinary distributions for the year to 31 August	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2023 UK p	2023 UK p	2023 UK p	2022 UK p
Final	26.3604	15.9438	42.3042	46.7486

## Sterling Class 'I' Accumulation shares

Ordinary distributions for the year to 31 August	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2023 UK p	2023 UK p	2023 UK p	2022 UK p
Final	16.6905	11.5938	28.2843	29.1740

## Sterling Class 'PP' Income shares

Ordinary distributions for the year to 31 August	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2023 UK p	2023 UK p	2023 UK p	2022 UK p
Final	1.4489	1.0403	2.4892	2.7684

## Sterling Class 'PP' Accumulation shares

Ordinary distributions for the year to 31 August	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2023 UK p	2023 UK p	2023 UK p	2022 UK p
Final	0.7308	1.2551	1.9859	2.0580

## Sterling Class 'R' Income shares

Ordinary distributions for the year to 31 August	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2023 UK p	2023 UK p	2023 UK p	2022 UK p
Final	2.5854	1.5667	4.1521	4.6152

# Financial statements and notes

## Sterling Class 'R' Accumulation shares

Ordinary distributions for the year to 31 August	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2023 UK p	2023 UK p	2023 UK p	2022 UK p
Final	1.0706	1.0908	2.1614	2.1797

## US dollar Class 'A' Accumulation shares

Ordinary distributions for the year to 31 August	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2023 US ¢	2023 US ¢	2023 US ¢	2022 US ¢
Final	1.9960	0.8580	2.8540	0.6524

## US dollar Class 'C' Accumulation shares

Ordinary distributions for the year to 31 August	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2023 US ¢	2023 US ¢	2023 US ¢	2022 US ¢
Final	9.9990	0.0000	9.9990	n/a

## 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 15 August 2023 has been used.

## Investment objective

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

## Investment policy

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

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

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

Derivatives may be used for efficient portfolio management and hedging.

## Investment approach

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

The investment approach aims to exploit price volatility.

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

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

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

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

## Benchmark

Benchmark: MSCI Japan Index.

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

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

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

# Authorised Corporate Director's Report

## Risk profile

For details of the risks associated with this fund, please refer to the Prospectus. For details of the risk management policies, please refer to pages 12 to 14.

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



### The above number:

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

## Investment review

For the year ended 31 August 2023

### Performance against objective

Between 1 September 2022 and 31 August 2023 (the period under review), the fund delivered positive returns across all share classes, comfortably outperforming its benchmark, which returned 6.3% over the period.

Over five years, the fund generated an annualised positive return across its share classes and outperformed its benchmark, the MSCI Japan Index, which returned 4.0% pa over the period. Therefore, the fund achieved its objective to provide a combination of capital growth and income, net of the ongoing charge figure, higher than that of the MSCI Japan Index over any five-year period.

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

### Performance review

The Japanese stockmarket recorded an impressive return in local currency terms over the review period, driven higher by the familiar themes of improving corporate governance, stronger profitability, attractive valuations and supportive monetary policy. Much of the positive sentiment from foreign investors during this period was linked to a growing appreciation of corporate reform efforts and the policy regime that is enforcing it.

However, returns for sterling based investors were eroded somewhat by the weakness of the yen, which was due to the Bank of Japan's (BoJ's) policy of keeping interest rates at ultra-low levels versus other economies.

The BoJ's loose monetary policy is to encourage borrowing and stimulate spending, as well as inflation. After more than two decades of weak inflation, we believe the return of some inflation should be a positive for company earnings, as well as positively influencing so called 'animal spirits' – the herd mentality sometimes found in financial decision-making.

Over the review period, the fund significantly outperformed its benchmark. Stock selection was the main driver of outperformance, particularly our choices in the technology, consumer discretionary and industrials sectors. As a result, the fund was able to outperform the wider market regardless of the capitalisation level of companies (style bias).

In terms of individual names, the top contributor to outperformance was Socionext, a "system-on-a-chip" design company that plays to Japan's strength in the auto sector and is benefiting from growing demand for semiconductors. We followed Socionext for a long time when it was a private business, meeting the company on numerous occasions. The company was listed in October 2022 (we were an anchor investor), but following the significant outperformance of its shares, we have now closed this position.

# Authorised Corporate Director's Report

The fund's holdings in Sanrio and Mitsui also added value. Sanrio is a long term investment and has been a key contributor to performance over that period. The company owns the intellectual property (IP) for the Hello Kitty franchise and has lots of potential in our view. We have been working with the company, encouraging it to improve the commercialisation of its character IP. Recent share price appreciation has been driven by the profitability of its China business, which we feel was in part an indirect result of our engagement.

Mitsui, one of Japan's main trading companies, rose strongly as it continued to drive portfolio improvements.

Other names that aided relative performance included Sumitomo Forestry and Renesas Electronics. Sumitomo Forestry is the second biggest private forest owner in Japan, while Renesas Electronics, has unique intellectual property and presents an undervalued growth opportunity in our view.

Seven & i, the fund's largest active position, was the biggest detractor to relative performance. Seven & i is best known for its 7-Eleven convenience stores in Japan and North America. We remain upbeat about the company's long term growth prospects and feel the valuation is extremely modest in view of both this growth and the underlying franchise quality. We remain invested and continue to engage with management.

Other holdings that held back relative returns included Kirin and Hitachi Zosen. In both cases, the performance of the shares in the companies was lacklustre and so lagged a rising market.

Lack of exposure to Sumitomo Mitsui Financial, also contributed negatively, although this was offset by other holdings in the financial sector.

## Investment activities

We aim to identify significant dislocations between the price and what we consider to be the risk of ownership of a company. We seek to exploit these dislocations using what we believe to be our greater perspective earned through our long-term research. In our opinion,

our edge does not come from better forecasting, but rather from the superior pricing of risk.

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

Early on in the review period, we sold our positions in drinks brand Asahi, construction group Haseko and Isuzu Motors, using the profits to add FUJIFILM, semiconductor specialist Tokyo Electron and advertising agency Dentsu, all of which we feel look globally relevant and attractively priced.

We also began a position in Ushio, a mid-cap manufacturer in specialised lighting equipment used in three areas: industrial processes, visual imaging and life sciences. We feel that Ushio is an operationally well-run company that needs help to optimise its heavily over-capitalised balance sheet. We are actively engaging with the company and already seeing positive action by management, in the short time we have been a shareholder.

Towards the end of 2022, we established smaller new positions in Oriental Land (owner of Tokyo Disneyland) and newly-listed local airline Skymark Airlines. We believe, the re-opening of the economy post-COVID-19, provides a strong tailwind for Oriental Land's profits and feel the market has missed a meaningful increase in gate-entry prices.

In the first few months of 2023, we exited TBS (Tokyo Broadcasting System) and machinery company MinebeaMitsumi and began a position in Toray Industries. While still on an attractive valuation compared to its peers, materials company Toray Industries has a top market share globally in certain segments and we believe it is a likely beneficiary of economic recovery.

We also bought Mitsubishi Estate and Rakuten Bank and sold Yamato and Japan Post Bank. With a strong balance sheet, we believe Mitsubishi Estate is in a good position in the longer term, to increase dividends to

# Authorised Corporate Director's Report

shareholders and continue to reinvest in its business. Domestic hotel and retail operations are also likely to benefit from an inflationary environment in Japan.

We believe Rakuten Bank is a compelling investment opportunity and were anchor investors when it listed in April 2023, taking advantage of depressed sentiment towards the banks sector at the time. We think Rakuten can grow its customer base by the low-to-mid teens each year, leveraging its ties to Rakuten Card, Rakuten Securities, Rakuten Pay and the e-commerce ecosystem of the Rakuten Group.

Towards the end of the review period we closed the fund's position in BIPROGY and began a position in Taiyo Yuden, which we have held before, taking advantage of share price weakness to invest at an attractive valuation, in our view.

## Outlook

We remain positive on the strategic case for Japanese equities in a global portfolio context. With the Yen remaining in "undervalued" territory and evidence of self-help driven earnings-power improvement ongoing, Japan offers an attractive market in a cheap currency, in our view. The slow, but steady pace of change in corporate "religion" has continued to deliver meaningful, company-specific investment opportunities.

The macroeconomic environment in Japan continues to draw attention, with rate hikes now all but inevitable and core inflation remaining above the Bank of Japan's target. Our own view is that the price-setting mechanism within corporate Japan has now changed for good. This has meaningful implications for inflation and equity returns alike. The new social contract of higher prices and higher wages bodes particularly well for equities because nominal domestic demand can be stimulated without pressuring margins. This is a powerful, virtuous circle that Japanese equity investors have not experienced in decades.

In recent months, the market also experienced some Artificial Intelligence (AI)-linked enthusiasm, although this affected market returns by a relatively small amount. The AI impact was most notable in the

semiconductor sector. Large cap semiconductor names like Tokyo Electron, Renesas Electronics, Advantest were all very strong in the quarter, rising between 30% and 60%.

Discussions with Japanese companies so far in 2023 have revealed a high level of both awareness of, as well as investment in, AI – and generative AI in particular. This was not what one might expect. Broadly, Japanese companies have been behind in digital transformation (DX) implementation. However, within DX investments, AI in recent years has received particular attention.

Telecommunications company NTT Data, for example, is already training its own large language model (LLM) which it will launch later in 2023, and which is tailored for the Japanese market. Companies like Panasonic already use LLMs widely within their businesses. Elsewhere in industrial companies, we are seeing investments in Machine Learning (ML) and LLM technology having an impact on business prospects.

On a multi-year view, we believe the implementation of this technology will be a critical differentiator between the winners and losers across all industries. As stockpickers, this is not just all about the semiconductor sector. The level of AI-preparedness and its implementation in the companies we research, is a key line of enquiry for us, when we think about medium-term earnings prospects.

## Carl Vine

Fund manager

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

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

# Portfolio statement

## Investments

Holding	as at 31.08.23 ¥'000	as at 31.08.23 %	as at 31.08.22 %
<b>Equities</b>	<b>303,229,406</b>	<b>98.54</b>	<b>99.60</b>
<b>Chemicals</b>	<b>7,634,823</b>	<b>2.48</b>	<b>2.21</b>
1,747,200 Resonac	4,140,498	1.34	
4,464,700 Toray Industries	3,494,325	1.14	
<b>Construction &amp; engineering</b>	<b>4,244,865</b>	<b>1.38</b>	<b>1.67</b>
867,100 Taisei	4,244,865	1.38	
<b>Electrical equipment</b>	<b>4,751,573</b>	<b>1.54</b>	<b>0.00</b>
2,589,100 Ushio	4,751,573	1.54	
<b>Industrial conglomerates</b>	<b>13,100,222</b>	<b>4.26</b>	<b>3.66</b>
1,354,100 Hitachi	13,100,222	4.26	
<b>Machinery</b>	<b>16,306,447</b>	<b>5.30</b>	<b>8.28</b>
5,482,900 Hitachi Zosen	4,730,976	1.54	
842,000 Kawasaki Heavy Industries	3,147,251	1.02	
822,000 Toyota Industries	8,428,220	2.74	
<b>Trading companies &amp; distributors</b>	<b>12,628,315</b>	<b>4.10</b>	<b>3.17</b>
2,331,700 Mitsui	12,628,315	4.10	
<b>Professional services</b>	<b>18,355,514</b>	<b>5.97</b>	<b>6.17</b>
1,224,000 dip	4,278,409	1.39	
3,074,400 Open Up	6,158,433	2.00	
1,521,800 Recruit	7,918,672	2.58	
<b>Air freight &amp; logistics</b>	<b>0</b>	<b>0.00</b>	<b>1.38</b>
<b>Road &amp; rail</b>	<b>5,802,254</b>	<b>1.89</b>	<b>1.46</b>
1,040,700 Keisei Electric Railway	5,802,254	1.89	
<b>Transportation infrastructure</b>	<b>2,746,310</b>	<b>0.89</b>	<b>2.17</b>
839,700 Kamigumi	2,746,310	0.89	
<b>Auto components</b>	<b>40,332</b>	<b>0.01</b>	<b>0.39</b>
1,353,653 REE Automotive	40,332	0.01	
<b>Automobiles</b>	<b>32,159,308</b>	<b>10.45</b>	<b>7.80</b>
2,450,900 Honda Motor	11,517,892	3.74	
5,975,400 Toyota Motor	14,999,150	4.88	
1,497,100 Yamaha Motor	5,642,266	1.83	
<b>Household durables</b>	<b>22,518,823</b>	<b>7.32</b>	<b>8.34</b>
4,226,000 Nikon	6,637,726	2.16	

# Portfolio statement

## Investments (continued)

Holding	as at 31.08.23 ¥'000	as at 31.08.23 %	as at 31.08.22 %
<b>Equities (continued)</b>			
<b>Household durables (continued)</b>			
777,900 Sony	9,426,499	3.06	
1,575,500 Sumitomo Forestry	6,454,598	2.10	
<b>Hotels, restaurants &amp; leisure</b>	<b>3,339,163</b>	<b>1.08</b>	<b>0.00</b>
265,700 Oriental Land	1,390,807	0.45	
1,638,299 Skymark Airlines	1,948,356	0.63	
<b>Speciality retail</b>	<b>7,773,900</b>	<b>2.53</b>	<b>2.85</b>
1,026,700 Sanrio	7,773,900	2.53	
<b>Food &amp; staples retailing</b>	<b>14,132,042</b>	<b>4.59</b>	<b>2.81</b>
2,364,400 Seven & i	14,132,042	4.59	
<b>Beverages</b>	<b>2,381,928</b>	<b>0.77</b>	<b>3.69</b>
1,166,100 Kirin	2,381,928	0.77	
<b>Household products</b>	<b>1,824,215</b>	<b>0.59</b>	<b>1.70</b>
368,300 Earth	1,824,215	0.59	
<b>Biotechnology</b>	<b>5,601,515</b>	<b>1.82</b>	<b>0.81</b>
3,002,100 PeptiDream	5,601,515	1.82	
<b>Pharmaceuticals</b>	<b>8,648,218</b>	<b>2.81</b>	<b>3.35</b>
1,351,400 Astellas Pharma	2,981,798	0.97	
1,258,300 Takeda Pharmaceutical	5,666,420	1.84	
<b>Banks</b>	<b>22,390,730</b>	<b>7.28</b>	<b>4.31</b>
15,439,000 Mitsubishi UFJ Financial	17,970,677	5.84	
2,340,700 Rakuten Bank	4,420,053	1.44	
<b>Diversified financial services</b>	<b>11,493,078</b>	<b>3.73</b>	<b>3.15</b>
4,228,700 ORIX	11,493,078	3.73	
<b>Consumer finance</b>	<b>7,707,139</b>	<b>2.50</b>	<b>3.46</b>
3,384,900 Credit Saison	7,707,139	2.50	
<b>Capital markets</b>	<b>2,509,539</b>	<b>0.82</b>	<b>2.91</b>
1,673,380 Sparx	2,509,539	0.82	
<b>IT services</b>	<b>10,204,859</b>	<b>3.32</b>	<b>6.06</b>
968,200 NEC	7,417,753	2.41	
1,428,400 NTT Data	2,787,106	0.91	

# Portfolio statement

## Investments (continued)

Holding	as at 31.08.23 ¥'000	as at 31.08.23 %	as at 31.08.22 %
<b>Equities (continued)</b>			
<b>Technology hardware, storage &amp; peripherals</b>	<b>4,334,363</b>	<b>1.41</b>	<b>0.00</b>
504,200 FUJIFILM	4,334,363	1.41	
<b>Electronic equipment, instruments &amp; components</b>	<b>9,596,086</b>	<b>3.12</b>	<b>1.99</b>
407,600 Hamamatsu Photonics	2,741,020	0.89	
42,200 Keyence	2,548,719	0.83	
1,067,500 Taiyo Yuden	4,306,347	1.40	
<b>Semiconductors &amp; semiconductor equipment</b>	<b>13,541,126</b>	<b>4.40</b>	<b>4.91</b>
1,414,600 Renesas Electronics	3,452,080	1.12	
497,900 Rohm	6,039,709	1.96	
188,000 Tokyo Electron	4,049,337	1.32	
<b>Diversified telecommunication services</b>	<b>12,479,573</b>	<b>4.06</b>	<b>2.96</b>
74,216,200 Nippon Telegraph & Telephone	12,479,573	4.06	
<b>Wireless telecommunication services</b>	<b>8,542,669</b>	<b>2.78</b>	<b>1.04</b>
1,308,200 SoftBank	8,542,669	2.78	
<b>Media</b>	<b>5,061,439</b>	<b>1.64</b>	<b>1.15</b>
1,167,000 Dentsu	5,061,439	1.64	
<b>Entertainment</b>	<b>0</b>	<b>0.00</b>	<b>3.23</b>
<b>Real estate management &amp; development</b>	<b>11,379,038</b>	<b>3.70</b>	<b>2.52</b>
3,114,200 Mitsubishi Estate	5,777,043	1.88	
1,758,700 Mitsui Fudosan	5,601,995	1.82	
<b>Portfolio of investments</b>	<b>303,229,406</b>	<b>98.54</b>	<b>99.60</b>
<b>Share class hedging</b>	<b>54</b>	<b>0.00</b>	<b>0.00</b>
<b>Forward currency contracts for share class hedging</b>	<b>54</b>	<b>0.00</b>	<b>0.00</b>
£40,227 Bought for JPY7,378,540 (expires 13.09.23)	54	0.00	
<b>Total portfolio</b>	<b>303,229,460</b>	<b>98.54</b>	<b>99.60</b>
<b>Net other assets/(liabilities)</b>	<b>4,477,215</b>	<b>1.46</b>	<b>0.40</b>
<b>Net assets attributable to shareholders</b>	<b>307,706,675</b>	<b>100.00</b>	<b>100.00</b>

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

# Portfolio statement

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

Largest purchases	¥'000
Seven & i	13,371,747
Mitsubishi UFJ Financial	12,988,607
Toyota Motor	11,613,925
Nippon Telegraph & Telephone	10,921,918
Honda Motor	9,482,806
Hitachi	8,890,010
ORIX	8,699,722
Mitsui	8,692,964
Sony	8,252,217
SoftBank	7,717,570
Other purchases	154,534,964
<b>Total purchases</b>	<b>255,166,450</b>

Largest sales	¥'000
Socionext	3,209,664
BIPROGY	2,542,123
Renesas Electronics	2,258,057
Kirin	2,018,835
Nikon	1,880,352
Nintendo	1,712,943
Japan Post Bank	1,640,450
Toyota Industries	1,480,314
Honda Motor	1,465,076
Astellas Pharma	1,403,576
Other sales	14,257,876
<b>Total sales</b>	<b>33,869,266</b>

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



# Financial highlights

## Fund performance

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

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

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

## Long-term performance by share class

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

Share class	One year % <sup>a</sup>	Three years % pa	Five years % pa	Ten years % pa
<b>Sterling</b>				
Class 'A' Income	+10.9	+14.1	+5.0	+9.0
Class 'A' Accumulation	+10.9	+14.1	+5.0	+9.0
Class 'I' Income	+11.3	+14.6	+5.6	+9.7
Class 'I' Accumulation	+11.3	+14.6	+5.6	+9.7
Class 'I-H' Accumulation	n/a	n/a	n/a	n/a
Class 'PP' Income	+11.4	+14.8	n/a	n/a
Class 'PP' Accumulation	+11.5	+14.8	n/a	n/a
Class 'PP-H' Accumulation	n/a	n/a	n/a	n/a
Class 'R' Income	+11.0	+14.3	+5.3	+9.4
Class 'R' Accumulation	+11.1	+14.3	+5.3	+9.4
<b>Benchmark</b>	<b>+6.3</b>	<b>+6.2</b>	<b>+4.0</b>	<b>+7.9</b>

<sup>a</sup> 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 9 May 1977.

for the year to 31 August	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	61.52	60.12	48.79
Return before operating charges	7.23	3.64	13.35
Operating charges	(0.57)	(0.73)	(0.77)
Return after operating charges	6.66	2.91	12.58
Distributions	(1.32)	(1.51)	(1.25)
Closing NAV	66.86	61.52	60.12
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.03	0.03	0.02
Dilution adjustments	(0.03)	(0.03)	(0.01)
Total direct transaction costs	0.00	0.00	0.01
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.05	0.02
Operating charges	0.95	1.19	1.34
Return after charges	+10.83	+4.84	+25.78
Other information			
Closing NAV (¥'000)	16,908,397	14,515,768	16,031,935
Number of shares	136,672,256	146,451,136	176,157,464
Highest share price (UK p)	70.15	64.65	62.46
Lowest share price (UK p)	57.57	57.01	47.78

## Sterling Class 'A' Accumulation share performance

The share class was launched on 6 April 1971.

for the year to 31 August	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	77.72	74.15	58.94
Return before operating charges	9.19	4.47	16.14
Operating charges	(0.73)	(0.90)	(0.93)
Return after operating charges	8.46	3.57	15.21
Distributions	(0.94)	(0.99)	(0.62)
Retained distributions	0.94	0.99	0.62
Closing NAV	86.18	77.72	74.15
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.04	0.04	0.03
Dilution adjustments	(0.04)	(0.03)	(0.01)
Total direct transaction costs	0.00	0.01	0.02
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.05	0.02
Operating charges	0.95	1.18	1.34
Return after charges	+10.89	+4.81	+25.81
Other information			
Closing NAV (¥'000)	1,693,672	1,194,472	988,027
Number of shares	10,621,808	9,538,946	8,801,728
Highest share price (UK p)	89.53	79.73	75.48
Lowest share price (UK p)	72.74	70.31	57.74

# Financial highlights

## Sterling Class 'I' Income share performance

The share class was launched on 3 August 2012.

for the year to 31 August Change in NAV per share	2023 UK p	2022 UK p	2021 UK p
Opening NAV	2,513.17	2,445.79	1,975.85
Return before operating charges	297.14	147.22	541.75
Operating charges	(13.82)	(18.37)	(20.97)
Return after operating charges	283.32	128.85	520.78
Distributions	(54.11)	(61.47)	(50.84)
Closing NAV	2,742.38	2,513.17	2,445.79
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	1.45	1.24	0.91
Dilution adjustments	(1.45)	(1.13)	(0.37)
Total direct transaction costs	0.00	0.11	0.54
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.05	0.02
Operating charges	0.54	0.72	0.90
Return after charges	+11.27	+5.27	+26.36
Other information			
Closing NAV (¥'000)	10,491,859	2,320,591	231,255
Number of shares	2,067,717	573,139	62,456
Highest share price (UK p)	2,874.62	2,631.19	2,539.95
Lowest share price (UK p)	2,352.88	2,324.33	1,935.27

## Sterling Class 'I' Accumulation share performance

The share class was launched on 3 August 2012.

for the year to 31 August Change in NAV per share	2023 UK p	2022 UK p	2021 UK p
Opening NAV	3,001.04	2,851.62	2,256.65
Return before operating charges	358.06	171.12	618.92
Operating charges	(16.66)	(21.70)	(23.95)
Return after operating charges	341.40	149.42	594.97
Distributions	(48.45)	(49.66)	(34.92)
Retained distributions	48.45	49.66	34.92
Closing NAV	3,342.44	3,001.04	2,851.62
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	1.75	1.42	1.04
Dilution adjustments	(1.75)	(1.29)	(0.42)
Total direct transaction costs	0.00	0.13	0.62
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.05	0.02
Operating charges	0.54	0.74	0.90
Return after charges	+11.38	+5.24	+26.37
Other information			
Closing NAV (¥'000)	74,771,185	21,718,714	8,475,819
Number of shares	12,090,310	4,492,054	1,963,326
Highest share price (UK p)	3,467.80	3,066.97	2,901.09
Lowest share price (UK p)	2,810.31	2,709.29	2,210.43

# Financial highlights

## Sterling Class 'I-H' Accumulation share performance

The share class was launched on 14 June 2023.

for the period to 31 August	2023
<b>Change in NAV per share</b>	<b>UK p</b>
Opening NAV	100.00
Return before operating charges	2.00
Operating charges	(0.13)
Return after operating charges	1.87
Distributions	(0.05)
Retained distributions	0.05
Closing NAV	101.87
<b>Direct transaction costs</b>	<b>UK p</b>
Costs before dilution adjustments	0.01
Dilution adjustments	(0.01)
Total direct transaction costs	0.00
<b>Performance and charges</b>	<b>%</b>
Direct portfolio transaction costs	0.00
Operating charges	0.57
Return after charges	+1.87
<b>Other information</b>	
Closing NAV (¥'000)	3,782
Number of shares	20,063
Highest share price (UK p)	102.58
Lowest share price (UK p)	97.45

# Financial highlights

## Sterling Class 'PP' Income share performance

The share class was launched on 5 August 2019.

for the year to 31 August Change in NAV per share	2023 UK p	2022 UK p	2021 UK p
Opening NAV	115.83	112.49	90.69
Return before operating charges	13.72	6.71	24.89
Operating charges	(0.54)	(0.54)	(0.75)
Return after operating charges	13.18	6.17	24.14
Distributions	(2.49)	(2.83)	(2.34)
Closing NAV	126.52	115.83	112.49
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.07	0.06	0.04
Dilution adjustments	(0.07)	(0.05)	(0.02)
Total direct transaction costs	0.00	0.01	0.02
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.05	0.02
Operating charges	0.44	0.45	0.70
Return after charges	+11.38	+5.48	+26.62
Other information			
Closing NAV (¥'000)	137,738,738	5,669,845	8,175
Number of shares	588,404,534	30,383,634	48,000
Highest share price (UK p)	132.59	121.03	116.79
Lowest share price (UK p)	108.46	107.02	88.83

## Sterling Class 'PP' Accumulation share performance

The share class was launched on 8 April 2019.

for the year to 31 August Change in NAV per share	2023 UK p	2022 UK p	2021 UK p
Opening NAV	129.84	123.13	97.24
Return before operating charges	15.51	7.30	26.69
Operating charges	(0.60)	(0.59)	(0.80)
Return after operating charges	14.91	6.71	25.89
Distributions	(2.23)	(2.39)	(1.73)
Retained distributions	2.23	2.39	1.73
Closing NAV	144.75	129.84	123.13
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.08	0.06	0.04
Dilution adjustments	(0.08)	(0.06)	(0.02)
Total direct transaction costs	0.00	0.00	0.02
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.05	0.02
Operating charges	0.44	0.46	0.70
Return after charges	+11.48	+5.45	+26.62
Other information			
Closing NAV (¥'000)	65,597,700	1,504,705	15,150
Number of shares	244,919,163	7,193,276	81,274
Highest share price (UK p)	150.15	132.45	125.23
Lowest share price (UK p)	121.60	117.10	95.25

# Financial highlights

## Sterling Class 'PP-H' Accumulation share performance

The share class was launched on 14 June 2023.

for the period to 31 August Change in NAV per share	2023 UK p
Opening NAV	100.00
Return before operating charges	0.22
Operating charges	(0.10)
Return after operating charges	0.12
Distributions	(0.07)
Retained distributions	0.07
Closing NAV	100.12
Direct transaction costs	UK p
Costs before dilution adjustments	0.01
Dilution adjustments	(0.01)
Total direct transaction costs	0.00
Performance and charges	%
Direct portfolio transaction costs	0.00
Operating charges	0.47
Return after charges	+0.12
Other information	
Closing NAV (¥'000)	3,707
Number of shares	20,010
Highest share price (UK p)	102.65
Lowest share price (UK p)	97.46

# Financial highlights

## Sterling Class 'R' Income share performance

The share class was launched on 3 August 2012.

for the year to 31 August Change in NAV per share	2023 UK p	2022 UK p	2021 UK p
Opening NAV	247.12	241.10	195.27
Return before operating charges	29.37	14.59	53.50
Operating charges	(1.94)	(2.52)	(2.65)
Return after operating charges	27.43	12.07	50.85
Distributions	(5.31)	(6.05)	(5.02)
Closing NAV	269.24	247.12	241.10
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.14	0.12	0.09
Dilution adjustments	(0.14)	(0.11)	(0.04)
Total direct transaction costs	0.00	0.01	0.05
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.05	0.02
Operating charges	0.80	1.02	1.15
Return after charges	+11.10	+5.01	+26.04
Other information			
Closing NAV (¥'000)	68,482	43,256	38,582
Number of shares	137,466	108,648	105,703
Highest share price (UK p)	282.10	259.34	250.48
Lowest share price (UK p)	231.28	228.83	191.26

## Sterling Class 'R' Accumulation share performance

The share class was launched on 3 August 2012.

for the year to 31 August Change in NAV per share	2023 UK p	2022 UK p	2021 UK p
Opening NAV	292.79	278.90	221.27
Return before operating charges	34.80	16.81	60.65
Operating charges	(2.31)	(2.92)	(3.02)
Return after operating charges	32.49	13.89	57.63
Distributions	(3.99)	(4.16)	(2.79)
Retained distributions	3.99	4.16	2.79
Closing NAV	325.28	292.79	278.90
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.17	0.14	0.10
Dilution adjustments	(0.17)	(0.13)	(0.04)
Total direct transaction costs	0.00	0.01	0.06
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.05	0.02
Operating charges	0.80	1.03	1.15
Return after charges	+11.10	+4.98	+26.05
Other information			
Closing NAV (¥'000)	429,153	282,987	276,358
Number of shares	713,060	599,927	654,513
Highest share price (UK p)	337.66	299.92	283.84
Lowest share price (UK p)	274.08	264.64	216.73

# Financial statements and notes

## Financial statements

### Statement of total return

for the year to 31 August		2023		2022	
	Note	¥'000	¥'000	¥'000	¥'000
<b>Income</b>					
Net capital gains/(losses)	3		35,122,882		3,232,249
Revenue	5	2,451,528		870,112	
Expenses	6	(695,108)		(321,727)	
Interest payable and similar charges		(7,006)		(2,769)	
Net revenue/(expense) before taxation		1,749,414		545,616	
Taxation	7	(245,100)		(86,192)	
Net revenue/(expense) after taxation			1,504,314		459,424
<b>Total return before distributions</b>			<b>36,627,196</b>		<b>3,691,673</b>
Distributions	8		(1,849,284)		(662,437)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>34,777,912</b>		<b>3,029,236</b>

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

for the year to 31 August		2023		2022	
		¥'000	¥'000	¥'000	¥'000
<b>Opening net assets attributable to shareholders</b>			<b>47,250,338</b>		<b>26,228,547</b>
Amounts received on issue of shares		239,496,199		24,981,143	
Amounts paid on cancellation of shares		(15,778,708)		(7,443,191)	
			223,717,491		17,537,952
Dilution adjustments			333,039		48,191
Change in net assets attributable to shareholders from investment activities (see above)			34,777,912		3,029,236
Retained distributions on Accumulation shares			1,627,751		406,406
Unclaimed distributions			144		6
<b>Closing net assets attributable to shareholders</b>			<b>307,706,675</b>		<b>47,250,338</b>



# Financial statements and notes

## Financial statements

### Balance sheet

as at 31 August	Note	2023 ¥'000	2022 ¥'000
<b>Assets</b>			
<b>Fixed assets</b>			
Investments		303,229,460	47,059,146
<b>Current assets</b>			
Debtors	9	2,838,718	1,864,256
Cash and bank balances	10	7,635,863	94
<b>Total assets</b>		<b>313,704,041</b>	<b>48,923,496</b>
<b>Liabilities</b>			
<b>Creditors</b>			
Bank overdrafts		0	(202,846)
Distribution payable		(1,704,471)	(552,268)
Other creditors	11	(4,292,895)	(918,044)
<b>Total liabilities</b>		<b>(5,997,366)</b>	<b>(1,673,158)</b>
<b>Net assets attributable to shareholders</b>		<b>307,706,675</b>	<b>47,250,338</b>

# Financial statements and notes

## Notes to the financial statements

### 1 Accounting policies

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

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

### 2 Distribution policy

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

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

### 3 Net capital gains/(losses)

for the year to 31 August	2023 ¥'000	2022 ¥'000
Non-derivative securities	34,873,083	3,254,568
Derivative contracts	(77,973)	0
Currency gains/(losses)	327,772	(22,319)
<b>Net capital gains/(losses)</b>	<b>35,122,882</b>	<b>3,232,249</b>

# 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 August	2023 ¥'000	% of transaction	2022 ¥'000	% of transaction
<b>a) Purchases</b>				
<b>Equities</b>				
Equities before transaction costs	255,106,522		34,739,950	
Commissions	59,928	0.02	9,905	0.03
<b>Total purchases after transaction costs</b>	<b>255,166,450</b>		<b>34,749,855</b>	
<b>b) Sales</b>				
<b>Equities</b>				
Equities before transaction costs	33,882,256		17,356,135	
Commissions	(12,990)	0.04	(6,365)	0.04
<b>Total sales after transaction costs</b>	<b>33,869,266</b>		<b>17,349,770</b>	
	2023 ¥'000	% of average NAV	2022 ¥'000	% of average NAV
<b>c) Direct portfolio transaction costs</b>				
<b>Commissions paid</b>				
Equities	72,918	0.06	16,270	0.03
Derivatives	409	0.00	0	0.00
<b>Total commissions paid</b>	<b>73,327</b>	<b>0.06</b>	<b>16,270</b>	<b>0.03</b>
<b>Taxes paid</b>				
Derivatives	196	0.00	0	0.00
<b>Total direct portfolio transaction costs</b>	<b>73,523</b>	<b>0.06</b>	<b>16,270</b>	<b>0.03</b>
		%		%
<b>d) Indirect portfolio transaction costs</b>				
Average portfolio dealing spread as at the balance sheet date		0.21		0.24

## 5 Revenue

for the year to 31 August	2023 ¥'000	2022 ¥'000
Bank interest	529	59
Dividends from equity investments: non-taxable	2,450,999	870,053
<b>Total revenue</b>	<b>2,451,528</b>	<b>870,112</b>

# Financial statements and notes

## 6 Expenses

for the year to 31 August	2023 ¥'000	2022 ¥'000
<b>Payable to the ACD or associate</b>		
Annual charge	695,108	321,727
<b>Total expenses</b>	<b>695,108</b>	<b>321,727</b>

Audit fees for the financial year ending 2023 were £11,000 (2022: £11,000) (including VAT), which are covered by the annual charge.

## 7 Taxation

for the year to 31 August	2023 ¥'000	2022 ¥'000
<b>a) Analysis of charge in the year</b>		
Corporation tax	0	0
Withholding tax	245,100	86,192
Deferred tax (note 7c)	0	0
<b>Total taxation</b>	<b>245,100</b>	<b>86,192</b>
<b>b) Factors affecting taxation charge for the year</b>		
Net revenue/(expense) before taxation	1,749,414	545,616
Corporation tax at 20%	349,883	109,123
<b>Effects of:</b>		
Dividends from equity investments: non-taxable	(490,200)	(174,011)
Current year expenses not utilised	140,317	64,888
Withholding tax	245,100	86,192
<b>Total tax charge (note 7a)</b>	<b>245,100</b>	<b>86,192</b>
<b>c) Provision for deferred taxation</b>		
Provision at the start of the year	0	0
Deferred tax in profit and loss account (note 7a)	0	0
<b>Provision at the end of the year</b>	<b>0</b>	<b>0</b>

The fund has not recognised a deferred tax asset of ¥1,450,282,000 (2022: ¥1,309,965,000) arising as a result of having excess management expenses. We do not expect this asset to be utilised in the foreseeable future.

# Financial statements and notes

## 8 Distributions

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

for the year to 31 August	2023		2022	
	Inc ¥'000	Acc ¥'000	Inc ¥'000	Acc ¥'000
<b>Dividend distributions</b>				
Interim	373,279	504,223	0	0
Final	1,704,471	1,123,528	552,268	406,406
<b>Total net distributions</b>		<b>3,705,501</b>		<b>958,674</b>
Income deducted on cancellation of shares		113,024		116,734
Income received on issue of shares		(1,969,241)		(412,971)
<b>Distributions</b>		<b>1,849,284</b>		<b>662,437</b>
Net revenue/(expense) per statement of total return		1,504,314		459,424
Expenses offset against capital		345,119		203,014
Undistributed income brought forward		22		21
Undistributed income carried forward		(171)		(22)
<b>Distributions</b>		<b>1,849,284</b>		<b>662,437</b>

## 9 Debtors

as at 31 August	2023 ¥'000	2022 ¥'000
Amounts receivable on issues of shares	1,446,880	923,941
Currency deals outstanding	918,199	883,312
Dividends receivable	473,639	57,003
<b>Total debtors</b>	<b>2,838,718</b>	<b>1,864,256</b>

## 10 Cash and bank balances

as at 31 August	2023 ¥'000	2022 ¥'000
Cash held as bank balances	7,635,863	94
<b>Total cash and bank balances</b>	<b>7,635,863</b>	<b>94</b>

# Financial statements and notes

## 11 Other creditors

as at 31 August	2023 ¥'000	2022 ¥'000
Amounts payable on cancellation of shares	304,062	34,059
Annual charge payable	40,472	7,910
Currency deals outstanding	917,785	876,075
Purchases awaiting settlement	3,030,576	0
<b>Total other creditors</b>	<b>4,292,895</b>	<b>918,044</b>

## 12 Contingent assets, liabilities and outstanding commitments

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

## 13 Shares in issue

The following table shows each class of share in issue during the year. Each share class has the same rights on winding up however they may have different charging structures as set out in note 14.

Share class	Opening 01.09.22	Issued	Movements Cancelled	Converted	Closing 31.08.23
<b>Sterling</b>					
Class 'A' Income	146,451,136	964,905	(10,743,785)	0	136,672,256
Class 'A' Accumulation	9,538,946	4,536,649	(3,453,787)	0	10,621,808
Class 'I' Income	573,139	1,924,770	(430,192)	0	2,067,717
Class 'I' Accumulation	4,492,054	9,416,900	(1,818,644)	0	12,090,310
Class 'I-H' Accumulation	0	37,105	(17,042)	0	20,063
Class 'PP' Income	30,383,634	558,754,344	(733,444)	0	588,404,534
Class 'PP' Accumulation	7,193,276	248,467,964	(10,742,077)	0	244,919,163
Class 'PP-H' Accumulation	0	20,010	0	0	20,010
Class 'R' Income	108,648	39,403	(10,585)	0	137,466
Class 'R' Accumulation	599,927	314,300	(201,167)	0	713,060

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

# Financial statements and notes

## 14 Charging structure

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

Share class	Annual charge %
<b>Sterling</b>	
Class 'A'	0.95
Class 'I'	0.55
Class 'I-H'	0.58
Class 'PP'	0.45
Class 'PP-H'	0.48
Class 'R'	0.80

## 15 Related parties

M&G Securities Limited, as Authorised Corporate Director (ACD), is a related party and acts as principal on all the transactions of shares in the fund except with in specie transactions, where M&G Securities Limited acts as an agent. The aggregate monies received through issues, and paid on cancellations, are disclosed in the 'Statement of change in net assets attributable to shareholders' and note 8. Amounts due to/from M&G Securities Limited in respect of share transactions at the year end are disclosed in notes 9 and 11 where applicable.

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

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 13.45% (2022: 72.82%) of the fund's shares.

## 16 Fair value analysis

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

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

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

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

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

# Financial statements and notes

## Level 3: Valuation technique using unobservable inputs

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

as at 31 August	Assets 2023 ¥'000	Liabilities 2023 ¥'000	Assets 2022 ¥'000	Liabilities 2022 ¥'000
Level 1	303,229,406	0	47,059,146	0
Level 2	54	0	0	0
Level 3	0	0	0	0
	<b>303,229,460</b>	<b>0</b>	<b>47,059,146</b>	<b>0</b>

## 17 Risk management policies

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

## 18 Market risk sensitivity

A five per cent increase in the value of the fund's investment portfolio would have the effect of increasing the return and net assets by ¥15,161,473,000 (2022: ¥2,352,957,000). A five per cent decrease would have an equal and opposite effect.

## 19 Currency risk sensitivity and exposure

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

## 20 Interest rate risk sensitivity and exposure

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

## 21 Credit risk

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

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

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

## 22 Exchange rate risk for hedged share classes

Hedged share classes operate currency hedges designed to reduce the impact of exchange rates in certain circumstances. As a result, profit and loss on the currency hedges may impact the liquidity of the overall fund. On a day to day basis this is monitored using reporting from the outsourced provider of the hedged share class service.



# Financial statements and notes

On an ongoing basis the size of the hedged share classes is monitored to ensure that unforeseen exchange rate volatility could adequately manage without significantly impacting all shareholders.

## 23 Dividend distribution tables

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

### Semi-annual distribution periods

	Start	End	Xd	Payment
Interim	01.09.22	28.02.23	01.03.23	30.04.23
Final	01.03.23	31.08.23	01.09.23	31.10.23

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

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

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

### Sterling Class 'A' Income shares

Ordinary distributions for the year to 31 August	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2023 UK p	2023 UK p	2023 UK p	2022 UK p
Interim	0.1808	0.4506	0.6314	n/a
Final	0.0959	0.5951	0.6910	1.5085

### Sterling Class 'A' Accumulation shares

Ordinary distributions for the year to 31 August	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2023 UK p	2023 UK p	2023 UK p	2022 UK p
Interim	0.0000	0.4354	0.4354	n/a
Final	0.0222	0.4832	0.5054	0.9948

# Financial statements and notes

## Sterling Class 'I' Income shares

Ordinary distributions for the year to 31 August	Income	Group 2	Group 1 & 2	
	2023 UK p	Equalisation 2023 UK p	Distribution 2023 UK p	2022 UK p
Interim	4.8844	20.9249	25.8093	n/a
Final	1.8948	26.4039	28.2987	61.4715

## Sterling Class 'I' Accumulation shares

Ordinary distributions for the year to 31 August	Income	Group 2	Group 1 & 2	
	2023 UK p	Equalisation 2023 UK p	Distribution 2023 UK p	2022 UK p
Interim	2.4887	20.2272	22.7159	n/a
Final	3.1232	22.6070	25.7302	49.6649

## Sterling Class 'I-H' Accumulation shares

Ordinary distributions for the year to 31 August	Income	Group 2	Group 1 & 2	
	2023 UK p	Equalisation 2023 UK p	Distribution 2023 UK p	2022 UK p
Interim	n/a	n/a	n/a	n/a
Final	0.0000	0.0472	0.0472	n/a

## Sterling Class 'PP' Income shares

Ordinary distributions for the year to 31 August	Income	Group 2	Group 1 & 2	
	2023 UK p	Equalisation 2023 UK p	Distribution 2023 UK p	2022 UK p
Interim	0.1664	1.0232	1.1896	n/a
Final	0.1680	1.1370	1.3050	2.8299

## Sterling Class 'PP' Accumulation shares

Ordinary distributions for the year to 31 August	Income	Group 2	Group 1 & 2	
	2023 UK p	Equalisation 2023 UK p	Distribution 2023 UK p	2022 UK p
Interim	0.0331	1.0136	1.0467	n/a
Final	0.1186	1.0624	1.1810	2.3876

# Financial statements and notes

## Sterling Class 'PP-H' Accumulation shares

Ordinary distributions for the year to 31 August	Income	Group 2	Group 1 & 2	
	2023	Equalisation	Distribution	
	2023	2023	2023	2022
	UK p	UK p	UK p	UK p
Interim	n/a	n/a	n/a	n/a
Final	0.0686	0.0000	0.0686	n/a

## Sterling Class 'R' Income shares

Ordinary distributions for the year to 31 August	Income	Group 2	Group 1 & 2	
	2023	Equalisation	Distribution	
	2023	2023	2023	2022
	UK p	UK p	UK p	UK p
Interim	0.4587	2.0781	2.5368	n/a
Final	0.7993	1.9788	2.7781	6.0538

## Sterling Class 'R' Accumulation shares

Ordinary distributions for the year to 31 August	Income	Group 2	Group 1 & 2	
	2023	Equalisation	Distribution	
	2023	2023	2023	2022
	UK p	UK p	UK p	UK p
Interim	0.0232	1.8328	1.8560	n/a
Final	0.0000	2.1310	2.1310	4.1595

## 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 15 August 2023 has been used.

## Investment objective

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

## Investment policy

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

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

The fund usually holds a concentrated portfolio of fewer than 50 companies.

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

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

Derivatives may be used for efficient portfolio management and hedging.

## Investment approach

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

The investment approach aims to take advantage of price volatility.

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

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

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

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

## Benchmark

Benchmark: Russell/Nomura Mid-Small Cap Index.

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

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

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

# Authorised Corporate Director's Report

## Risk profile

For details of the risks associated with this fund, please refer to the Prospectus. For details of the risk management policies, please refer to pages 12 to 14.

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



### The above number:

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

## Investment review

For the year ended 31 August 2023

### Performance against objective

Between 1 September 2022 and 31 August 2023 (the period under review), the fund delivered positive returns across all share classes, significantly outperforming its benchmark, the Russell/Nomura Mid-Small Cap Index, which returned 5.3% over the same period.

Over five years, the fund generated an annualised positive return across its share classes and is ahead of its benchmark, which delivered a return of 1.9% pa. It has therefore achieved its objective to provide a combination of capital growth and income, net of the ongoing charge figure, that is higher than that of the Russell/Nomura Mid-Small Cap Index over any five-year period.

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

### Performance review

The Japanese stockmarket recorded an impressive return in local currency terms over the review period, driven higher by the familiar themes of improving corporate governance, stronger profitability, attractive valuations and supportive monetary policy. Much of the positive sentiment from foreign investors during this period was linked to a growing appreciation of corporate reform efforts and the policy regime that is enforcing it.

However, returns for sterling based investors were eroded somewhat by the weakness of the yen, which was due to the Bank of Japan's (BoJ's) policy of keeping interest rates at ultra-low levels versus other economies.

The BoJ's loose monetary policy is to encourage borrowing and stimulate spending as well as inflation. After more than two decades of weak inflation, we believe the return of some inflation should be positive for company earnings, as well as positively influencing so called "animal spirits" – the herd mentality sometimes found in financial decision making.

Over the review period, the fund outperformed its benchmark significantly. Stock selection was the main driver of outperformance, particularly our choices in the consumer discretionary, industrials and technology sectors. Technology-related holdings which featured amongst the fund's top contributors included Socionext, Nippon Pillar Packing and Tazmo.

Socionext, is a "system-on-a-chip" design company that plays to Japan's strength in the auto sector and is benefiting from growing demand for semiconductors. We followed Socionext for a long time when it was a private business, meeting the company on numerous occasions. The company was listed in October 2022 (we were an anchor investor), but following the significant outperformance of its shares, we have now closed this position.

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Nippon Pillar Packing is a profitable, family-owned business that is not widely covered. However, we believe it is a great business, with a 90% global market share in a sealant product that is essential to semiconductor clean room construction. Tazmo produces equipment used for semiconductor manufacturing.

Holdings in Sanrio and Sumitomo Forestry, the second biggest private forest owner in Japan, also added value.

Sanrio is a long term investment and has been a key contributor to performance over that period. The company owns the intellectual property (IP) for the Hello Kitty franchise and has lots of potential in our view. We have been working with the company, encouraging it to improve the commercialisation of its character IP. Recent share price appreciation has been driven by the profitability of its China business, which we feel was in part an indirect result of our engagement.

Conversely, the fund's holding in Earth held back relative returns. Earth is a company that has a dominant position in the domestic insecticide market in Japan and is growing in Asia. We have been engaging with this company and feel there is great willingness by the management to improve its ESG (environmental, social and governance) credentials.

Other detractors included Hitachi Zosen, Nippon Thomson and REE Automotive. Hitachi Zosen is an industrial and engineering business. We have been actively engaged with the company, trying to support management with a variety of strategic decisions and with its efforts to improve communication with the investment community. We remain happy with the improvements being made. This poorly covered company continues to offer significant upside, we believe, and we remain invested.

Nippon Thompson is viewed by the market as a cyclical machine tool company with no structural growth prospects. Our assessment differs meaningfully. Whilst indeed cyclical, structural improvements in both the company's cost base as well as the competitiveness of

its core products lead us to believe that future earnings could be a multiple of historic levels.

In the main, we feel the fall in REE's share price, reflects exceptional market conditions around pre-revenue growth stocks. We remain invested and we are actively engaged with the company, with the aim of improving shareholder returns.

## Investment activities

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

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

We feel this is especially true in the small and mid-cap space, where coverage by the investment community is more limited. New investments made during the review period exemplify our approach, where we seek to add value through understanding the business like a business owner, and not simply as a passive investor.

Early in the review period, we opened a position in advertising agency Dentsu and closed positions in media companies Kadokawa and TBS (Tokyo Broadcasting).

In our view, governance and transparency have improved meaningfully at Dentsu, as has capital allocation. Meanwhile, the company's high growth technology division, which now represents around one third of total revenue, has seen significant investment and is growing quickly.

December saw the addition of Japan Post Bank (which was later sold) and newly-listed airline Skymark Airlines. Skymark is a good business in our view and has a niche franchise. Its shares were very attractively priced at the

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time of its listing in our opinion, given the demand for travel in Japan is back.

Early in 2023, we exited a position in Relia, which was taken over by its parent Mitsui, at a premium to its undisturbed share price. We also exited machinery company MinebeaMitsumi and engineering group Kyudenko.

We added globally relevant businesses Toray Industries (a leading materials company), Toyo Suisan Kaisha (a global food business whose growth and profitability look underestimated), and under-priced bike-parts manufacturer Shimano.

We also began a position in Megachips, a “fabless” (where the design of the chips is managed by the company, but the fabrication is outsourced) semiconductor manufacturer. This is an area of the sector that is often overlooked, in our view, and one where we believe we have a deep understanding. We think the market is underestimating Megachips' growth potential.

We also decided to increase the fund's exposure to financials, which we achieved by starting holdings in Orix, T&D and Rakuten Bank. We believe Rakuten is a compelling investment opportunity and were anchor investors when it listed in April 2023, taking advantage of depressed sentiment towards the banks sector at the time. We think Rakuten can grow its customer base by the low-to-mid teens each year, leveraging its ties to Rakuten Card, Rakuten Securities, Rakuten Pay and the e-commerce eco-system of the Rakuten Group.

Towards the end of the review period we closed the fund's positions in NTT Data, Kawasaki Heavy Industries, BIPROGY and Yukiguni Maitake and began holdings in Ichigo, Taiyo Yuden, Suruga Bank, CKD, Niterra and Tryt.

We are actively engaging with Ichigo, a real estate firm, as we see multiple ways for this company to enhance value. Niterra is a specialist in manufacturing a component predominantly for the auto industry. The company has been able to meaningfully increase its

market share and move into electric vehicle and semiconductor-related businesses, where we see growth.

## Outlook

We remain positive on the strategic case for Japanese equities in a global portfolio context. With the Yen remaining in “undervalued” territory and evidence of self-help driven earnings-power improvement ongoing, Japan offers an attractive market in a cheap currency, in our view. The slow, but steady pace of change in corporate “religion” has continued to deliver meaningful, company-specific investment opportunities.

The macroeconomic environment in Japan continues to draw attention, with rate hikes now all but inevitable and core inflation remaining above the Bank of Japan's target. Our own view is that the price-setting mechanism within corporate Japan has now changed for good. This has meaningful implications for inflation and equity returns alike. The new social contract of higher prices and higher wages bodes particularly well for equities because nominal domestic demand can be stimulated without pressuring margins. This is a powerful, virtuous circle that Japanese equity investors have not experienced in decades.

In recent months, the market also experienced some Artificial Intelligence (AI)-linked enthusiasm, although this affected market returns by a relatively small amount. The AI impact was most notable in the semiconductor sector. Large cap semiconductor names like Tokyo Electron, Renesas Electronics, Advantest were all very strong in the quarter, rising between 30% and 60%.

Discussions with Japanese companies so far in 2023 have revealed a high level of both awareness of, as well as investment in, AI – and generative AI in particular. This was not what one might expect. Broadly, Japanese companies have been behind in digital transformation (DX) implementation. However, within DX investments, AI in recent years has received particular attention.

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Telecommunications company NTT Data, for example, is already training its own large language model (LLM) which it will launch later in 2023, and which is tailored for the Japanese market. Companies like Panasonic already use LLMs widely within their businesses. Elsewhere in industrial companies, we are seeing investments in Machine Learning (ML) and LLM technology having an impact on business prospects.

On a multi-year view, we believe the implementation of this technology will be a critical differentiator between the winners and losers across all industries. As stockpickers, this is not just all about the semiconductor sector. The level of AI-preparedness and its implementation in the companies we research, is a key line of enquiry for us, when we think about medium-term earnings prospects.

## Carl Vine

Fund manager

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

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



# Portfolio statement

## Investments

Holding	as at 31.08.23 ¥'000	as at 31.08.23 %	as at 31.08.22 %
<b>Equities</b>	<b>36,138,392</b>	<b>97.94</b>	<b>97.74</b>
<b>Software &amp; computer services</b>	<b>0</b>	<b>0.00</b>	<b>4.04</b>
<b>Technology hardware &amp; equipment</b>	<b>3,812,596</b>	<b>10.33</b>	<b>7.84</b>
113,700 Megachips	476,585	1.29	
138,100 NEC	1,058,037	2.87	
521,100 QD Laser	383,334	1.04	
67,800 Rohm	822,439	2.23	
127,800 Taiyo Yuden	515,551	1.39	
180,400 Tazmo	556,650	1.51	
<b>Medical equipment &amp; services</b>	<b>526,097</b>	<b>1.43</b>	<b>0.00</b>
199,400 H.U.	526,097	1.43	
<b>Pharmaceuticals &amp; biotechnology</b>	<b>762,392</b>	<b>2.07</b>	<b>1.01</b>
408,600 PeptiDream	762,392	2.07	
<b>Banks</b>	<b>1,279,561</b>	<b>3.47</b>	<b>0.00</b>
271,000 Rakuten Bank	511,742	1.39	
1,265,600 Suruga Bank	767,819	2.08	
<b>Investment banking &amp; brokerage services</b>	<b>1,734,880</b>	<b>4.70</b>	<b>5.36</b>
330,000 ORIX	896,899	2.43	
415,655 Sparx	623,350	1.69	
290,448 YCP	214,631	0.58	
<b>Life insurance</b>	<b>625,353</b>	<b>1.70</b>	<b>0.00</b>
270,700 T&D	625,353	1.70	
<b>Real estate investment &amp; services</b>	<b>1,092,812</b>	<b>2.96</b>	<b>0.00</b>
3,502,900 Ichigo	1,092,812	2.96	
<b>Automobiles &amp; parts</b>	<b>4,904,402</b>	<b>13.29</b>	<b>8.30</b>
208,900 Honda Motor	981,716	2.66	
225,500 KYB	1,068,713	2.90	
275,700 Niterra	931,978	2.53	
641,966 REE Automotive	19,128	0.05	
97,700 Toyota Industries	1,001,748	2.71	
239,100 Yamaha Motor	901,119	2.44	
<b>Household goods &amp; home construction</b>	<b>753,412</b>	<b>2.04</b>	<b>3.70</b>
183,900 Sumitomo Forestry	753,412	2.04	

# Portfolio statement

## Investments (continued)

Holding	as at 31.08.23 ¥'000	as at 31.08.23 %	as at 31.08.22 %
<b>Equities (continued)</b>			
<b>Leisure goods</b>	<b>2,380,559</b>	<b>6.45</b>	<b>8.18</b>
550,500 Nikon	864,664	2.34	
117,500 Sanrio	889,679	2.41	
29,300 Shimano	626,216	1.70	
<b>Media</b>	<b>694,376</b>	<b>1.88</b>	<b>2.65</b>
160,100 Dentsu	694,376	1.88	
<b>Travel &amp; leisure</b>	<b>493,696</b>	<b>1.34</b>	<b>0.00</b>
415,130 Skymark Airlines	493,696	1.34	
<b>Beverages</b>	<b>502,899</b>	<b>1.36</b>	<b>1.57</b>
246,200 Kirin	502,899	1.36	
<b>Food producers</b>	<b>620,403</b>	<b>1.68</b>	<b>1.40</b>
103,400 Toyo Suisan Kaisha	620,403	1.68	
<b>Personal care, drug &amp; grocery stores</b>	<b>734,532</b>	<b>1.99</b>	<b>2.36</b>
670,500 Axxzia	734,532	1.99	
<b>Construction &amp; materials</b>	<b>830,675</b>	<b>2.25</b>	<b>3.75</b>
962,700 Hitachi Zosen	830,675	2.25	
<b>Electronic &amp; electrical equipment</b>	<b>2,192,059</b>	<b>5.94</b>	<b>8.37</b>
77,100 Hamamatsu Photonics	518,480	1.41	
174,300 Nippon Pillar Packing	731,376	1.98	
513,400 Ushio	942,203	2.55	
<b>General industrials</b>	<b>875,820</b>	<b>2.37</b>	<b>2.52</b>
296,900 Noritsu Koki	875,820	2.37	
<b>Industrial engineering</b>	<b>1,661,513</b>	<b>4.50</b>	<b>3.33</b>
320,400 CKD	641,912	1.74	
116,900 Nabtesco	322,082	0.87	
1,241,900 Nippon Thompson	697,519	1.89	
<b>Industrial support services</b>	<b>4,100,930</b>	<b>11.12</b>	<b>11.72</b>
186,800 Central Security Patrols	567,473	1.54	
479,500 Credit Saison	1,091,782	2.96	
267,600 dip	935,378	2.54	
559,800 Open Up	1,121,354	3.04	
473,300 Tryt	384,943	1.04	

# Portfolio statement

## Investments (continued)

Holding	as at 31.08.23 ¥'000	as at 31.08.23 %	as at 31.08.22 %
<b>Equities (continued)</b>			
<b>Industrial transportation</b>	<b>2,367,965</b>	<b>6.42</b>	<b>12.84</b>
159,100 Kamigumi	520,350	1.41	
91,500 Keisei Electric Railway	510,143	1.38	
453,600 Nippon Signal	437,454	1.19	
166,200 Sakai Moving Service	900,018	2.44	
<b>Chemicals</b>	<b>3,191,460</b>	<b>8.65</b>	<b>8.80</b>
97,500 Earth	482,924	1.31	
153,000 Resonac	362,578	0.98	
136,200 Sumitomo Bakelite	937,528	2.54	
245,200 T Hasegawa	855,875	2.32	
706,000 Toray Industries	552,555	1.50	
<b>Total portfolio</b>	<b>36,138,392</b>	<b>97.94</b>	<b>97.74</b>
<b>Net other assets/(liabilities)</b>	<b>761,499</b>	<b>2.06</b>	<b>2.26</b>
<b>Net assets attributable to shareholders</b>	<b>36,899,891</b>	<b>100.00</b>	<b>100.00</b>

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

# Portfolio statement

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

Largest purchases	¥'000
Ichigo	956,390
Niterra	824,845
ORIX	775,204
Dentsu	739,606
Honda Motor	715,606
CKD	705,734
Suruga Bank	699,235
Shimona	664,791
Nikon	644,975
dip	623,987
Other purchases	16,797,453
<b>Total purchases</b>	<b>24,147,826</b>

Largest sales	¥'000
Socionext	947,857
Nippon Pillar Packing	713,708
Relia	695,063
Sumitomo Forestry	669,640
BIPROGY	658,468
Tazmo	595,840
Kawasaki Heavy Industries	594,426
Sanrio	569,924
NTT Data	530,779
Nikon	501,114
Other sales	8,387,110
<b>Total sales</b>	<b>14,863,929</b>

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

# Financial highlights

## Fund performance

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

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

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

## Long-term performance by share class

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

Share class	One year % <sup>a</sup>	Three years % pa	Five years % pa	Ten years % pa
<b>Sterling</b>				
Class 'A' Income	+11.9	+19.0	+7.0	+11.7
Class 'A' Accumulation	+12.0	+19.0	+7.0	+11.7
Class 'I' Income	+12.4	+19.5	+7.5	+12.4
Class 'I' Accumulation	+12.4	+19.5	+7.5	+12.4
Class 'PP' Income	+12.5	n/a	n/a	n/a
Class 'PP' Accumulation	+12.5	n/a	n/a	n/a
Class 'R' Income	+12.1	+19.2	+7.3	+12.1
Class 'R' Accumulation	+12.1	+19.2	+7.3	+12.1
<b>Benchmark</b>	<b>+5.3</b>	<b>+4.6</b>	<b>+1.9</b>	<b>+8.1</b>

<sup>a</sup> Not annualised.

## Specific share class performance

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

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

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

# Financial highlights

## Sterling Class 'A' Income share performance

The share class was launched on 15 May 1984.

for the year to 31 August Change in NAV per share	2023 UK p	2022 UK p	2021 UK p
Opening NAV	629.61	620.45	443.42
Return before operating charges	82.60	31.28	194.72
Operating charges	(6.95)	(7.84)	(7.53)
Return after operating charges	75.65	23.44	187.19
Distributions	(14.21)	(14.28)	(10.16)
Closing NAV	691.05	629.61	620.45
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.28	0.34	0.35
Dilution adjustments	(0.18)	(0.23)	(0.16)
Total direct transaction costs	0.10	0.11	0.19
Performance and charges	%	%	%
Direct portfolio transaction costs	0.01	0.02	0.03
Operating charges	1.10	1.28	1.34
Return after charges	+12.02	+3.78	+42.22
Other information			
Closing NAV (¥'000)	721,864	616,884	3,066,026
Number of shares	564,565	608,155	3,264,134
Highest share price (UK p)	734.77	677.49	646.95
Lowest share price (UK p)	595.66	570.71	435.12

## Sterling Class 'A' Accumulation share performance

The share class was launched on 15 May 1984.

for the year to 31 August Change in NAV per share	2023 UK p	2022 UK p	2021 UK p
Opening NAV	750.93	723.73	508.90
Return before operating charges	98.50	36.03	223.62
Operating charges	(8.26)	(8.83)	(8.79)
Return after operating charges	90.24	27.20	214.83
Distributions	(8.90)	(8.00)	(3.21)
Retained distributions	8.90	8.00	3.21
Closing NAV	841.17	750.93	723.73
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.33	0.40	0.42
Dilution adjustments	(0.21)	(0.27)	(0.19)
Total direct transaction costs	0.12	0.13	0.23
Performance and charges	%	%	%
Direct portfolio transaction costs	0.01	0.02	0.03
Operating charges	1.10	1.22	1.34
Return after charges	+12.02	+3.76	+42.21
Other information			
Closing NAV (¥'000)	1,743,814	1,706,313	1,139,686
Number of shares	1,120,429	1,410,395	1,040,180
Highest share price (UK p)	876.55	790.12	742.48
Lowest share price (UK p)	710.59	665.59	499.37

# Financial highlights

## Sterling Class 'I' Income share performance

The share class was launched on 3 August 2012.

for the year to 31 August	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	3,192.88	3,133.69	2,229.42
Return before operating charges	420.48	156.99	981.84
Operating charges	(22.59)	(25.55)	(26.38)
Return after operating charges	397.89	131.44	955.46
Distributions	(72.19)	(72.25)	(51.19)
Closing NAV	3,518.58	3,192.88	3,133.69
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	1.43	1.75	1.85
Dilution adjustments	(0.90)	(1.20)	(0.83)
Total direct transaction costs	0.53	0.55	1.02
Performance and charges	%	%	%
Direct portfolio transaction costs	0.01	0.02	0.03
Operating charges	0.70	0.81	0.90
Return after charges	+12.46	+4.19	+42.86
Other information			
Closing NAV (¥'000)	3,468,376	2,248,538	847,789
Number of shares	532,753	437,120	178,704
Highest share price (UK p)	3,737.85	3,422.32	3,265.63
Lowest share price (UK p)	3,022.35	2,891.71	2,187.85

## Sterling Class 'I' Accumulation share performance

The share class was launched on 3 August 2012.

for the year to 31 August	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	3,754.88	3,604.44	2,523.14
Return before operating charges	495.81	180.26	1,111.07
Operating charges	(26.88)	(29.82)	(29.77)
Return after operating charges	468.93	150.44	1,081.30
Distributions	(59.25)	(53.97)	(29.68)
Retained distributions	59.25	53.97	29.68
Closing NAV	4,223.81	3,754.88	3,604.44
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	1.70	2.00	2.09
Dilution adjustments	(1.08)	(1.37)	(0.94)
Total direct transaction costs	0.62	0.63	1.15
Performance and charges	%	%	%
Direct portfolio transaction costs	0.01	0.02	0.03
Operating charges	0.70	0.83	0.90
Return after charges	+12.49	+4.17	+42.86
Other information			
Closing NAV (¥'000)	23,298,692	11,539,074	8,916,204
Number of shares	2,981,214	1,907,470	1,633,973
Highest share price (UK p)	4,396.76	3,935.69	3,695.82
Lowest share price (UK p)	3,555.13	3,325.49	2,476.06

# Financial highlights

## Sterling Class 'PP' Income share performance

The share class was launched on 28 June 2021.

for the year to 31 August Change in NAV per share	2023 UK p	2022 UK p	2021 UK p
Opening NAV	101.84	99.74	100.00
Return before operating charges	13.43	5.00	(0.05)
Operating charges	(0.63)	(0.60)	(0.11)
Return after operating charges	12.80	4.40	(0.16)
Distributions	(2.30)	(2.30)	(0.10)
Closing NAV	112.34	101.84	99.74
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.05	0.06	0.07
Dilution adjustments	(0.03)	(0.04)	(0.01)
Total direct transaction costs	0.02	0.02	0.06
Performance and charges	%	%	%
Direct portfolio transaction costs	0.01	0.02	0.03
Operating charges	0.60	0.60	0.60
Return after charges	+12.57	+4.41	-0.16
Other information			
Closing NAV (¥'000)	3,306,722	1,363,384	3,022
Number of shares	15,907,995	8,309,530	20,010
Highest share price (UK p)	119.32	108.93	102.33
Lowest share price (UK p)	96.42	92.22	96.67

## Sterling Class 'PP' Accumulation share performance

The share class was launched on 28 June 2021.

for the year to 31 August Change in NAV per share	2023 UK p	2022 UK p	2021 UK p
Opening NAV	104.25	99.84	100.00
Return before operating charges	13.76	5.02	(0.05)
Operating charges	(0.63)	(0.61)	(0.11)
Return after operating charges	13.13	4.41	(0.16)
Distributions	(1.75)	(1.72)	0.00
Retained distributions	1.75	1.72	0.00
Closing NAV	117.38	104.25	99.84
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.05	0.06	0.07
Dilution adjustments	(0.03)	(0.04)	(0.01)
Total direct transaction costs	0.02	0.02	0.06
Performance and charges	%	%	%
Direct portfolio transaction costs	0.01	0.02	0.03
Operating charges	0.60	0.60	0.60
Return after charges	+12.59	+4.42	-0.16
Other information			
Closing NAV (¥'000)	3,736,960	2,719,343	3,023
Number of shares	17,205,925	16,191,195	20,000
Highest share price (UK p)	122.17	109.03	102.33
Lowest share price (UK p)	98.72	92.31	96.67



# Financial highlights

## Sterling Class 'R' Income share performance

The share class was launched on 3 August 2012.

for the year to 31 August Change in NAV per share	2023 UK p	2022 UK p	2021 UK p
Opening NAV	314.37	309.33	220.63
Return before operating charges	41.31	15.49	97.05
Operating charges	(3.01)	(3.33)	(3.29)
Return after operating charges	38.30	12.16	93.76
Distributions	(7.10)	(7.12)	(5.06)
Closing NAV	345.57	314.37	309.33
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.14	0.17	0.18
Dilution adjustments	(0.09)	(0.12)	(0.08)
Total direct transaction costs	0.05	0.05	0.10
Performance and charges	%	%	%
Direct portfolio transaction costs	0.01	0.02	0.03
Operating charges	0.95	1.08	1.15
Return after charges	+12.18	+3.93	+42.50
Other information			
Closing NAV (¥'000)	71,512	54,566	46,529
Number of shares	111,842	107,735	99,358
Highest share price (UK p)	367.32	337.79	322.47
Lowest share price (UK p)	297.48	284.87	216.51

## Sterling Class 'R' Accumulation share performance

The share class was launched on 3 August 2012.

for the year to 31 August Change in NAV per share	2023 UK p	2022 UK p	2021 UK p
Opening NAV	366.06	352.27	247.21
Return before operating charges	48.18	17.59	108.75
Operating charges	(3.50)	(3.80)	(3.69)
Return after operating charges	44.68	13.79	105.06
Distributions	(4.88)	(4.41)	(2.14)
Retained distributions	4.88	4.41	2.14
Closing NAV	410.74	366.06	352.27
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.16	0.20	0.20
Dilution adjustments	(0.10)	(0.13)	(0.09)
Total direct transaction costs	0.06	0.07	0.11
Performance and charges	%	%	%
Direct portfolio transaction costs	0.01	0.02	0.03
Operating charges	0.95	1.08	1.15
Return after charges	+12.21	+3.91	+42.50
Other information			
Closing NAV (¥'000)	551,951	407,247	388,371
Number of shares	726,266	690,533	728,228
Highest share price (UK p)	427.80	384.61	361.33
Lowest share price (UK p)	346.47	324.36	242.60

# Financial statements and notes

## Financial statements

### Statement of total return

for the year to 31 August		2023		2022	
	Note	¥'000	¥'000	¥'000	¥'000
<b>Income</b>					
Net capital gains/(losses)	3		6,692,944		1,395,563
Revenue	5	670,238		487,929	
Expenses	6	(192,841)		(168,041)	
Interest payable and similar charges		(1,901)		(1,601)	
Net revenue/(expense) before taxation		475,496		318,287	
Taxation	7	(67,015)		(47,488)	
Net revenue/(expense) after taxation			408,481		270,799
<b>Total return before distributions</b>			<b>7,101,425</b>		<b>1,666,362</b>
Distributions	8		(448,053)		(318,786)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>6,653,372</b>		<b>1,347,576</b>

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

for the year to 31 August		2023		2022	
		¥'000	¥'000	¥'000	¥'000
<b>Opening net assets attributable to shareholders</b>			<b>20,655,349</b>		<b>15,259,157</b>
Amounts received on issue of shares		13,926,186		9,109,111	
Amounts paid on cancellation of shares		(4,769,435)		(5,321,977)	
			9,156,751		3,787,134
Dilution adjustments			26,920		27,673
Change in net assets attributable to shareholders from investment activities (see above)			6,653,372		1,347,576
Retained distributions on Accumulation shares			407,493		233,809
Unclaimed distributions			6		0
<b>Closing net assets attributable to shareholders</b>			<b>36,899,891</b>		<b>20,655,349</b>

# Financial statements and notes

## Financial statements

### Balance sheet

as at 31 August	Note	2023 ¥'000	2022 ¥'000
<b>Assets</b>			
<b>Fixed assets</b>			
Investments		36,138,392	20,188,710
<b>Current assets</b>			
Debtors	9	852,999	161,252
Cash and bank balances	10	617,962	453,145
<b>Total assets</b>		<b>37,609,353</b>	<b>20,803,107</b>
<b>Liabilities</b>			
<b>Creditors</b>			
Distribution payable		(155,269)	(96,934)
Other creditors	11	(554,193)	(50,824)
<b>Total liabilities</b>		<b>(709,462)</b>	<b>(147,758)</b>
<b>Net assets attributable to shareholders</b>		<b>36,899,891</b>	<b>20,655,349</b>

# Financial statements and notes

## Notes to the financial statements

### 1 Accounting policies

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

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

### 2 Distribution policy

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

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

### 3 Net capital gains/(losses)

for the year to 31 August	2023 ¥'000	2022 ¥'000
Non-derivative securities	6,665,786	1,383,507
Currency gains/(losses)	27,158	12,056
<b>Net capital gains/(losses)</b>	<b>6,692,944</b>	<b>1,395,563</b>

# 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 August	2023 ¥'000	% of transaction	2022 ¥'000	% of transaction
<b>a) Purchases</b>				
<b>Equities</b>				
Equities before transaction costs	24,141,164		18,942,670	
Commissions	6,662	0.03	5,437	0.03
<b>Total purchases after transaction costs</b>	<b>24,147,826</b>		<b>18,948,107</b>	
<b>b) Sales</b>				
<b>Equities</b>				
Equities before transaction costs	14,869,088		15,246,623	
Commissions	(5,159)	0.03	(4,876)	0.03
<b>Total sales after transaction costs</b>	<b>14,863,929</b>		<b>15,241,747</b>	
	2023 ¥'000	% of average NAV	2022 ¥'000	% of average NAV
<b>c) Direct portfolio transaction costs</b>				
<b>Commissions paid</b>				
Equities	11,821	0.04	10,313	0.06
<b>Total direct portfolio transaction costs</b>	<b>11,821</b>	<b>0.04</b>	<b>10,313</b>	<b>0.06</b>
		%		%
<b>d) Indirect portfolio transaction costs</b>				
Average portfolio dealing spread as at the balance sheet date		0.28		0.36

## 5 Revenue

for the year to 31 August	2023 ¥'000	2022 ¥'000
Bank interest	90	28
Dividends from equity investments: non-taxable	670,148	487,901
<b>Total revenue</b>	<b>670,238</b>	<b>487,929</b>

# Financial statements and notes

## 6 Expenses

for the year to 31 August	2023 ¥'000	2022 ¥'000
<b>Payable to the ACD or associate</b>		
Annual charge	192,841	168,041
<b>Total expenses</b>	<b>192,841</b>	<b>168,041</b>

Audit fees for the financial year ending 2023 were £11,000 (2022: £11,000) (including VAT), which are covered by the annual charge.

## 7 Taxation

for the year to 31 August	2023 ¥'000	2022 ¥'000
<b>a) Analysis of charge in the year</b>		
Corporation tax	0	0
Withholding tax	67,015	47,488
Deferred tax (note 7c)	0	0
<b>Total taxation</b>	<b>67,015</b>	<b>47,488</b>
<b>b) Factors affecting taxation charge for the year</b>		
Net revenue/(expense) before taxation	475,496	318,287
Corporation tax at 20%	95,099	63,657
<b>Effects of:</b>		
Dividends from equity investments: non-taxable	(134,029)	(97,580)
Current year expenses not utilised	38,930	33,923
Withholding tax	67,015	47,488
<b>Total tax charge (note 7a)</b>	<b>67,015</b>	<b>47,488</b>
<b>c) Provision for deferred taxation</b>		
Provision at the start of the year	0	0
Deferred tax in profit and loss account (note 7a)	0	0
<b>Provision at the end of the year</b>	<b>0</b>	<b>0</b>

The fund has not recognised a deferred tax asset of ¥690,123,000 (2022: ¥651,193,000) arising as a result of having excess management expenses. We do not expect this asset to be utilised in the foreseeable future.

# Financial statements and notes

## 8 Distributions

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

for the year to 31 August	2023		2022	
	Inc ¥'000	Acc ¥'000	Inc ¥'000	Acc ¥'000
<b>Dividend distributions</b>				
Final	155,269	407,493	96,934	233,809
Total net distributions		562,762		330,743
Income deducted on cancellation of shares		50,020		95,036
Income received on issue of shares		(164,729)		(106,993)
<b>Distributions</b>		<b>448,053</b>		<b>318,786</b>
Net revenue/(expense) per statement of total return		408,481		270,799
Expenses offset against capital		39,573		47,987
Undistributed income brought forward		3		3
Undistributed income carried forward		(4)		(3)
<b>Distributions</b>		<b>448,053</b>		<b>318,786</b>

## 9 Debtors

as at 31 August	2023 ¥'000	2022 ¥'000
Amounts receivable on issues of shares	426,569	56,787
Currency deals outstanding	236,314	25,435
Dividends receivable	91,521	40,620
Sales awaiting settlement	98,595	38,410
<b>Total debtors</b>	<b>852,999</b>	<b>161,252</b>

## 10 Cash and bank balances

as at 31 August	2023 ¥'000	2022 ¥'000
Cash held as bank balances	617,962	453,145
<b>Total cash and bank balances</b>	<b>617,962</b>	<b>453,145</b>

# Financial statements and notes

## 11 Other creditors

as at 31 August	2023 ¥'000	2022 ¥'000
Amounts payable on cancellation of shares	144,833	1,615
Annual charge payable	7,042	3,777
Currency deals outstanding	236,203	25,227
Purchases awaiting settlement	166,115	20,205
<b>Total other creditors</b>	<b>554,193</b>	<b>50,824</b>

## 12 Contingent assets, liabilities and outstanding commitments

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

## 13 Shares in issue

The following table shows each class of share in issue during the year. Each share class has the same rights on winding up however they may have different charging structures as set out in note 14.

Share class	Opening 01.09.22	Issued	Movements Cancelled	Converted	Closing 31.08.23
<b>Sterling</b>					
Class 'A' Income	608,155	50,524	(94,114)	0	564,565
Class 'A' Accumulation	1,410,395	165,319	(455,285)	0	1,120,429
Class 'I' Income	437,120	171,691	(76,058)	0	532,753
Class 'I' Accumulation	1,907,470	1,394,373	(320,629)	0	2,981,214
Class 'PP' Income	8,309,530	7,731,661	(133,196)	0	15,907,995
Class 'PP' Accumulation	16,191,195	8,230,493	(7,215,763)	0	17,205,925
Class 'R' Income	107,735	20,077	(15,970)	0	111,842
Class 'R' Accumulation	690,533	153,388	(117,655)	0	726,266

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



# Financial statements and notes

## 14 Charging structure

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

Share class	Annual charge %
<b>Sterling</b>	
Class 'A'	1.10
Class 'I'	0.70
Class 'PP'	0.60
Class 'R'	0.95

## 15 Related parties

M&G Securities Limited, as Authorised Corporate Director (ACD), is a related party and acts as principal on all the transactions of shares in the fund except with in specie transactions, where M&G Securities Limited acts as an agent. The aggregate monies received through issues, and paid on cancellations, are disclosed in the 'Statement of change in net assets attributable to shareholders' and note 8. Amounts due to/from M&G Securities Limited in respect of share transactions at the year end are disclosed in notes 9 and 11 where applicable.

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

At the balance sheet date, shareholders from within M&G plc, of which M&G Securities Limited is a wholly owned subsidiary, have holdings totaling 0.22% (2022: 0.34%) of the fund's shares.

## 16 Fair value analysis

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

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

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

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

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

# Financial statements and notes

## Level 3: Valuation technique using unobservable inputs

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

as at 31 August	Assets 2023 ¥'000	Liabilities 2023 ¥'000	Assets 2022 ¥'000	Liabilities 2022 ¥'000
Basis of valuation				
Level 1	36,138,392	0	20,188,710	0
Level 2	0	0	0	0
Level 3	0	0	0	0
	<b>36,138,392</b>	<b>0</b>	<b>20,188,710</b>	<b>0</b>

## 17 Risk management policies

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

## 18 Market risk sensitivity

A five per cent increase in the value of the fund's investment portfolio would have the effect of increasing the return and net assets by ¥1,806,920,000 (2022: ¥1,009,436,000). A five per cent decrease would have an equal and opposite effect.

## 19 Currency risk sensitivity and exposure

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

## 20 Interest rate risk sensitivity and exposure

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

## 21 Credit risk

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

## 22 Dividend distribution tables

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

### Annual distribution period

	Start	End	Xd	Payment
Final	01.09.22	31.08.23	01.09.23	31.10.23

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

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

Group 2 shares are those purchased during a distribution period and therefore their distribution rate is made up of income and equalisation. Equalisation is the average amount of income included in the purchase price of all Group 2 shares and is refunded to the holders of these shares as a return of capital. Being capital it is not liable to Income

# Financial statements and notes

Tax. Instead, it must be deducted from the cost of shares for Capital Gains Tax purposes. The tables below show the split of the Group 2 rates into the income and equalisation components.

## Sterling Class 'A' Income shares

Ordinary distributions for the year to 31 August	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2023 UK p	2023 UK p	2023 UK p	2022 UK p
Final	4.0426	10.1662	14.2088	14.2811

## Sterling Class 'A' Accumulation shares

Ordinary distributions for the year to 31 August	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2023 UK p	2023 UK p	2023 UK p	2022 UK p
Final	0.5013	8.4024	8.9037	8.0029

## Sterling Class 'I' Income shares

Ordinary distributions for the year to 31 August	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2023 UK p	2023 UK p	2023 UK p	2022 UK p
Final	21.7391	50.4468	72.1859	72.2543

## Sterling Class 'I' Accumulation shares

Ordinary distributions for the year to 31 August	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2023 UK p	2023 UK p	2023 UK p	2022 UK p
Final	18.6494	40.6040	59.2534	53.9706

## Sterling Class 'PP' Income shares

Ordinary distributions for the year to 31 August	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2023 UK p	2023 UK p	2023 UK p	2022 UK p
Final	0.3441	1.9594	2.3035	2.3022

## Sterling Class 'PP' Accumulation shares

Ordinary distributions for the year to 31 August	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2023 UK p	2023 UK p	2023 UK p	2022 UK p
Final	0.2630	1.4846	1.7476	1.7197

# Financial statements and notes

## Sterling Class 'R' Income shares

Ordinary distributions for the year to 31 August	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2023 UK p	2023 UK p	2023 UK p	2022 UK p
Final	1.1256	5.9739	7.0995	7.1247

## Sterling Class 'R' Accumulation shares

Ordinary distributions for the year to 31 August	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2023 UK p	2023 UK p	2023 UK p	2022 UK p
Final	1.3492	3.5290	4.8782	4.4120

## 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 15 August 2023 has been used.

## Investment objective

The fund has two aims:

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

## Investment policy

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

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

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

Derivatives may be used for efficient portfolio management and hedging.

## Investment approach

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

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

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

## Benchmark

Benchmark: S&P 500 Index.

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

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

For 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 12 to 14.

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



### The above number:

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

# Authorised Corporate Director's Report

## Investment review

For the year ended 31 August 2023

### Distribution summary

Over the 12-month review period to 31 August 2023, the fund distributed income of 51.4291 pence per Sterling Class 'A' Income share. This represents a 9.6% increase from last year. The Sterling Class 'I' Income share distributed 63.5145 pence, which is 10% higher than a year ago. In US dollars, the currency in which the fund's income objective is determined, the distribution rose 9.1% from last year for the Sterling Class 'A' Income share and 8.8% for the Sterling Class 'I' Income share.

The momentum in US dividends continued during the 12 months under review, as corporate cashflows remained resilient in the face of prevailing economic challenges, namely persistent inflation, rising interest rates and the threat of an imminent recession. Dividends provide a strong signal of corporate confidence, and corporate America appears resolute in its optimism. (Dividends represent a share in the profits of a company and are paid out to the company's shareholders at set times of the year.)

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

We have been encouraged by the robust dividend growth from the fund's largest holdings, many of which are technology companies. Microsoft extended its long sequence of dividend growth with a 10% increase, while Broadcom raised its dividend by 12% in semiconductors. Visa and MasterCard, which were reclassified as financials during the review period, delivered dividend growth of 20% and 16%, respectively, in digital payments. Lam Research and Intuit reported double-digit increases in the final month of the review period.

Healthcare was another source of reliable growth, with double-digit increases from UnitedHealth, Elevance

Health, Thermo Fisher Scientific and Zoetis. In other defensive sectors, Mondelēz International and Estée Lauder raised their dividends by 10% in consumer staples, while NextEra Energy increased its payment by the same magnitude in utilities. (Defensive stocks are companies that tend to have stable earnings and are less affected by peaks and troughs in the economy.)

Strong dividend growth was also apparent in more economically sensitive sectors. Schlumberger accounted for the biggest dividend hike during the review period as the oil services company boosted its dividend by 43%. ONEOK, a midstream energy company, raised its dividend for the first time in three years. Air Products & Chemicals and Methanex, our holdings in the materials sector, delivered increases in the core 5-15% range. Tractor Supply and NIKE reported double-digit growth in consumer discretionary, while American Express raised its dividend by 15% in financials.

It was not all good news, however, as VF Corp cut its dividend in consumer discretionary. While the outcome is disappointing, the course of action is understandable given the need for financial flexibility in an increasingly difficult operating environment. Balance sheet strength remains a key consideration in our company research to ensure that dividends are sustainable in the current climate. We envisage a return to dividend growth at the appropriate time. First Republic Bank, on the other hand, eliminated its dividend completely. The stock was sold in April.

Dividend cuts were the exception rather than the rule, however, and we are pleased with the dividend progress from the majority of the fund's holdings. The solid, and in many cases impressive, dividend growth from the fund's underlying investments has allowed the fund not only to increase the distribution during the 12-month review period, in line with its objective, but to do so at a faster pace than inflation. We remain vigilant about the dividend outlook given the potential impact of higher interest rates on economic activity and consumer spending. While caution is prudent in the current circumstances, we continue to believe that the

# Authorised Corporate Director's Report

fund is well placed to deliver on its objective of providing a rising income stream in US dollars.

## Performance against objective

Between 31 August 2022 (the start of the review period) and 31 August 2023, the fund delivered a positive total return (the combination of income and growth of capital) across all its share classes. The unhedged share classes underperformed the S&P 500 Index, which returned 6.5% in sterling, while the hedged share classes outperformed.

Over five years, the fund generated double-digit returns across all its share classes, but lagged behind the S&P 500 Index which delivered an annualised return of 11.7% in sterling. Therefore the fund did not meet the objective of providing a higher total return, net of the Ongoing Charge Figure, than that of the S&P 500 Index over any five-year period.

The fund delivered on the objective of growing the distribution every year in US dollars.

The growth in distributed income for the Sterling Class 'A' Income share and the Sterling Class 'I' Income share was 9.1% and 8.8% in US dollars, respectively, during the 12 months under review.

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

## Performance review

The US stockmarket rose during the 12 months under review, in a rally dominated by a handful of new economy giants. The so-called Magnificent Seven – Apple, Microsoft, Alphabet, Amazon.com, NVIDIA, Tesla and Meta Platforms – hogged the limelight from the turn of the year, with the rest of the market lagging far behind. Industrials outperformed among the more economically sensitive sectors, but was ultimately an outlier. Energy and materials generated positive returns but fell short of the S&P 500 Index, while financials declined in sterling, as the collapse of Silicon Valley Bank weighed on the broader banking industry. Defensive stocks were completely out of favour. Utilities and real estate suffered the biggest losses owing to

their perceived interest rate sensitivity, while consumer staples and healthcare failed to eke out a positive return.

Against this backdrop, the fund's unhedged share classes generated positive returns, but underperformed the benchmark, the S&P 500 Index. Not owning NVIDIA provided the biggest drag on performance relative to the benchmark as the share price tripled in a renewed Artificial Intelligence (AI) frenzy. The zero exposure to Meta Platforms, the owner of Facebook and Instagram, also detracted. NVIDIA is a potential investment candidate because the semiconductor company has a dividend track record, but the dividend has been static for many years and we see better opportunities for growth which are more attractively priced elsewhere. Meta does not pay a dividend and is therefore ineligible for our dividend growth strategy.

Stock selection added value in technology as Broadcom and Lam Research led the gains in semiconductors. MasterCard and Visa, which were reclassified as financials in the second half of the review period, outperformed in digital payments. Microsoft made a positive contribution as the only new economy bellwether with respectable dividend growth.

Fidelity National Information Services (FIS) led the detractors after the provider of technology solutions cut its guidance, citing deteriorating economic conditions. We sold the stock in March after we lost conviction in the investment case.

American Tower and UnitedHealth succumbed to negative sentiment in real estate and healthcare, respectively. American Tower, a wireless communications towers company which is structured as a real estate investment trust (REIT), should not be treated as a bond proxy, in our view. We continue to believe that the company is well placed for the structural growth in digital infrastructure spending, including the rollout of 5G networks, and we added to the holding on weakness. We continue to see UnitedHealth as a long-term beneficiary of demographic trends. The managed care organisation remains a top 10 holding.

# Authorised Corporate Director's Report

## Investment activities

We made 10 new purchases and nine complete sales during the 12-month review period, a level of turnover consistent with our long-term investment horizon of three to five years. The number of holdings increased to 44.

Vulcan Materials, the leading producer of construction aggregates in the US, was added to the portfolio in October as a potential beneficiary of government spending, namely the infrastructure bill designed to modernise America's infrastructure networks. The stock was sold in February after the shares rallied strongly. Although the holding period for this particular investment was considerably shorter than usual, we saw better opportunities for our clients' capital elsewhere.

In November, we initiated a holding in Schlumberger, which is well placed not only for the current investment cycle in global energy, but for long-term growth through the combination of innovation and strong capital discipline.

The market downturn in December presented a buying opportunity for Zoetis and Pool, two market leaders in long-term growth industries. Zoetis is exposed to the long-term growth in animal health, while Pool Corp is a beneficiary of the structural trend in outdoor living.

The fund's exposure to quality stocks increased in 2023, following the purchase of Arthur J Gallagher, the insurance brokerage, and Rexford Industrial Realty, a REIT with a focus on southern California, in February. We also bought Accenture, the consulting company, in March and Progressive, the auto insurer, in June. We have confidence in these companies as providers of reliable growth.

CDW and Trane Technologies were the final purchases of the review period. CDW, a provider of information technology solutions, and Trane, a manufacturer of heating, ventilation and air conditioning systems, provide exposure to structural growth trends albeit with a degree of economic sensitivity, without the burden of excessive valuations.

Caterpillar and WW Grainger were sold as a source of cash in industrials, while the holding in TransUnion was consolidated into its peer Equifax. Abbott Laboratories, the medical devices company, and Crown Castle, the wireless communications towers company, also provided a source of cash for better ideas. We divested FIS, Charles Schwab and First Republic Bank following a reassessment of their investment case.

We reduced Lam Research (semiconductors) and ONEOK (energy) into strength, and added to UnitedHealth (healthcare) and NextEra Energy (utilities) following the notable weakness of defensive stocks since the turn of the year.

## Outlook

The popular narrative of interest rates staying higher for longer, combined with lingering concerns about a looming recession, provides an uneasy backdrop for financial markets, but corporate earnings have remained remarkably resilient. Corporate America seemingly defying the sceptics once again with its uncanny ability to adapt to changing circumstances.

While the economic challenges should not be dismissed, it is also important, in our view, to distinguish between the broader economy and the discounting mechanism that the financial markets provide. We strongly believe that the concentrated nature of the current stockmarket rally, driven by the stark outperformance of a few new economy giants at the expense of everything else, will unwind over time, but at the same time, we are convinced that the polarised state of the markets is presenting attractive opportunities for stock pickers with a long-term time horizon. Being selective will be paramount. We remain resolute in our belief that company fundamentals drive share prices over the long run and remain focused in our task of identifying long-term winners – without overpaying for the cherished prize of growth.

Our positive view on digital payments remains as strong as ever. We have a high degree of confidence that the structural trend behind this multi-decade theme is not only intact but accelerating due to permanent changes in consumer behaviour. The long-run shift away from



# Authorised Corporate Director's Report

cash transactions towards card and digital payments shows no signs of abating. Visa and MasterCard continued to beat expectations in the latest reporting season and remain well placed to benefit from a further recovery in international travel.

We also retain our conviction in our semiconductor holdings which remain attractively valued, in our view, after their strong run. Valuation remains a critical aspect of our company analysis to ensure that we do not overpay for the growth we seek.

Balance sheet strength remains a key consideration in our fundamental analysis, particularly in an environment of higher interest rates, and we continue to scrutinise cashflow generation to ensure that dividends can be sustained in the years ahead.

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

## John Weavers

Fund manager

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

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

# Portfolio statement

## Investments

Holding	as at 31.08.23 \$'000	as at 31.08.23 %	as at 31.08.22 %
<b>Equities</b>	<b>800,477</b>	<b>99.49</b>	<b>98.09</b>
<b>Energy equipment &amp; services</b>	<b>12,515</b>	<b>1.56</b>	<b>0.00</b>
211,290 Schlumberger	12,515	1.56	
<b>Oil, gas &amp; consumable fuels</b>	<b>15,392</b>	<b>1.91</b>	<b>3.14</b>
767,772 Gibson Energy	11,410	1.42	
60,731 ONEOK	3,982	0.49	
<b>Chemicals</b>	<b>39,083</b>	<b>4.86</b>	<b>3.85</b>
91,428 Air Products & Chemicals	27,042	3.36	
278,585 Methanex	12,041	1.50	
<b>Building products</b>	<b>4,192</b>	<b>0.52</b>	<b>0.00</b>
20,340 Trane Technologies	4,192	0.52	
<b>Machinery</b>	<b>0</b>	<b>0.00</b>	<b>1.21</b>
<b>Trading companies &amp; distributors</b>	<b>2,983</b>	<b>0.37</b>	<b>0.85</b>
8,070 Pool	2,983	0.37	
<b>Professional services</b>	<b>14,447</b>	<b>1.80</b>	<b>3.55</b>
69,567 Equifax	14,447	1.80	
<b>Textiles, apparel &amp; luxury goods</b>	<b>14,641</b>	<b>1.82</b>	<b>1.97</b>
66,118 NIKE	6,768	0.84	
410,236 VF	7,873	0.98	
<b>Speciality retail</b>	<b>30,885</b>	<b>3.84</b>	<b>4.18</b>
68,499 Lowe's	15,792	1.96	
67,688 Tractor Supply	15,093	1.88	
<b>Food &amp; staples retailing</b>	<b>15,629</b>	<b>1.94</b>	<b>4.01</b>
16,692 Costco Wholesale	9,090	1.13	
92,866 Sysco	6,539	0.81	
<b>Food products</b>	<b>4,316</b>	<b>0.54</b>	<b>0.63</b>
59,665 Mondelēz International	4,316	0.54	
<b>Personal products</b>	<b>3,298</b>	<b>0.41</b>	<b>0.57</b>
20,162 Estee Lauder	3,298	0.41	
<b>Health care equipment &amp; supplies</b>	<b>0</b>	<b>0.00</b>	<b>0.44</b>
<b>Health care providers &amp; services</b>	<b>54,189</b>	<b>6.73</b>	<b>6.04</b>
39,473 Elevance Health	18,153	2.25	
73,431 UnitedHealth	36,036	4.48	

# Portfolio statement

## Investments (continued)

Holding	as at 31.08.23 \$'000	as at 31.08.23 %	as at 31.08.22 %
<b>Equities (continued)</b>			
<b>Pharmaceuticals</b>			
135,695 Merck	14,966	1.86	
17,883 Zoetis	3,466	0.43	
<b>Life sciences tools &amp; services</b>			
38,695 Thermo Fisher Scientific	21,650	2.69	
<b>Banks</b>			
141,325 JPMorgan Chase	20,961	2.60	
<b>Consumer finance</b>			
113,455 American Express	18,236	2.27	
<b>Capital markets</b>			
48,184 Blackrock	33,663	4.18	
33,531 S&P Global	13,172	1.64	
<b>Insurance</b>			
75,313 Arthur J Gallagher	17,408	2.16	
23,098 Progressive	3,098	0.39	
<b>IT services</b>			
35,748 Accenture	11,567	1.44	
171,441 MasterCard	71,277	8.86	
205,805 Visa	50,935	6.33	
<b>Software</b>			
22,610 Intuit	12,253	1.52	
222,998 Microsoft	73,264	9.11	
<b>Communications equipment</b>			
29,033 Motorola Solutions	8,232	1.02	
<b>Electronic equipment, instruments &amp; components</b>			
24,030 CDW	5,001	0.62	
<b>Semiconductors &amp; semiconductor equipment</b>			
73,048 Broadcom	65,502	8.14	
22,570 KLA	11,266	1.40	
21,989 Lam Research	14,997	1.86	
43,003 NXP Semiconductors	8,844	1.10	
136,868 QUALCOMM	15,428	1.92	

# Portfolio statement

## Investments (continued)

Holding	as at 31.08.23 \$'000	as at 31.08.23 %	as at 31.08.22 %
<b>Equities (continued)</b>			
<b>Diversified telecommunication services</b>	<b>24,663</b>	<b>3.07</b>	<b>2.90</b>
350,157 Cogent Communications	24,663	3.07	
<b>Electric utilities</b>	<b>13,206</b>	<b>1.64</b>	<b>0.76</b>
197,510 NextEra Energy	13,206	1.64	
<b>Equity real estate investment trusts (REITs)</b>	<b>55,852</b>	<b>6.94</b>	<b>5.44</b>
142,233 American Tower	25,972	3.23	
21,273 Equinix	16,856	2.09	
241,593 Rexford Industrial Realty	13,024	1.62	
<b>Portfolio of investments</b>	<b>800,477</b>	<b>99.49</b>	<b>98.09</b>
<b>Share class hedging</b>	<b>(12)</b>	<b>0.00</b>	<b>(0.01)</b>
<b>Forward currency contracts for share class hedging</b>	<b>(12)</b>	<b>0.00</b>	<b>(0.01)</b>
US\$358,065 Bought for £281,282 (expires 13.09.23)	1	0.00	
£228,952 Bought for C\$390,618 (expires 13.09.23)	1	0.00	
US\$(10,827,521) Sold for £8,527,845 (expires 13.09.23)	(14)	0.00	
<b>Total portfolio</b>	<b>800,465</b>	<b>99.49</b>	<b>98.08</b>
<b>Net other assets/(liabilities)</b>	<b>4,103</b>	<b>0.51</b>	<b>1.92</b>
<b>Net assets attributable to shareholders</b>	<b>804,568</b>	<b>100.00</b>	<b>100.00</b>

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

# Portfolio statement

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

Largest purchases	\$'000
Arthur J Gallagher	14,290
Rexford Industrial Realty	13,725
Schlumberger	11,876
UnitedHealth	11,663
Thermo Fisher Scientific	10,367
Accenture	10,324
NextEra Energy	9,914
Tractor Supply	9,159
American Tower	8,931
Broadcom	8,448
Other purchases	93,342
<b>Total purchases</b>	<b>202,039</b>

Largest sales	\$'000
Lam Research	32,185
Fidelity National Information Services	24,987
Sysco	17,796
Microsoft	17,045
Lowe's	14,955
MasterCard	13,793
Broadcom	12,314
Charles Schwab	11,294
ONEOK	9,564
Caterpillar	9,199
Other sales	100,356
<b>Total sales</b>	<b>263,488</b>

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

# Financial highlights

## Fund performance

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

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

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

## Long-term performance by share class

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

Share class	One year % <sup>a</sup>	Three years % pa	Five years % pa	Ten years % pa
<b>Sterling</b>				
Class 'A' Income	+2.8	+12.0	+10.1	+13.0
Class 'A' Accumulation	+2.8	+12.0	+10.1	+13.0
Class 'I' Income	+3.2	+12.4	+10.6	+13.7
Class 'I' Accumulation	+3.2	+12.4	+10.6	+13.7
Class 'I-H' Income	+10.2	+9.4	n/a	n/a
Class 'I-H' Accumulation	+10.3	+9.4	n/a	n/a
Class 'PP' Income	+3.3	+12.6	n/a	n/a
Class 'PP' Accumulation	+3.3	+12.6	n/a	n/a
Class 'PP-H' Income	+10.3	+9.5	n/a	n/a
Class 'PP-H' Accumulation	+10.4	+9.5	n/a	n/a
Class 'R' Income	+3.0	+12.2	+10.3	+13.3
Class 'R' Accumulation	+3.0	+12.2	+10.3	+13.4
<b>Benchmark</b>	<b>+6.5</b>	<b>+12.6</b>	<b>+11.7</b>	<b>+15.1</b>

<sup>a</sup> 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 28 March 1977.

for the year to 31 August Change in NAV per share	2023 UK p	2022 UK p	2021 UK p
Opening NAV	3,020.34	2,809.30	2,286.43
Return before operating charges	117.63	285.86	590.93
Operating charges	(29.87)	(27.88)	(27.02)
Return after operating charges	87.76	257.98	563.91
Distributions	(51.43)	(46.94)	(41.04)
Closing NAV	3,056.67	3,020.34	2,809.30
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.46	0.60	0.61
Dilution adjustments	(0.28)	(0.38)	(0.44)
Total direct transaction costs	0.18	0.22	0.17
Performance and charges	%	%	%
Direct portfolio transaction costs	0.01	0.01	0.00
Operating charges	1.01	0.95	1.06
Return after charges	+2.91	+9.18	+24.66
Other information			
Closing NAV (\$'000)	98,777	103,018	114,146
Number of shares	2,548,533	2,936,311	2,950,929
Highest share price (UK p)	3,110.16	3,182.50	2,825.02
Lowest share price (UK p)	2,731.87	2,691.01	2,221.36

## Sterling Class 'A' Accumulation share performance

The share class was launched on 18 December 1972.

for the year to 31 August Change in NAV per share	2023 UK p	2022 UK p	2021 UK p
Opening NAV	4,461.06	4,083.98	3,272.35
Return before operating charges	176.26	417.58	850.50
Operating charges	(44.17)	(40.50)	(38.87)
Return after operating charges	132.09	377.08	811.63
Distributions	(35.44)	(26.17)	(20.77)
Retained distributions	35.44	26.17	20.77
Closing NAV	4,593.15	4,461.06	4,083.98
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.68	0.88	0.88
Dilution adjustments	(0.42)	(0.55)	(0.63)
Total direct transaction costs	0.26	0.33	0.25
Performance and charges	%	%	%
Direct portfolio transaction costs	0.01	0.01	0.00
Operating charges	1.01	0.95	1.06
Return after charges	+2.96	+9.23	+24.80
Other information			
Closing NAV (\$'000)	96,731	134,662	119,714
Number of shares	1,660,877	2,598,674	2,128,919
Highest share price (UK p)	4,610.04	4,669.69	4,081.92
Lowest share price (UK p)	4,035.58	3,923.81	3,179.21

# Financial highlights

## Sterling Class 'I' Income share performance

The share class was launched on 3 August 2012.

for the year to 31 August	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	3,714.05	3,440.82	2,787.80
Return before operating charges	145.41	350.74	722.37
Operating charges	(22.33)	(19.79)	(19.22)
Return after operating charges	123.08	330.95	703.15
Distributions	(63.51)	(57.72)	(50.13)
Closing NAV	3,773.62	3,714.05	3,440.82
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.57	0.74	0.74
Dilution adjustments	(0.35)	(0.47)	(0.53)
Total direct transaction costs	0.22	0.27	0.21
Performance and charges	%	%	%
Direct portfolio transaction costs	0.01	0.01	0.00
Operating charges	0.61	0.55	0.62
Return after charges	+3.31	+9.62	+25.22
Other information			
Closing NAV (\$'000)	180,400	175,906	211,496
Number of shares	3,770,130	4,077,324	4,464,144
Highest share price (UK p)	3,831.22	3,913.03	3,460.02
Lowest share price (UK p)	3,360.96	3,302.38	2,710.77

## Sterling Class 'I' Accumulation share performance

The share class was launched on 3 August 2012.

for the year to 31 August	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	4,352.28	3,968.50	3,165.54
Return before operating charges	173.08	406.71	824.86
Operating charges	(26.30)	(22.93)	(21.90)
Return after operating charges	146.78	383.78	802.96
Distributions	(51.53)	(42.99)	(35.59)
Retained distributions	51.53	42.99	35.59
Closing NAV	4,499.06	4,352.28	3,968.50
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.67	0.86	0.85
Dilution adjustments	(0.41)	(0.54)	(0.60)
Total direct transaction costs	0.26	0.32	0.25
Performance and charges	%	%	%
Direct portfolio transaction costs	0.01	0.01	0.00
Operating charges	0.61	0.55	0.62
Return after charges	+3.37	+9.67	+25.37
Other information			
Closing NAV (\$'000)	334,517	299,227	328,810
Number of shares	5,863,761	5,918,724	6,017,503
Highest share price (UK p)	4,505.53	4,555.25	3,966.50
Lowest share price (UK p)	3,939.04	3,820.27	3,078.07



# Financial highlights

## Sterling Class 'I-H' Income share performance

The share class was launched on 6 December 2019.

for the year to 31 August Change in NAV per share	2023 UK p	2022 UK p	2021 UK p
Opening NAV	120.57	133.48	105.02
Return before operating charges	13.16	(10.12)	31.19
Operating charges	(0.79)	(0.76)	(0.77)
Return after operating charges	12.37	(10.88)	30.42
Distributions	(2.14)	(2.03)	(1.96)
Closing NAV	130.80	120.57	133.48
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.02	0.03	0.03
Dilution adjustments	(0.01)	(0.02)	(0.02)
Total direct transaction costs	0.01	0.01	0.01
Performance and charges	%	%	%
Direct portfolio transaction costs	0.01	0.01	0.00
Operating charges	0.64	0.58	0.65
Return after charges	+10.26	-8.15	+28.97
Other information			
Closing NAV (\$'000)	77	57	68
Number of shares	46,244	40,956	37,166
Highest share price (UK p)	133.19	144.68	134.23
Lowest share price (UK p)	104.09	114.28	98.86

## Sterling Class 'I-H' Accumulation share performance

The share class was launched on 6 December 2019.

for the year to 31 August Change in NAV per share	2023 UK p	2022 UK p	2021 UK p
Opening NAV	126.63	137.90	106.77
Return before operating charges	14.03	(10.48)	31.92
Operating charges	(0.85)	(0.79)	(0.79)
Return after operating charges	13.18	(11.27)	31.13
Distributions	(1.52)	(1.31)	(1.24)
Retained distributions	1.52	1.31	1.24
Closing NAV	139.81	126.63	137.90
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.02	0.03	0.03
Dilution adjustments	(0.01)	(0.02)	(0.02)
Total direct transaction costs	0.01	0.01	0.01
Performance and charges	%	%	%
Direct portfolio transaction costs	0.01	0.01	0.00
Operating charges	0.64	0.58	0.63
Return after charges	+10.41	-8.17	+29.16
Other information			
Closing NAV (\$'000)	4,799	2,068	1,434
Number of shares	2,707,268	1,406,052	755,452
Highest share price (UK p)	141.40	149.94	137.83
Lowest share price (UK p)	109.34	119.22	100.50

# Financial highlights

## Sterling Class 'PP' Income share performance

The share class was launched on 5 August 2019.

for the year to 31 August	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	136.40	126.25	102.15
Return before operating charges	5.35	12.88	26.51
Operating charges	(0.69)	(0.60)	(0.57)
Return after operating charges	4.66	12.28	25.94
Distributions	(2.31)	(2.13)	(1.84)
Closing NAV	138.75	136.40	126.25
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.02	0.03	0.03
Dilution adjustments	(0.01)	(0.02)	(0.02)
Total direct transaction costs	0.01	0.01	0.01
Performance and charges	%	%	%
Direct portfolio transaction costs	0.01	0.01	0.00
Operating charges	0.51	0.45	0.47
Return after charges	+3.42	+9.73	+25.39
Other information			
Closing NAV (\$'000)	49,619	43,168	76,888
Number of shares	28,202,521	27,245,938	44,230,835
Highest share price (UK p)	140.77	143.72	126.95
Lowest share price (UK p)	123.45	121.22	99.36

## Sterling Class 'PP' Accumulation share performance

The share class was launched on 8 April 2019.

for the year to 31 August	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	155.09	141.27	112.55
Return before operating charges	6.18	14.49	29.34
Operating charges	(0.79)	(0.67)	(0.62)
Return after operating charges	5.39	13.82	28.72
Distributions	(1.99)	(1.69)	(1.28)
Retained distributions	1.99	1.69	1.28
Closing NAV	160.48	155.09	141.27
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.02	0.03	0.03
Dilution adjustments	(0.01)	(0.02)	(0.02)
Total direct transaction costs	0.01	0.01	0.01
Performance and charges	%	%	%
Direct portfolio transaction costs	0.01	0.01	0.00
Operating charges	0.51	0.45	0.51
Return after charges	+3.48	+9.78	+25.52
Other information			
Closing NAV (\$'000)	16,093	14,757	19,438
Number of shares	7,908,640	8,191,130	9,992,567
Highest share price (UK p)	160.62	162.32	141.20
Lowest share price (UK p)	140.38	136.07	109.47

# Financial highlights

## Sterling Class 'PP-H' Income share performance

The share class was launched on 6 December 2019.

for the year to 31 August Change in NAV per share	2023 UK p	2022 UK p	2021 UK p
Opening NAV	121.36	134.23	105.42
Return before operating charges	13.24	(10.18)	31.41
Operating charges	(0.67)	(0.64)	(0.63)
Return after operating charges	12.57	(10.82)	30.78
Distributions	(2.16)	(2.05)	(1.97)
Closing NAV	131.77	121.36	134.23
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.02	0.03	0.03
Dilution adjustments	(0.01)	(0.02)	(0.02)
Total direct transaction costs	0.01	0.01	0.01
Performance and charges	%	%	%
Direct portfolio transaction costs	0.01	0.01	0.00
Operating charges	0.54	0.48	0.52
Return after charges	+10.36	-8.06	+29.20
Other information			
Closing NAV (\$'000)	34	28	37
Number of shares	20,150	20,150	20,150
Highest share price (UK p)	134.17	145.54	134.98
Lowest share price (UK p)	104.79	115.02	99.25

## Sterling Class 'PP-H' Accumulation share performance

The share class was launched on 6 December 2019.

for the year to 31 August Change in NAV per share	2023 UK p	2022 UK p	2021 UK p
Opening NAV	127.01	138.26	106.89
Return before operating charges	14.14	(10.62)	32.01
Operating charges	(0.73)	(0.63)	(0.64)
Return after operating charges	13.41	(11.25)	31.37
Distributions	(1.64)	(1.43)	(1.36)
Retained distributions	1.64	1.43	1.36
Closing NAV	140.42	127.01	138.26
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.02	0.03	0.03
Dilution adjustments	(0.01)	(0.02)	(0.02)
Total direct transaction costs	0.01	0.01	0.01
Performance and charges	%	%	%
Direct portfolio transaction costs	0.01	0.01	0.00
Operating charges	0.54	0.48	0.52
Return after charges	+10.56	-8.14	+29.35
Other information			
Closing NAV (\$'000)	5,821	863	38
Number of shares	3,269,648	584,937	20,100
Highest share price (UK p)	142.00	150.32	138.19
Lowest share price (UK p)	109.70	119.58	100.64

# Financial highlights

## Sterling Class 'R' Income share performance

The share class was launched on 3 August 2012.

for the year to 31 August	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	364.63	338.64	275.07
Return before operating charges	14.23	34.49	71.17
Operating charges	(3.08)	(2.83)	(2.66)
Return after operating charges	11.15	31.66	68.51
Distributions	(6.21)	(5.67)	(4.94)
Closing NAV	369.57	364.63	338.64
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.06	0.07	0.07
Dilution adjustments	(0.03)	(0.05)	(0.05)
Total direct transaction costs	0.03	0.02	0.02
Performance and charges	%	%	%
Direct portfolio transaction costs	0.01	0.01	0.00
Operating charges	0.86	0.80	0.86
Return after charges	+3.06	+9.35	+24.91
Other information			
Closing NAV (\$'000)	2,442	2,233	2,721
Number of shares	521,220	527,221	583,512
Highest share price (UK p)	375.72	384.19	340.53
Lowest share price (UK p)	329.86	324.62	267.35

## Sterling Class 'R' Accumulation share performance

The share class was launched on 3 August 2012.

for the year to 31 August	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	424.30	387.86	310.16
Return before operating charges	16.82	39.69	80.71
Operating charges	(3.60)	(3.25)	(3.01)
Return after operating charges	13.22	36.44	77.70
Distributions	(3.98)	(3.14)	(2.62)
Retained distributions	3.98	3.14	2.62
Closing NAV	437.52	424.30	387.86
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.07	0.08	0.08
Dilution adjustments	(0.04)	(0.05)	(0.06)
Total direct transaction costs	0.03	0.03	0.02
Performance and charges	%	%	%
Direct portfolio transaction costs	0.01	0.01	0.00
Operating charges	0.86	0.80	0.86
Return after charges	+3.12	+9.40	+25.05
Other information			
Closing NAV (\$'000)	15,258	13,673	14,065
Number of shares	2,750,284	2,774,189	2,633,752
Highest share price (UK p)	438.76	444.12	387.66
Lowest share price (UK p)	383.90	372.92	301.46

# Financial statements and notes

## Financial statements

### Statement of total return

for the year to 31 August	Note	2023		2022	
		\$'000	\$'000	\$'000	\$'000
<b>Income</b>					
Net capital gains/(losses)	3		87,817		(74,029)
Revenue	5	16,262		15,561	
Expenses	6	(5,241)		(5,919)	
Interest payable and similar charges		0		0	
Net revenue/(expense) before taxation		11,021		9,642	
Taxation	7	(2,105)		(2,036)	
Net revenue/(expense) after taxation			8,916		7,606
<b>Total return before distributions</b>			<b>96,733</b>		<b>(66,423)</b>
Distributions	8		(11,046)		(10,080)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>85,687</b>		<b>(76,503)</b>

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

for the year to 31 August	2023		2022	
	\$'000	\$'000	\$'000	\$'000
<b>Opening net assets attributable to shareholders</b>		<b>789,660</b>		<b>951,147</b>
Amounts received on issue of shares	116,053		109,896	
Amounts paid on cancellation of shares	(192,083)		(199,368)	
		(76,030)		(89,472)
Dilution adjustments		99		160
Change in net assets attributable to shareholders from investment activities (see above)		85,687		(76,503)
Retained distributions on Accumulation shares		5,119		4,311
Unclaimed distributions		33		17
<b>Closing net assets attributable to shareholders</b>		<b>804,568</b>		<b>789,660</b>

# Financial statements and notes

## Financial statements

### Balance sheet

as at 31 August	Note	2023 \$'000	2022 \$'000
<b>Assets</b>			
<b>Fixed assets</b>			
Investments		800,479	774,534
<b>Current assets</b>			
Debtors	9	2,749	3,907
Cash and bank balances	10	1,653	2,475
Cash equivalents		3,972	17,517
<b>Total assets</b>		<b>808,853</b>	<b>798,433</b>
<b>Liabilities</b>			
Investment liabilities		(14)	(50)
<b>Creditors</b>			
Distribution payable		(2,280)	(2,151)
Other creditors	11	(1,991)	(6,572)
<b>Total liabilities</b>		<b>(4,285)</b>	<b>(8,773)</b>
<b>Net assets attributable to shareholders</b>		<b>804,568</b>	<b>789,660</b>

# Financial statements and notes

## Notes to the financial statements

### 1 Accounting policies

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

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

### 2 Distribution policy

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

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

### 3 Net capital gains/(losses)

for the year to 31 August	2023 \$'000	2022 \$'000
Non-derivative securities	87,510	(74,060)
Derivative contracts	573	(272)
Currency gains/(losses)	(266)	303
<b>Net capital gains/(losses)</b>	<b>87,817</b>	<b>(74,029)</b>

# 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 August	2023 \$'000	% of transaction	2022 \$'000	% of transaction
<b>a) Purchases</b>				
<b>Equities</b>				
Equities before transaction costs	201,985		271,448	
Commissions	54	0.03	77	0.03
<b>Total purchases after transaction costs</b>	<b>202,039</b>		<b>271,525</b>	
<b>b) Sales</b>				
<b>Equities</b>				
Equities before transaction costs	263,558		368,197	
Commissions	(67)	0.03	(100)	0.03
Taxes	(3)	0.00	(3)	0.00
<b>Total sales after transaction costs</b>	<b>263,488</b>		<b>368,094</b>	
	2023 \$'000	% of average NAV	2022 \$'000	% of average NAV
<b>c) Direct portfolio transaction costs</b>				
<b>Commissions paid</b>				
Equities	121	0.02	177	0.02
<b>Taxes paid</b>				
Equities	3	0.00	3	0.00
<b>Total direct portfolio transaction costs</b>	<b>124</b>	<b>0.02</b>	<b>180</b>	<b>0.02</b>
		%		%
<b>d) Indirect portfolio transaction costs</b>				
Average portfolio dealing spread as at the balance sheet date		0.02		0.03



# Financial statements and notes

## 5 Revenue

for the year to 31 August	2023 \$'000	2022 \$'000
Bank interest	11	1
Dividends from equity investments: non-taxable	14,595	14,501
Dividends from equity investments: taxable	9	0
Interest distributions	466	33
Property distribution: taxable	1,172	1,023
Rebate of ongoing charges from underlying funds	9	3
<b>Total revenue</b>	<b>16,262</b>	<b>15,561</b>

## 6 Expenses

for the year to 31 August	2023 \$'000	2022 \$'000
<b>Payable to the ACD or associate</b>		
Annual charge	5,241	5,919
<b>Total expenses</b>	<b>5,241</b>	<b>5,919</b>

Audit fees for the financial year ending 2023 were £12,000 (2022: £9,000) (including VAT), which are covered by the annual charge.

# Financial statements and notes

## 7 Taxation

for the year to 31 August	2023 \$'000	2022 \$'000
<b>a) Analysis of charge in the year</b>		
Corporation tax	0	0
Withholding tax	2,119	2,020
Capital gains tax (US)	(14)	16
Deferred tax (note 7c)	0	0
<b>Total taxation</b>	<b>2,105</b>	<b>2,036</b>
<b>b) Factors affecting taxation charge for the year</b>		
Net revenue/(expense) before taxation	11,021	9,642
Corporation tax at 20%	2,204	1,928
<b>Effects of:</b>		
Dividends from equity investments: non-taxable	(2,920)	(2,900)
Capital income subject to taxation	(27)	21
Current year expenses not utilised	781	986
Withholding tax	2,118	2,020
Withholding tax expensed	(37)	(35)
Capital gains tax (US)	(14)	16
<b>Total tax charge (note 7a)</b>	<b>2,105</b>	<b>2,036</b>
<b>c) Provision for deferred taxation</b>		
Provision at the start of the year	0	0
Deferred tax in profit and loss account (note 7a)	0	0
<b>Provision at the end of the year</b>	<b>0</b>	<b>0</b>

The fund has not recognised a deferred tax asset of \$44,817,000 (2022: \$44,036,000) arising as a result of having excess management expenses. We do not expect this asset to be utilised in the foreseeable future.

# Financial statements and notes

## 8 Distributions

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

for the year to 31 August	2023		2022	
	Inc \$'000	Acc \$'000	Inc \$'000	Acc \$'000
<b>Dividend distributions</b>				
First interim	1,126	1,100	1,221	866
Second interim	1,141	945	1,190	811
Third interim	1,104	1,022	1,068	894
Final	2,280	2,052	2,151	1,740
<b>Total net distributions</b>		10,770		9,941
Income deducted on cancellation of shares		594		628
Income received on issue of shares		(318)		(489)
<b>Distributions</b>		<b>11,046</b>		<b>10,080</b>
Net revenue/(expense) per statement of total return		8,916		7,606
Expenses offset against capital		2,144		2,463
Capital gains tax offset against capital		(14)		16
Income deficit transferred to capital		0		(5)
<b>Distributions</b>		<b>11,046</b>		<b>10,080</b>

## 9 Debtors

as at 31 August	2023 \$'000	2022 \$'000
Amounts receivable on issues of shares	0	2,123
Currency deals outstanding	641	1,281
Distributions receivable	28	14
Dividends receivable	887	372
Sales awaiting settlement	1,162	79
Withholding tax recoverable	31	38
<b>Total debtors</b>	<b>2,749</b>	<b>3,907</b>

## 10 Cash and bank balances

as at 31 August	2023 \$'000	2022 \$'000
Cash held as bank balances	1,653	2,475
<b>Total cash and bank balances</b>	<b>1,653</b>	<b>2,475</b>

# Financial statements and notes

## 11 Other creditors

as at 31 August	2023 \$'000	2022 \$'000
Amounts payable on cancellation of shares	811	875
Annual charge payable	140	136
Currency deals outstanding	641	1,277
Purchases awaiting settlement	399	4,284
<b>Total other creditors</b>	<b>1,991</b>	<b>6,572</b>

## 12 Contingent assets, liabilities and outstanding commitments

There were no contingent assets, liabilities or outstanding commitments at the balance sheet date (2022: 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		Movements		Closing 31.08.23
	01.09.22	Issued	Cancelled	Converted	
<b>Sterling</b>					
Class 'A' Income	2,936,311	119,202	(506,980)	0	2,548,533
Class 'A' Accumulation	2,598,674	150,660	(1,088,457)	0	1,660,877
Class 'I' Income	4,077,324	427,292	(734,486)	0	3,770,130
Class 'I' Accumulation	5,918,724	1,220,231	(1,275,194)	0	5,863,761
Class 'I-H' Income	40,956	5,288	0	0	46,244
Class 'I-H' Accumulation	1,406,052	1,557,399	(256,183)	0	2,707,268
Class 'PP' Income	27,245,938	5,960,299	(5,003,716)	0	28,202,521
Class 'PP' Accumulation	8,191,130	2,113,022	(2,395,512)	0	7,908,640
Class 'PP-H' Income	20,150	0	0	0	20,150
Class 'PP-H' Accumulation	584,937	2,702,788	(18,077)	0	3,269,648
Class 'R' Income	527,221	80,864	(86,865)	0	521,220
Class 'R' Accumulation	2,774,189	211,752	(235,657)	0	2,750,284

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

# Financial statements and notes

## 14 Charging structure

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

Share class	Annual charge %
<b>Sterling</b>	
Class 'A'	0.95
Class 'I'	0.55
Class 'I-H'	0.58
Class 'PP'	0.45
Class 'PP-H'	0.48
Class 'R'	0.80

## 15 Related parties

M&G Securities Limited, as Authorised Corporate Director (ACD), is a related party and acts as principal on all the transactions of shares in the fund except with in specie transactions, where M&G Securities Limited acts as an agent. The aggregate monies received through issues, and paid on cancellations, are disclosed in the 'Statement of change in net assets attributable to shareholders' and note 8. Amounts due to/from M&G Securities Limited in respect of share transactions at the year end are disclosed in notes 9 and 11 where applicable.

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

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

At the balance sheet date, shareholders from within M&G plc, of which M&G Securities Limited is a wholly owned subsidiary, have holdings totalling 2.20% (2022: 2.32%) of the fund's shares.

## 16 Fair value analysis

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

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

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

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

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

# Financial statements and notes

## Level 3: Valuation technique using unobservable inputs

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

as at 31 August	Assets 2023 \$'000	Liabilities 2023 \$'000	Assets 2022 \$'000	Liabilities 2022 \$'000
<b>Basis of valuation</b>				
Level 1	800,477	0	774,532	0
Level 2	2	(14)	2	(50)
Level 3	0	0	0	0
	<b>800,479</b>	<b>(14)</b>	<b>774,534</b>	<b>(50)</b>

## 17 Risk management policies

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

## 18 Market risk sensitivity

A five per cent increase in the value of the fund's investment portfolio would have the effect of increasing the return and net assets by \$40,023,000 (2022: \$38,724,000). A five per cent decrease would have an equal and opposite effect.

## 19 Currency risk sensitivity and exposure

A five per cent increase in the value of the fund's currency exposure would have the effect of increasing the return and net assets by \$971,000 (2022: \$598,000). A five per cent decrease would have an equal and opposite effect.

as at 31 August	2023 \$'000	2022 \$'000
<b>Currency exposure</b>		
Canadian dollar	11,265	13,863
Sterling	8,152	(1,903)
US dollar	785,151	777,700
<b>Total</b>	<b>804,568</b>	<b>789,660</b>

## 20 Interest rate risk sensitivity and exposure

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

# Financial statements and notes

## 21 Credit risk

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

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

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

as at 31 August 2022		Forward currency contracts \$'000
State Street Bank		(48)
<b>Total</b>		<b>(48)</b>

## 22 Exchange rate risk for hedged share classes

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

## 23 Dividend distribution tables

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

### Quarterly distribution periods

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

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

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

Group 2 shares are those purchased during a distribution period and therefore their distribution rate is made up of income and equalisation. Equalisation is the average amount of income included in the purchase price of all Group 2 shares and is refunded to the holders of these shares as a return of capital. Being capital it is not liable to Income

# Financial statements and notes

Tax. Instead, it must be deducted from the cost of shares for Capital Gains Tax purposes. The tables below show the split of the Group 2 rates into the income and equalisation components.

## Sterling Class 'A' Income shares

Ordinary distributions for the year to 31 August	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2023 UK p	2023 UK p	2023 UK p	2022 UK p
First interim	0.0000	10.2525	10.2525	8.8408
Second interim	1.3545	8.8844	10.2389	8.7928
Third interim	0.0000	9.8892	9.8892	9.3502
Final	3.5236	17.5249	21.0485	19.9587

## Sterling Class 'A' Accumulation shares

Ordinary distributions for the year to 31 August	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2023 UK p	2023 UK p	2023 UK p	2022 UK p
First interim	0.8124	7.0644	7.8768	4.5431
Second interim	0.0000	5.7811	5.7811	4.2518
Third interim	0.0000	7.4989	7.4989	6.0540
Final	2.1034	12.1809	14.2843	11.3234

## Sterling Class 'I' Income shares

Ordinary distributions for the year to 31 August	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2023 UK p	2023 UK p	2023 UK p	2022 UK p
First interim	3.8475	8.7576	12.6051	10.8323
Second interim	1.5195	11.2082	12.7277	10.8167
Third interim	0.0000	12.2072	12.2072	11.4542
Final	7.0105	18.9640	25.9745	24.6129

## Sterling Class 'I' Accumulation shares

Ordinary distributions for the year to 31 August	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2023 UK p	2023 UK p	2023 UK p	2022 UK p
First interim	3.8323	6.8221	10.6544	7.8170
Second interim	0.0000	9.5532	9.5532	7.6449
Third interim	0.0000	10.3050	10.3050	9.0163
Final	5.2731	15.7455	21.0186	18.5086



# Financial statements and notes

## Sterling Class 'I-H' Income shares

Ordinary distributions for the year to 31 August	Income	Group 2	Group 1 & 2	
	2023 UK p	Equalisation 2023 UK p	2023 UK p	2022 UK p
First interim	0.0212	0.4049	0.4261	0.4094
Second interim	0.0000	0.4084	0.4084	0.4094
Third interim	0.0000	0.4104	0.4104	0.4061
Final	0.1487	0.7485	0.8972	0.8091

## Sterling Class 'I-H' Accumulation shares

Ordinary distributions for the year to 31 August	Income	Group 2	Group 1 & 2	
	2023 UK p	Equalisation 2023 UK p	2023 UK p	2022 UK p
First interim	0.0426	0.2761	0.3187	0.2569
Second interim	0.0292	0.2336	0.2628	0.2509
Third interim	0.0233	0.2790	0.3023	0.2801
Final	0.1575	0.4749	0.6324	0.5232

## Sterling Class 'PP' Income shares

Ordinary distributions for the year to 31 August	Income	Group 2	Group 1 & 2	
	2023 UK p	Equalisation 2023 UK p	2023 UK p	2022 UK p
First interim	0.1239	0.3390	0.4629	0.3975
Second interim	0.1359	0.3126	0.4485	0.3958
Third interim	0.0000	0.4454	0.4454	0.4213
Final	0.3565	0.5958	0.9523	0.9177

## Sterling Class 'PP' Accumulation shares

Ordinary distributions for the year to 31 August	Income	Group 2	Group 1 & 2	
	2023 UK p	Equalisation 2023 UK p	2023 UK p	2022 UK p
First interim	0.0813	0.3253	0.4066	0.3086
Second interim	0.0000	0.3740	0.3740	0.3035
Third interim	0.0000	0.3936	0.3936	0.3490
Final	0.2073	0.6048	0.8121	0.7314

# Financial statements and notes

## Sterling Class 'PP-H' Income shares

Ordinary distributions for the year to 31 August	Income	Group 2	Group 1 & 2	
	2023 UK p	Equalisation 2023 UK p	2023 UK p	2022 UK p
First interim	0.4293	0.0000	0.4293	0.4121
Second interim	0.4110	0.0000	0.4110	0.4119
Third interim	0.4130	0.0000	0.4130	0.4083
Final	0.9037	0.0000	0.9037	0.8174

## Sterling Class 'PP-H' Accumulation shares

Ordinary distributions for the year to 31 August	Income	Group 2	Group 1 & 2	
	2023 UK p	Equalisation 2023 UK p	2023 UK p	2022 UK p
First interim	0.0197	0.3147	0.3344	0.2861
Second interim	0.0000	0.2902	0.2902	0.2816
Third interim	0.0000	0.3260	0.3260	0.3051
Final	0.1625	0.5273	0.6898	0.5620

## Sterling Class 'R' Income shares

Ordinary distributions for the year to 31 August	Income	Group 2	Group 1 & 2	
	2023 UK p	Equalisation 2023 UK p	2023 UK p	2022 UK p
First interim	0.3616	0.8750	1.2366	1.0659
Second interim	0.0769	1.1595	1.2364	1.0604
Third interim	0.0000	1.1948	1.1948	1.1281
Final	0.4953	2.0486	2.5439	2.4172

## Sterling Class 'R' Accumulation shares

Ordinary distributions for the year to 31 August	Income	Group 2	Group 1 & 2	
	2023 UK p	Equalisation 2023 UK p	2023 UK p	2022 UK p
First interim	0.2581	0.5996	0.8577	0.5561
Second interim	0.0000	0.6828	0.6828	0.5325
Third interim	0.0000	0.8205	0.8205	0.6897
Final	0.3607	1.2549	1.6156	1.3570

# 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 15 August 2023 has been used.

## Investment objective

The fund aims to provide a higher total return (the combination of capital growth and income), net of the ongoing charge figure, than that of the S&P 500 Index, over any five-year period.

## Investment policy

At least 80% of the fund is invested directly in equity securities and equity related securities of companies across any sectors and market capitalisations that are incorporated, domiciled, or do most of their business activity in the United States of America and Canada.

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

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

Derivatives may be used for efficient portfolio management and hedging.

## Investment approach

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

The investment approach identifies shares of North American companies which, in the fund manager's opinion at the time of investment, are undervalued.

When analysing companies, the fund manager seeks to identify companies that are mispriced, while trying to avoid companies that are cheap for a reason and whose share prices are unlikely to improve over time.

The investment approach combines strict value-focused screening with rigorous qualitative analysis to ensure the fund has a consistent and disciplined value bias without compromising on the robustness of the companies in the portfolio.

The fund manager expects the overall stock selection and value style to be the main drivers of performance rather than any individual sector or stock.

## Benchmark

Benchmark: S&P 500 Index.

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

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

For 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 12 to 14.

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



### The above number:

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

# Authorised Corporate Director's Report

## Investment review

For the year ended 31 August 2023

### Performance against objective

Between 1 September 2022 and 31 August 2023, the fund's sterling share classes delivered a positive total return (the combination of income and growth of capital). Fund performance was modestly behind its benchmark S&P 500 Index, which advanced 6.5% in the review period.

Over five years, the fund generated a positive return but trailed its benchmark, which returned 11.7% pa over this period. Therefore, the fund did not meet the objective of providing a higher total return, net of the ongoing charge figure, than the S&P 500 Index over any five-year period.

For much of the past decade, the 'value' investment style (investing in cheaper, out-of-favour stocks) has struggled to keep pace with the broader market. The fund's underperformance over the past five years was largely due to the significant headwind from its value investing approach.

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

### Performance review

US stocks rallied from late September 2022 onwards as headline inflation fell and investors anticipated smaller interest rate increases. Meanwhile, the US economy continued to exceed expectations, boosting hopes of a so-called soft landing. Later in the period, new releases of OpenAI's Chat GPT tool added to excitement over artificial intelligence (AI) technology and led to a further rally in related shares.

The S&P 500 advanced 6.5% (in US dollar terms) during the review period. Mega-cap growth shares provided the bulk of these returns, while investors generally rotated from defensive sectors into higher growth companies. As a result, value stocks trailed the broader market.

Performance was driven by stock selection. Our picks in communication services contributed most thanks to the strong performance of Alphabet and Meta Platforms. Meta fell sharply in October 2022 after the firm announced weaker guidance, but the shares recovered strongly after Meta pledged cost discipline and later delivered solid results. Alphabet also rebounded after a weak start. This was partly due to excitement over AI, where Alphabet holds a strong position after several years of investment.

Stock selection in industrials also added value. Top performers included roofing company Owens Corning, industrial vehicle firm Caterpillar, which benefited from the US economy holding up far better than most commentators predicted.

Sector allocation was unfavourable. The fund's underweight in technology, which tends to have a growth bias, was by far the biggest detractor here as excitement over AI lifted several semiconductor and software shares. Meanwhile, the rotation away from defensive sectors caused the overweights in utilities and consumer staples to detract from performance.

At the stock level, other notable contributors included enterprise software provider Oracle and semiconductor equipment manufacturer KLA. By contrast, key detractors included a holding in utility AES and zero weights in Microsoft and graphic chipmaker NVIDIA.

### Investment activities

We added several new stocks to the portfolio during the period. These included snack firm Mondelez International, medical device manufacturer Medtronic and data storage company Seagate Technology. We also bought Canadian copper producer Lundin Mining and received shares in GE Healthcare following its spin-off from General Electric.

Other new purchases included PayPal, semiconductor equipment manufacturer Amkor Technology and stock brokerage Charles Schwab. We felt the latter's sell-off during the spring banking crisis was overdone, as Schwab has delivered good operating results and has a strong brand. We also added to several existing positions including Meta and Alphabet.

# Authorised Corporate Director's Report

Sales included tobacco company Altria and oil firm ConocoPhillips. We also used strong recent performance to sell Highwoods Properties, Cognizant Technology Solutions, medical devices firm Stryker and Columbia Sportswear. In March, we sold regional banking group PNC Financial Services and the smaller New York Community Bancorp, as we felt that tighter regulations for small and medium-sized banks could impact their ability to generate returns. The proceeds were recycled into a holding in JP Morgan.

Elsewhere, we sold meat packaging firm Tyson Foods as the firm's operational recovery was taking longer than expected. We also exited a position in AT&T, which had become a telecommunications pure-play after the spin-off of its WarnerMedia assets.

## Outlook

The fund has coped well in a very challenging environment for value stocks. We remain confident about the outlook for the value investment style, given the wide valuation dispersion between cheap and expensive stocks and the improved underlying fundamentals of many stocks within the cheaper end of the market.

## Daniel White

Fund manager

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

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

# Portfolio statement

## Investments

Holding	as at 31.08.23 \$'000	as at 31.08.23 %	as at 31.08.22 %
<b>Equities</b>	<b>309,529</b>	<b>98.13</b>	<b>97.27</b>
<b>Oil, gas &amp; consumable fuels</b>	<b>19,243</b>	<b>6.10</b>	<b>7.83</b>
43,793 Chevron	7,036	2.23	
41,594 Cobalt International Energy <sup>a</sup>	0	0.00	
52,689 ConocoPhillips	6,247	1.98	
94,380 Euronav	1,687	0.54	
16,264 Hess	2,533	0.80	
237,962 Kosmos Energy	1,740	0.55	
<b>Chemicals</b>	<b>2,958</b>	<b>0.94</b>	<b>1.51</b>
33,491 FMC	2,958	0.94	
<b>Construction materials</b>	<b>3,706</b>	<b>1.18</b>	<b>1.07</b>
19,687 Eagle Materials	3,706	1.18	
<b>Containers &amp; packaging</b>	<b>2,709</b>	<b>0.86</b>	<b>0.81</b>
83,301 Westrock	2,709	0.86	
<b>Metals &amp; mining</b>	<b>10,070</b>	<b>3.19</b>	<b>1.58</b>
642,357 Lundin Mining	4,926	1.56	
33,055 Newmont	1,312	0.42	
35,807 Steel Dynamics	3,832	1.21	
<b>Building products</b>	<b>4,294</b>	<b>1.36</b>	<b>1.00</b>
29,583 Owens Corning	4,294	1.36	
<b>Industrial conglomerates</b>	<b>4,041</b>	<b>1.28</b>	<b>0.71</b>
23,377 3M	2,465	0.78	
13,737 General Electric	1,576	0.50	
<b>Machinery</b>	<b>8,576</b>	<b>2.72</b>	<b>1.99</b>
16,539 Caterpillar	4,685	1.49	
37,427 Oshkosh	3,891	1.23	
<b>Professional services</b>	<b>2,174</b>	<b>0.69</b>	<b>0.48</b>
27,175 ManpowerGroup	2,174	0.69	
<b>Air freight &amp; logistics</b>	<b>2,660</b>	<b>0.84</b>	<b>0.93</b>
10,053 FedEx	2,660	0.84	
<b>Airlines</b>	<b>4,314</b>	<b>1.37</b>	<b>1.03</b>
135,995 Southwest Airlines	4,314	1.37	

# Portfolio statement

## Investments (continued)

Holding	as at 31.08.23 \$'000	as at 31.08.23 %	as at 31.08.22 %
<b>Equities (continued)</b>			
<b>Road &amp; rail</b>	<b>4,269</b>	<b>1.35</b>	<b>1.44</b>
139,241 CSX	4,269	1.35	
<b>Auto components</b>	<b>1,925</b>	<b>0.61</b>	<b>0.79</b>
33,304 Magna International	1,925	0.61	
<b>Automobiles</b>	<b>2,613</b>	<b>0.83</b>	<b>1.10</b>
78,119 General Motors	2,613	0.83	
<b>Leisure products</b>	<b>1,798</b>	<b>0.57</b>	<b>0.57</b>
22,607 Brunswick	1,798	0.57	
<b>Textiles, apparel &amp; luxury goods</b>	<b>4,234</b>	<b>1.34</b>	<b>1.46</b>
63,795 Tapestry	2,155	0.68	
108,301 VF	2,079	0.66	
<b>Internet &amp; direct marketing retail</b>	<b>0</b>	<b>0.00</b>	<b>1.31</b>
<b>Speciality retail</b>	<b>4,012</b>	<b>1.27</b>	<b>0.00</b>
89,569 eBay	4,012	1.27	
<b>Food &amp; staples retailing</b>	<b>5,497</b>	<b>1.74</b>	<b>2.18</b>
118,024 Kroger	5,497	1.74	
<b>Beverages</b>	<b>11,499</b>	<b>3.65</b>	<b>3.83</b>
101,871 Coca-Cola Europacific Partners	6,587	2.09	
77,507 Molson Coors Beverage	4,912	1.56	
<b>Food products</b>	<b>4,627</b>	<b>1.47</b>	<b>1.08</b>
63,968 Mondelez International	4,627	1.47	
<b>Tobacco</b>	<b>3,695</b>	<b>1.17</b>	<b>1.85</b>
82,874 Altria	3,695	1.17	
<b>Household products</b>	<b>3,162</b>	<b>1.00</b>	<b>0.50</b>
89,856 Energizer	3,162	1.00	
<b>Personal products</b>	<b>2,387</b>	<b>0.76</b>	<b>0.72</b>
206,242 Coty	2,387	0.76	
<b>Health care equipment &amp; supplies</b>	<b>11,661</b>	<b>3.70</b>	<b>1.70</b>
55,324 GE Healthcare	3,917	1.24	
68,760 Medtronic	5,654	1.79	
7,267 Stryker	2,090	0.67	



# Portfolio statement

## Investments (continued)

Holding	as at 31.08.23 \$'000	as at 31.08.23 %	as at 31.08.22 %
<b>Equities (continued)</b>			
<b>Health care providers &amp; services</b>			
14,318 Elevance Health	6,585	2.09	
7,194 LabCorp	1,527	0.48	
<b>Biotechnology</b>			
23,481 AbbVie	3,476	1.10	
<b>Pharmaceuticals</b>			
78,959 Bristol-Myers Squibb	4,930	1.56	
53,946 Johnson & Johnson	8,875	2.81	
37,531 Merck	4,139	1.31	
79,820 Organon	1,758	0.56	
140,645 Pfizer	5,065	1.61	
<b>Life sciences tools &amp; services</b>			
7,042 Fortrea	191	0.06	
<b>Banks</b>			
73,881 Citigroup	3,055	0.97	
60,838 JPMorgan Chase	9,023	2.86	
65,309 Truist Financial	1,972	0.62	
102,998 Wells Fargo	4,279	1.36	
<b>Thriffs &amp; mortgage finance</b>			
	<b>0</b>	<b>0.00</b>	<b>0.68</b>
<b>Diversified financial services</b>			
39,041 Voya Financial	2,768	0.88	
<b>Capital markets</b>			
37,143 Charles Schwab	2,221	0.70	
<b>Insurance</b>			
53,683 Hartford Financial Services	3,877	1.23	
22,543 Reinsurance Group of America	3,141	0.99	
22,952 Willis Towers Watson	4,789	1.52	
<b>IT services</b>			
104,561 DXC Technology	2,151	0.68	
45,712 Fiserv	5,606	1.78	
48,169 PayPal	3,063	0.97	

# Portfolio statement

## Investments (continued)

Holding	as at 31.08.23 \$'000	as at 31.08.23 %	as at 31.08.22 %
<b>Equities (continued)</b>			
<b>Software</b>	<b>12,168</b>	<b>3.86</b>	<b>3.38</b>
38,363 Check Point Software Technologies	5,149	1.63	
57,586 Oracle	7,019	2.23	
<b>Communications equipment</b>	<b>6,976</b>	<b>2.21</b>	<b>2.14</b>
123,026 Cisco Systems	6,976	2.21	
<b>Technology hardware, storage &amp; peripherals</b>	<b>7,384</b>	<b>2.34</b>	<b>1.36</b>
58,138 Seagate Technology	3,963	1.26	
80,376 Western Digital	3,421	1.08	
<b>Electronic equipment, instruments &amp; components</b>	<b>1,850</b>	<b>0.59</b>	<b>0.67</b>
67,886 Vishay Intertechnology	1,850	0.59	
<b>Semiconductors &amp; semiconductor equipment</b>	<b>13,997</b>	<b>4.44</b>	<b>3.44</b>
103,453 Amkor Technology	2,890	0.92	
142,790 Intel	4,900	1.55	
3,379 KLA	1,687	0.54	
66,767 Micron Technology	4,520	1.43	
<b>Diversified telecommunication services</b>	<b>3,029</b>	<b>0.96</b>	<b>2.74</b>
87,300 Verizon Communications	3,029	0.96	
<b>Media</b>	<b>5,948</b>	<b>1.89</b>	<b>1.88</b>
125,365 Comcast	5,948	1.89	
<b>Entertainment</b>	<b>3,114</b>	<b>0.99</b>	<b>0.87</b>
237,157 Warner Bros Discovery	3,114	0.99	
<b>Interactive media &amp; services</b>	<b>27,340</b>	<b>8.67</b>	<b>4.49</b>
127,169 Alphabet	17,247	5.47	
34,238 Meta	10,093	3.20	
<b>Electric utilities</b>	<b>10,707</b>	<b>3.39</b>	<b>3.97</b>
49,615 Constellation Energy	5,252	1.66	
135,225 Exelon	5,455	1.73	
<b>Independent power and renewable electricity producers</b>	<b>3,974</b>	<b>1.26</b>	<b>1.88</b>
218,264 AES	3,974	1.26	
<b>Equity real estate investment trusts (REITs)</b>	<b>4,427</b>	<b>1.40</b>	<b>1.92</b>
73,825 Highwoods Properties	1,775	0.56	
67,129 NNN	2,652	0.84	

# Portfolio statement

## Investments (continued)

Holding	as at 31.08.23 \$'000	as at 31.08.23 %	as at 31.08.22 %
Total portfolio	309,529	98.13	97.27
<b>Net other assets/(liabilities)</b>	<b>5,900</b>	<b>1.87</b>	<b>2.73</b>
Net assets attributable to shareholders	315,429	100.00	100.00

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

<sup>a</sup> Delisted.

# Portfolio statement

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

Largest purchases	\$'000
Alphabet	14,440
Medtronic	7,792
Mondelēz International	6,287
Lundin Mining	6,039
Meta	5,802
Seagate Technology	4,716
GE Healthcare	4,595
Elevance Health	4,531
Johnson & Johnson	4,464
JPMorgan Chase	4,082
Other purchases	120,060
<b>Total purchases</b>	<b>182,808</b>

Largest sales	\$'000
Meta	12,429
Alphabet	8,763
KLA	7,644
Stryker	6,990
Johnson & Johnson	6,342
Chevron	6,317
Merck	6,253
JPMorgan Chase	5,523
Oracle	5,155
AbbVie	5,055
Other sales	147,558
<b>Total sales</b>	<b>218,029</b>

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

# Financial highlights

## Fund performance

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

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

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

## Long-term performance by share class

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

Share class	One year % <sup>a</sup>	Three years % pa	Five years % pa	Ten years % pa
<b>Sterling</b>				
Class 'A' Income	+5.2	+15.6	+6.1	+11.1
Class 'A' Accumulation	+5.2	+15.6	+6.1	+11.1
Class 'I' Income	+5.6	+16.0	+6.6	+11.8
Class 'I' Accumulation	+5.6	+16.0	+6.6	+11.8
Class 'PP' Income	+5.7	+16.2	n/a	n/a
Class 'PP' Accumulation	+5.7	+16.2	n/a	n/a
Class 'R' Income	+5.3	+15.8	+6.3	+11.6
Class 'R' Accumulation	+5.3	+15.8	+6.3	+11.6
<b>Benchmark</b>	<b>+6.5</b>	<b>+12.6</b>	<b>+11.7</b>	<b>+15.1</b>

<sup>a</sup> Not annualised.

## Specific share class performance

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

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

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

# Financial highlights

## Sterling Class 'A' Income share performance

The share class was launched on 1 July 2005.

for the year to 31 August	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	164.77	152.71	116.40
Return before operating charges	10.30	17.22	40.53
Operating charges	(1.61)	(1.53)	(1.47)
Return after operating charges	8.69	15.69	39.06
Distributions	(3.46)	(3.63)	(2.75)
Closing NAV	170.00	164.77	152.71
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.05	0.03	0.03
Dilution adjustments	(0.05)	(0.03)	(0.03)
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	0.96	0.95	1.06
Return after charges	+5.27	+10.27	+33.56
Other information			
Closing NAV (\$'000)	98,434	90,880	111,513
Number of shares	45,665,044	47,481,084	53,033,068
Highest share price (UK p)	176.66	172.68	156.12
Lowest share price (UK p)	154.88	146.33	114.17

## Sterling Class 'A' Accumulation share performance

The share class was launched on 1 July 2005.

for the year to 31 August	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	191.00	173.19	129.67
Return before operating charges	12.01	19.53	45.15
Operating charges	(1.86)	(1.72)	(1.63)
Return after operating charges	10.15	17.81	43.52
Distributions	(2.24)	(2.17)	(1.45)
Retained distributions	2.24	2.17	1.45
Closing NAV	201.15	191.00	173.19
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.06	0.03	0.03
Dilution adjustments	(0.06)	(0.03)	(0.03)
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	0.96	0.95	1.06
Return after charges	+5.31	+10.28	+33.56
Other information			
Closing NAV (\$'000)	2,933	3,764	2,210
Number of shares	1,149,814	1,696,354	926,592
Highest share price (UK p)	204.84	195.84	173.93
Lowest share price (UK p)	179.62	165.96	127.19

# Financial highlights

## Sterling Class 'I' Income share performance

The share class was launched on 3 August 2012.

for the year to 31 August	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	3,194.10	2,948.04	2,236.83
Return before operating charges	200.06	333.10	780.61
Operating charges	(18.32)	(17.01)	(16.38)
Return after operating charges	181.74	316.09	764.23
Distributions	(67.25)	(70.03)	(53.02)
Closing NAV	3,308.59	3,194.10	2,948.04
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	1.00	0.58	0.51
Dilution adjustments	(1.00)	(0.58)	(0.51)
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	0.56	0.55	0.61
Return after charges	+5.69	+10.72	+34.17
Other information			
Closing NAV (\$'000)	42,007	36,320	30,114
Number of shares	1,001,286	978,911	741,872
Highest share price (UK p)	3,430.42	3,346.35	3,013.61
Lowest share price (UK p)	3,003.40	2,825.54	2,195.94

## Sterling Class 'I' Accumulation share performance

The share class was launched on 3 August 2012.

for the year to 31 August	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	3,754.22	3,390.67	2,527.31
Return before operating charges	236.24	383.18	881.91
Operating charges	(21.34)	(19.63)	(18.55)
Return after operating charges	214.90	363.55	863.36
Distributions	(58.79)	(58.84)	(41.57)
Retained distributions	58.79	58.84	41.57
Closing NAV	3,969.12	3,754.22	3,390.67
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	1.16	0.67	0.58
Dilution adjustments	(1.16)	(0.67)	(0.58)
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	0.56	0.55	0.61
Return after charges	+5.72	+10.72	+34.16
Other information			
Closing NAV (\$'000)	89,960	124,615	148,487
Number of shares	1,787,455	2,857,554	3,180,554
Highest share price (UK p)	4,033.30	3,848.83	3,404.84
Lowest share price (UK p)	3,531.75	3,249.82	2,481.01

# Financial highlights

## Sterling Class 'PP' Income share performance

The share class was launched on 5 August 2019.

for the year to 31 August	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	124.29	114.58	86.84
Return before operating charges	7.79	12.97	30.32
Operating charges	(0.58)	(0.55)	(0.52)
Return after operating charges	7.21	12.42	29.80
Distributions	(2.62)	(2.71)	(2.06)
Closing NAV	128.88	124.29	114.58
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.04	0.02	0.02
Dilution adjustments	(0.04)	(0.02)	(0.02)
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	0.46	0.45	0.47
Return after charges	+5.80	+10.84	+34.32
Other information			
Closing NAV (\$'000)	25,807	52,175	589
Number of shares	15,791,595	36,138,186	373,595
Highest share price (UK p)	133.55	130.20	117.13
Lowest share price (UK p)	116.88	109.83	85.27

## Sterling Class 'PP' Accumulation share performance

The share class was launched on 8 April 2019.

for the year to 31 August	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	136.82	123.44	91.89
Return before operating charges	8.64	13.97	32.05
Operating charges	(0.67)	(0.59)	(0.50)
Return after operating charges	7.97	13.38	31.55
Distributions	(2.28)	(2.28)	(1.64)
Retained distributions	2.28	2.28	1.64
Closing NAV	144.79	136.82	123.44
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.04	0.02	0.02
Dilution adjustments	(0.04)	(0.02)	(0.02)
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	0.46	0.45	0.55
Return after charges	+5.83	+10.84	+34.33
Other information			
Closing NAV (\$'000)	51,341	433	268
Number of shares	27,965,133	272,438	157,391
Highest share price (UK p)	147.04	140.26	123.96
Lowest share price (UK p)	128.72	118.32	90.23



# Financial highlights

## Sterling Class 'R' Income share performance

The share class was launched on 3 August 2012.

for the year to 31 August Change in NAV per share	2023 UK p	2022 UK p	2021 UK p
Opening NAV	314.47	291.00	221.36
Return before operating charges	19.67	32.84	77.17
Operating charges	(2.60)	(2.45)	(2.29)
Return after operating charges	17.07	30.39	74.88
Distributions	(6.61)	(6.92)	(5.24)
Closing NAV	324.93	314.47	291.00
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.10	0.06	0.05
Dilution adjustments	(0.10)	(0.06)	(0.05)
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	0.81	0.80	0.86
Return after charges	+5.43	+10.44	+33.83
Other information			
Closing NAV (\$'000)	539	476	503
Number of shares	130,812	130,197	125,448
Highest share price (UK p)	337.37	329.52	297.49
Lowest share price (UK p)	295.63	278.87	217.22

## Sterling Class 'R' Accumulation share performance

The share class was launched on 3 August 2012.

for the year to 31 August Change in NAV per share	2023 UK p	2022 UK p	2021 UK p
Opening NAV	365.86	331.26	247.53
Return before operating charges	23.00	37.39	86.28
Operating charges	(3.02)	(2.79)	(2.55)
Return after operating charges	19.98	34.60	83.73
Distributions	(4.83)	(4.76)	(3.33)
Retained distributions	4.83	4.76	3.33
Closing NAV	385.84	365.86	331.26
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.11	0.07	0.06
Dilution adjustments	(0.11)	(0.07)	(0.06)
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	0.81	0.80	0.86
Return after charges	+5.46	+10.44	+33.83
Other information			
Closing NAV (\$'000)	4,408	3,940	3,834
Number of shares	901,024	927,037	840,499
Highest share price (UK p)	392.62	375.11	332.65
Lowest share price (UK p)	344.10	317.45	242.89

# Financial statements and notes

## Financial statements

### Statement of total return

for the year to 31 August	Note	2023		2022	
		\$'000	\$'000	\$'000	\$'000
<b>Income</b>					
Net capital gains/(losses)	3		40,599		(26,823)
Revenue	5	8,305		7,543	
Expenses	6	(2,176)		(2,191)	
Interest payable and similar charges		0		0	
Net revenue/(expense) before taxation		6,129		5,352	
Taxation	7	(1,073)		(1,046)	
Net revenue/(expense) after taxation			5,056		4,306
<b>Total return before distributions</b>			<b>45,655</b>		<b>(22,517)</b>
Distributions	8		(6,424)		(5,666)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>39,231</b>		<b>(28,183)</b>

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

for the year to 31 August	2023		2022	
	\$'000	\$'000	\$'000	\$'000
<b>Opening net assets attributable to shareholders</b>		<b>312,603</b>		<b>300,687</b>
Amounts received on issue of shares	197,932		139,353	
Amounts paid on cancellation of shares	(236,817)		(101,443)	
		(38,885)		37,910
Dilution adjustments		251		135
Change in net assets attributable to shareholders from investment activities (see above)		39,231		(28,183)
Retained distributions on Accumulation shares		2,229		2,054
<b>Closing net assets attributable to shareholders</b>		<b>315,429</b>		<b>312,603</b>

# Financial statements and notes

## Financial statements

### Balance sheet

as at 31 August	Note	2023 \$'000	2022 \$'000
<b>Assets</b>			
<b>Fixed assets</b>			
Investments		309,529	304,062
<b>Current assets</b>			
Debtors	9	1,411	5,144
Cash and bank balances	10	128	393
Cash equivalents		8,643	10,814
<b>Total assets</b>		<b>319,711</b>	<b>320,413</b>
<b>Liabilities</b>			
<b>Creditors</b>			
Distribution payable		(3,394)	(3,948)
Other creditors	11	(888)	(3,862)
<b>Total liabilities</b>		<b>(4,282)</b>	<b>(7,810)</b>
<b>Net assets attributable to shareholders</b>		<b>315,429</b>	<b>312,603</b>

# Financial statements and notes

## Notes to the financial statements

### 1 Accounting policies

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

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

### 2 Distribution policy

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

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

### 3 Net capital gains/(losses)

for the year to 31 August	2023 \$'000	2022 \$'000
Non-derivative securities	40,763	(27,086)
Derivative contracts	(18)	124
Currency gains/(losses)	(146)	139
<b>Net capital gains/(losses)</b>	<b>40,599</b>	<b>(26,823)</b>

# 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 August	2023 \$'000	% of transaction	2022 \$'000	% of transaction
<b>a) Purchases</b>				
<b>Equities</b>				
Equities before transaction costs	182,768		149,624	
Commissions	40	0.02	32	0.02
<b>Total purchases after transaction costs</b>	<b>182,808</b>		<b>149,656</b>	
<b>b) Sales</b>				
<b>Equities</b>				
Equities before transaction costs	218,092		109,801	
Commissions	(60)	0.03	(26)	0.02
Taxes	(3)	0.00	(1)	0.00
<b>Total sales after transaction costs</b>	<b>218,029</b>		<b>109,774</b>	
	2023 \$'000	% of average NAV	2022 \$'000	% of average NAV
<b>c) Direct portfolio transaction costs</b>				
<b>Commissions paid</b>				
Equities	100	0.03	58	0.02
<b>Taxes paid</b>				
Equities	3	0.00	1	0.00
<b>Total direct portfolio transaction costs</b>	<b>103</b>	<b>0.03</b>	<b>59</b>	<b>0.02</b>
		%		%
<b>d) Indirect portfolio transaction costs</b>				
Average portfolio dealing spread as at the balance sheet date		0.04		0.02

## 5 Revenue

for the year to 31 August	2023 \$'000	2022 \$'000
Bank interest	7	0
Dividends from equity investments: non-taxable	7,547	7,157
Interest distributions	401	61
Property distribution: taxable	343	317
Rebate of ongoing charges from underlying funds	7	8
<b>Total revenue</b>	<b>8,305</b>	<b>7,543</b>

# Financial statements and notes

## 6 Expenses

for the year to 31 August	2023 \$'000	2022 \$'000
<b>Payable to the ACD or associate</b>		
Annual charge	2,176	2,191
<b>Total expenses</b>	<b>2,176</b>	<b>2,191</b>

Audit fees for the financial year ending 2023 were £11,000 (2022: £11,000) (including VAT), which are covered by the annual charge.

## 7 Taxation

for the year to 31 August	2023 \$'000	2022 \$'000
<b>a) Analysis of charge in the year</b>		
Corporation tax	0	0
Withholding tax	1,075	1,028
Capital gains tax (US)	(2)	18
Deferred tax (note 7c)	0	0
<b>Total taxation</b>	<b>1,073</b>	<b>1,046</b>
<b>b) Factors affecting taxation charge for the year</b>		
Net revenue/(expense) before taxation	6,129	5,352
Corporation tax at 20%	1,226	1,070
<b>Effects of:</b>		
Dividends from equity investments: non-taxable	(1,510)	(1,431)
Capital income subject to taxation	(3)	24
Current year expenses not utilised	297	350
Withholding tax	1,075	1,028
Capital gains tax (US)	(2)	18
Overseas tax expensed	(10)	(13)
<b>Total tax charge (note 7a)</b>	<b>1,073</b>	<b>1,046</b>
<b>c) Provision for deferred taxation</b>		
Provision at the start of the year	0	0
Deferred tax in profit and loss account (note 7a)	0	0
<b>Provision at the end of the year</b>	<b>0</b>	<b>0</b>

The fund has not recognised a deferred tax asset of \$13,042,000 (2022: \$12,745,000) arising as a result of having excess management expenses. We do not expect this asset to be utilised in the foreseeable future.

# Financial statements and notes

## 8 Distributions

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

for the year to 31 August	2023		2022	
	Inc \$'000	Acc \$'000	Inc \$'000	Acc \$'000
<b>Dividend distributions</b>				
Final	3,394	2,229	3,948	2,054
Total net distributions		5,623		6,002
Income deducted on cancellation of shares		2,292		1,092
Income received on issue of shares		(1,491)		(1,428)
<b>Distributions</b>		<b>6,424</b>		<b>5,666</b>
Net revenue/(expense) per statement of total return		5,056		4,306
Expenses offset against capital		1,370		1,342
Capital gains tax offset against capital		(2)		18
<b>Distributions</b>		<b>6,424</b>		<b>5,666</b>

## 9 Debtors

as at 31 August	2023 \$'000	2022 \$'000
Amounts receivable on issues of shares	755	2,139
Currency deals outstanding	22	1,746
Distributions receivable	33	24
Dividends receivable	493	499
Sales awaiting settlement	0	648
Withholding tax recoverable	108	88
<b>Total debtors</b>	<b>1,411</b>	<b>5,144</b>

## 10 Cash and bank balances

as at 31 August	2023 \$'000	2022 \$'000
Cash held as bank balances	128	393
<b>Total cash and bank balances</b>	<b>128</b>	<b>393</b>

# Financial statements and notes

## 11 Other creditors

as at 31 August	2023 \$'000	2022 \$'000
Amounts payable on cancellation of shares	809	216
Annual charge payable	56	52
Currency deals outstanding	23	1,743
Purchases awaiting settlement	0	1,851
<b>Total other creditors</b>	<b>888</b>	<b>3,862</b>

## 12 Contingent assets, liabilities and outstanding commitments

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

## 13 Shares in issue

The following table shows each class of share in issue during the year. Each share class has the same rights on winding up however they may have different charging structures as set out in note 14.

Share class	Opening 01.09.22	Issued	Movements Cancelled	Converted	Closing 31.08.23
<b>Sterling</b>					
Class 'A' Income	47,481,084	6,369,406	(8,185,446)	0	45,665,044
Class 'A' Accumulation	1,696,354	408,889	(955,429)	0	1,149,814
Class 'I' Income	978,911	198,929	(176,554)	0	1,001,286
Class 'I' Accumulation	2,857,554	1,877,175	(2,947,274)	0	1,787,455
Class 'PP' Income	36,138,186	24,033,064	(44,379,655)	0	15,791,595
Class 'PP' Accumulation	272,438	29,894,986	(2,202,291)	0	27,965,133
Class 'R' Income	130,197	36,278	(35,663)	0	130,812
Class 'R' Accumulation	927,037	233,230	(259,243)	0	901,024

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



# Financial statements and notes

## 14 Charging structure

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

Share class	Annual charge %
<b>Sterling</b>	
Class 'A'	0.95
Class 'I'	0.55
Class 'PP'	0.45
Class 'R'	0.80

## 15 Related parties

M&G Securities Limited, as Authorised Corporate Director (ACD), is a related party and acts as principal on all the transactions of shares in the fund except with in specie transactions, where M&G Securities Limited acts as an agent. The aggregate monies received through issues, and paid on cancellations, are disclosed in the 'Statement of change in net assets attributable to shareholders' and note 8. Amounts due to/from M&G Securities Limited in respect of share transactions at the year end are disclosed in notes 9 and 11 where applicable.

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

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

At the balance sheet date, shareholders from within M&G plc, of which M&G Securities Limited is a wholly owned subsidiary, have holdings totaling 46.53% (2022: 49.16%) of the fund's shares.

## 16 Fair value analysis

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

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

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

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

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

# Financial statements and notes

## Level 3: Valuation technique using unobservable inputs

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

as at 31 August	Assets 2023 \$'000	Liabilities 2023 \$'000	Assets 2022 \$'000	Liabilities 2022 \$'000
Level 1	309,529	0	304,062	0
Level 2	0	0	0	0
Level 3	0	0	0	0
	<b>309,529</b>	<b>0</b>	<b>304,062</b>	<b>0</b>

## 17 Risk management policies

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

## 18 Market risk sensitivity

A five per cent increase in the value of the fund's investment portfolio would have the effect of increasing the return and net assets by \$15,476,000 (2022: \$15,203,000). A five per cent decrease would have an equal and opposite effect.

## 19 Currency risk sensitivity and exposure

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

## 20 Interest rate risk sensitivity and exposure

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

## 21 Credit risk

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

## 22 Dividend distribution tables

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

### Annual distribution period

	Start	End	Xd	Payment
Final	01.09.22	31.08.23	01.09.23	31.10.23

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

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

Group 2 shares are those purchased during a distribution period and therefore their distribution rate is made up of income and equalisation. Equalisation is the average amount of income included in the purchase price of all Group 2 shares and is refunded to the holders of these shares as a return of capital. Being capital it is not liable to Income

# Financial statements and notes

Tax. Instead, it must be deducted from the cost of shares for Capital Gains Tax purposes. The tables below show the split of the Group 2 rates into the income and equalisation components.

## Sterling Class 'A' Income shares

Ordinary distributions for the year to 31 August	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2023	2023	2023	2022
	UK p	UK p	UK p	UK p
Final	2.1629	1.2978	3.4607	3.6342

## Sterling Class 'A' Accumulation shares

Ordinary distributions for the year to 31 August	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2023	2023	2023	2022
	UK p	UK p	UK p	UK p
Final	0.6852	1.5569	2.2421	2.1706

## Sterling Class 'I' Income shares

Ordinary distributions for the year to 31 August	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2023	2023	2023	2022
	UK p	UK p	UK p	UK p
Final	35.8573	31.3950	67.2523	70.0282

## Sterling Class 'I' Accumulation shares

Ordinary distributions for the year to 31 August	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2023	2023	2023	2022
	UK p	UK p	UK p	UK p
Final	32.1222	26.6653	58.7875	58.8403

## Sterling Class 'PP' Income shares

Ordinary distributions for the year to 31 August	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2023	2023	2023	2022
	UK p	UK p	UK p	UK p
Final	1.5001	1.1212	2.6213	2.7082

## Sterling Class 'PP' Accumulation shares

Ordinary distributions for the year to 31 August	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2023	2023	2023	2022
	UK p	UK p	UK p	UK p
Final	1.1287	1.1513	2.2800	2.2843

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## Sterling Class 'R' Income shares

Ordinary distributions for the year to 31 August	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2023 UK p	2023 UK p	2023 UK p	2022 UK p
Final	3.5223	3.0867	6.6090	6.9179

## Sterling Class 'R' Accumulation shares

Ordinary distributions for the year to 31 August	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2023 UK p	2023 UK p	2023 UK p	2022 UK p
Final	2.3959	2.4356	4.8315	4.7602

## 23 Events after the balance sheet date

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

# Other regulatory disclosures

## Remuneration

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

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

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

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

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

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

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

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

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

## Swiss investor information

For funds registered in Switzerland we are required by FINMA to disclose the Total Expense Ratio (TER). For these funds the TERs are the same as the operating charges disclosed in the fund’s financial highlights section under ‘Specific share class performance’.

## EU Sustainable Finance Disclosure Regulation

### SFDR

The M&G Global Themes Fund is categorised as an Article 6 fund under SFDR.

### Taxonomy Regulation

The M&G Global Themes Fund’s underlying investments do not take into account the EU criteria for environmental sustainable economic activities.

