

M&G Optimal Income Fund

**Annual report and audited financial statements
for the year ended 30 September 2023**

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Authorised Corporate Director's Report

The Authorised Corporate Director (ACD) of M&G Optimal Income Fund presents its annual report and audited financial statements for the year ended 30 September 2023.

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

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

Company information

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

The Company was authorised on 17 November 2006 and the fund was launched on 8 December 2006.

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

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

Fund manager

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

ACD

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

Directors of the ACD

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

Investment manager

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

Registrar

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

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 mandg.com/investments/valueassessment

Authorised Corporate Director's Report

Climate-related Financial Disclosures (TCFD)

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

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

Important information

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

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

From 6 March 2023, the Fund's benchmark changed from the IA Sterling Strategic Bond Sector to a composite index consisting of 1/3 Bloomberg Global Treasury Index GBP Hedged, 1/3 Bloomberg Global Aggregate Corporate Index GBP Hedged and 1/3 Bloomberg Global High Yield Index GBP Hedged.

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

Investor information

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

Customer services and administration for UK clients:

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

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

Telephone: 0800 390 390 (UK only)

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

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: csmandg@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.

Authorised Corporate Director's Report

Swiss paying agent and representative:

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

Authorised Corporate Director's Report

Authorised Corporate Director's Responsibilities

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

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

Directors' statement

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

M&G Securities Limited
28 November 2023

Depository's Responsibilities and Report

Statement of the Depository's Responsibilities and Report of the Depository to the Shareholders of M&G Optimal Income Fund ('the Company') for the year ended 30 September 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
28 November 2023

NatWest Trustee and
Depository Services Limited

Independent Auditor's Report

Independent Auditor's Report to the shareholders of M&G Optimal Income Fund

Opinion

We have audited the financial statements of M&G Optimal Income Fund ("the Company") for the year ended 30 September 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 (United Kingdom Generally Accepted Accounting Practice) including FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland'.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Company as at 30 September 2023, and of the net revenue and the net capital gains on the scheme property of the Company for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Basis for opinion

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

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

Conclusions relating to going concern

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

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

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

Other information

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

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

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

Independent Auditor's Report

We have nothing to report in this regard.

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

In our opinion:

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

Matters on which we are required to report by exception

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

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

Responsibilities of the ACD

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

Independent Auditor's Report

Our approach was as follows:

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

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

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

This description forms part of our auditor's report.

Use of our report

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

Edinburgh
28 November 2023

Ernst & Young LLP
Statutory Auditor

Authorised Corporate Director's Report

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

Investment objective

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

The composite index is made up of one third Bloomberg Global Treasury Index GBP Hedged, one third Bloomberg Global Aggregate Corporate Index GBP Hedged and one third Bloomberg Global High Yield Index GBP Hedged.

Investment policy

At least 50% of the fund is invested, directly or indirectly through derivatives, in debt securities, including investment grade bonds, below investment grade unrated securities and asset backed securities. These securities can be issued or guaranteed by governments and their agencies, public authorities, quasi-sovereigns, supranational bodies and companies from anywhere in the world, including emerging markets. These securities can be denominated in any currency.

Other investments may include:

- up to 20% of the fund in equities; and
- other transferable securities, cash, and near cash, directly or via collective investment schemes (including funds managed by M&G).

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

At least 80% of the fund is in sterling or hedged back to sterling.

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

Investment approach

The fund is globally diversified across a range of debt securities and issuers from a variety of sectors and geographies. This flexibility allows the fund manager to invest in a combination of assets that together provide the most attractive or 'optimal' income stream for the fund. Income streams from different assets essentially offer different combinations of duration (interest rate) risk and credit risk – the optimal income stream is therefore that which incorporates the best mix of the two, based on the fund manager's view on macroeconomic, asset class, sector and geographic factors. In seeking an optimal income stream from investments, the fund manager may invest in a company's equities if they present a more attractive investment opportunity relative to its bonds.

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

Benchmark

Benchmark: A composite index comprising:

- 1/3 Bloomberg Global Treasury Index GBP Hedged
- 1/3 Bloomberg Global Aggregate Corporate Index GBP Hedged
- 1/3 Bloomberg Global High Yield Index GBP Hedged.

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

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

For unhedged 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 45 to 47.

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



The above number:

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

Investment review

For the year ended 30 September 2023

Performance against objective

Between 1 October 2022 and 30 September 2023, the M&G Optimal Income Fund delivered a strong positive total return (the combination of income and capital growth) across all its sterling share classes. Fund performance was ahead of the fund's benchmark, which returned 6.5% over the same period.

The fund's benchmark is a composite index consisting of 1/3 Bloomberg Global Treasury Index GBP Hedged, 1/3 Bloomberg Global Aggregate Corporate Index GBP Hedged and 1/3 Bloomberg Global High Yield Index GBP Hedged. The benchmark prior to 6 March 2023 was the IA Sterling Strategic Bond Sector.

Over five years, the fund generated a positive total return across all its share classes. In three of its five share classes, the fund was ahead of the benchmark,

where the average return was 0.8% per annum. The fund did not meet the objective of providing a higher total return, net of the ongoing charge figure, than the average return of the benchmark over any five-year period for two of its five share classes.

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

Performance review

The period under review was a challenging year for fixed income markets, because of the twin headwinds for bond markets of high inflation and rising interest rates. Nevertheless, with the exception of core government bond markets, global fixed income assets such as corporate and emerging markets bonds recovered from the lows of 2022 and registered positive returns.

After a dismal third quarter of 2022, bonds rallied as major economies reported stable or slightly lower inflation, raising hopes amid some market participants that central banks will cut interest rates in 2023. However, the bond market rally faded amid renewed concerns about persistently high core inflation rates.

In March 2023, financial markets were shaken by the collapse of several regional US banks and the rescue of Swiss lender Credit Suisse. However, the banking crisis was quickly resolved and the fallout contained. A period of low volatility in the second quarter of 2023 was soon followed by another round of turbulence in the government bond market. Resilient macroeconomic data and persistently high inflation prints dashed hopes of interest rate cuts in 2023. Instead, market expectations have veered to the Federal Reserve keeping rates higher for longer, well into 2024. The hawkish tone of central bank officials saw benchmark 10-year US Treasury yields climb to their highest level since 2007 and a resurgent US dollar.

In contrast, the corporate bonds market was relatively calm and credit spreads tightened considerably, supported by an improvement in the economic outlook. The high yield (HY), riskier assets outperformed

Authorised Corporate Director's Report

investment grade (IG), which is considered safer, in a sign that investors had regained some of their appetite for risk.

Against this backdrop, the fund delivered a strong positive return and significantly outperformed its benchmark over the review period.

Our credit positioning was the biggest driver of outperformance, with asset allocation accounting for the bulk of relative returns. In a period of heightened volatility in core government bonds, our yield curve positioning (particularly in the UK market) proved beneficial for relative performance.

At the sector level, our allocation to most credit sectors contributed positively, especially our above-benchmark exposures to the euro-denominated high yield non-financial sector and sterling financials.

Security selection in investment grade corporate bonds also significantly boosted relative returns, notably our choices in US dollar-denominated non-financial sector bonds and sterling financial sector bonds, which were among those that added value. On the other hand, our picks in high yield financial sector bonds weighed slightly on performance.

During the period under review, we increased the fund's overall duration to a slight overweight position, at around 6.2 years.

Investment activities

The UK bond (gilt) market experienced heightened volatility after the 2022 UK autumn mini-budget. We used this opportunity to trade in long-dated UK bonds and closed our positions after the markets rebounded following the intervention of the Bank of England and the announcement of a new budget.

Later in the fourth quarter, we used the weakness in European sovereigns to add bonds from France, Italy and the UK by selling US Treasuries.

In the spring, we continued to prefer UK and European government bonds following recent underperformance. Nevertheless, we reduced exposure to European sovereigns and switched into US Treasuries and gilts by

the end of the second quarter. Elsewhere, we added long-dated sovereign bonds from New Zealand.

In emerging markets, we added bonds from Poland and Panama, while closing our short position in Brazil.

Towards the end of the review period, we added selected names including those from the Ivory Coast, South Africa, Morocco, Romania, Serbia and Macedonia.

Within credit, we started the period with a bias towards adding risk as we felt valuations were looking attractive. We looked for opportunities particularly within Investment Grade, as the market was very dislocated. An additional source of dislocation came from the Bank of England, which actively started to sell corporate bonds to the market (Quantitative Tightening). That created an opportunity for us to add GBP corporate bonds at relatively attractive prices.

Towards the end of the review period, we started to reduce credit risk as valuations generally looked more fair value, in our opinion. We took some profits on high yield and long-dated investment grade bonds, which had performed well. We also reduced our exposure to financials and switched some subordinated financials into more secured senior bonds.

We were active in the primary market and participated in new deals offered by the various sectors: financials (Barclays, Intesa Sanpaolo, Standard Chartered, Crédit Agricole and Lloyds), utilities (EDF), telecommunications (Dish Network, British Telecom, and AT&T) and other sectors (Vonovia, Tesco and Olympus Water).

Outlook

We believe monetary policy works with a lag. The sharp increase in liquidity experienced around the COVID pandemic led to a resurgence of inflation about 18 months later. Central banks have now reversed course, causing money supply to fall and this in turn will continue to put downward pressure on inflation.

For investors, this means central banks are at the end (or very near the end) of their tightening cycle. We believe this creates an attractive risk-reward

Authorised Corporate Director's Report

opportunity for duration-bearing assets (duration is a measure of a bond's sensitivity to changes in interest rates; the higher the duration, the more sensitive the bond), even more so given their historically high starting yield (yields, a measure of bonds' return, move inversely to bond prices).

We think inflation can return to target, without causing a recession. The labour market remains generally in good shape and consumers are coming from a very strong financial position. In this context we believe credit will remain supported, however we are keeping a close eye on the potential for a policy mistake (central banks raising interest rates too much).

Richard Woolnough

Fund manager

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

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

Portfolio statement

Investments

Holding	as at 30.09.23 £'000	as at 30.09.23 %	as at 30.09.22 %
Equities	3,390	0.26	0.27
Travel & leisure	0	0.00	0.00
416,995 Codere ^a	0	0.00	
Industrial support services	3,390	0.26	0.27
100,000 Adecco	3,390	0.26	
Precious metals & mining	0	0.00	0.00
3,647,371 New World Resources ^a	0	0.00	
Oil & gas	0	0.00	0.00
85 Chaparral Energy Warrants 01/10/2024 ^a	0	0.00	
85 Chaparral Energy Warrants 01/10/2025 ^a	0	0.00	
Fixed income	1,187,793	91.49	93.28
Debt securities	1,166,586	89.86	93.06
'AAA' credit rated bonds	31,194	2.40	0.33
€1,404,000 Clydesdale Bank 3.75% 22/08/2028	1,205	0.09	
€3,000,000 Commonwealth Bank of Australia 1.625% 10/02/2031	2,218	0.17	
€10,000,000 Germany (Federal Republic of) 1.8% 15/08/2053	6,571	0.51	
£1,118,000 HSBC FRN 5.7114% 25/08/2028	1,118	0.09	
US\$6,000,000 Inter-American Development Bank FRN 5.7042% 10/06/2031	4,836	0.37	
£1,000,000 Lloyds Bank 6% 08/02/2029	1,040	0.08	
€3,500,000 National Australia Bank 0.01% 06/01/2029	2,476	0.19	
US\$4,500,000 National Australia Bank 4.628% 22/11/2027	3,557	0.27	
£3,325,000 Nationwide Building Society FRN 5.6196% 24/02/2031	3,265	0.25	
£1,000,000 Santander 5.25% 16/02/2029	1,005	0.08	
€4,589,000 Toronto-Dominion Bank 3.666% 08/09/2031	3,903	0.30	
'AA' credit rated bonds	342,483	26.38	22.03
US\$4,000,000 Apple 1.2% 08/02/2028	2,780	0.21	
US\$3,000,000 Apple 3.2% 11/05/2027	2,294	0.18	
US\$3,000,000 Apple 3.35% 09/02/2027	2,312	0.18	
€3,500,000 Banco Santander 0.1% 27/02/2032	2,216	0.17	
€35,000,000 France (Republic of) 0.75% 25/05/2053	13,836	1.07	
€26,000,000 France (Republic of) 1.25% 25/05/2034	18,076	1.39	
€30,000,000 France (Republic of) 2% 25/05/2048	18,441	1.42	
£2,508,000 Metropolitan Life Global Funding I 1.625% 12/10/2028	2,075	0.16	

Portfolio statement

Investments (continued)

Holding	as at 30.09.23 £'000	as at 30.09.23 %	as at 30.09.22 %
Fixed income (continued)			
Debt securities (continued)			
'AA' credit rated bonds (continued)			
£2,000,000 Metropolitan Life Global Funding I 5% 10/01/2030	1,928	0.15	
€1,831,000 NBN 4.375% 15/03/2033	1,553	0.12	
€2,000,000 New York Life Global Funding 3.625% 09/01/2030	1,680	0.13	
NZD6,000,000 New Zealand (Govt. of) 1.75% 15/05/2041	1,716	0.13	
NZD3,000,000 New Zealand (Govt. of) 3.5% 14/04/2033	1,282	0.10	
£25,000,000 UK Treasury 0.5% 31/01/2029	20,415	1.57	
£70,000,000 UK Treasury 0.625% 22/10/2050	25,812	1.99	
£30,000,000 UK Treasury 0.875% 31/01/2046	13,808	1.06	
£20,000,000 UK Treasury 3.75% 29/01/2038	17,938	1.38	
£20,000,000 UK Treasury 4.25% 07/12/2046	18,201	1.40	
£25,000,000 UK Treasury 4.5% 07/06/2028	24,959	1.92	
US\$15,000,000 US Treasury 0.625% 15/05/2030	9,472	0.73	
US\$60,000,000 US Treasury 0.625% 15/08/2030	37,584	2.89	
US\$35,000,000 US Treasury 1.25% 15/05/2050	13,466	1.04	
US\$25,000,000 US Treasury 1.75% 15/08/2041	12,721	0.98	
US\$30,000,000 US Treasury 2.25% 15/08/2046	15,533	1.20	
US\$35,000,000 US Treasury 2.375% 15/05/2029	25,375	1.95	
US\$22,000,000 US Treasury 3.375% 15/05/2033	16,297	1.26	
US\$25,000,000 US Treasury 4.125% 31/07/2028	19,949	1.54	
£773,000 Walmart 5.25% 28/09/2035	764	0.06	
'A' credit rated bonds	123,476	9.51	9.10
US\$2,000,000 Allianz Var. Rate 3.2% Perpetual	1,155	0.09	
€3,000,000 Allianz Var. Rate 5.824% 25/07/2053	2,606	0.20	
€6,000,000 AXA Var. Rate 5.5% 11/07/2043	5,061	0.39	
£3,000,000 Banco Santander 5.125% 25/01/2030	2,820	0.22	
£3,500,000 Bank of America Var. Rate 1.667% 02/06/2029	2,891	0.22	
US\$2,500,000 Bank of America Var. Rate 1.922% 24/10/2031	1,539	0.12	
£1,998,000 Bank of America Var. Rate 3.584% 27/04/2031	1,727	0.13	
€3,400,000 Banque Fédérative du Crédit Mutuel 0.625% 03/11/2028	2,420	0.19	
€1,000,000 Banque Fédérative du Crédit Mutuel 0.625% 21/02/2031	651	0.05	

Portfolio statement

Investments (continued)

Holding	as at 30.09.23 £'000	as at 30.09.23 %	as at 30.09.22 %
Fixed income (continued)			
Debt securities (continued)			
'A' credit rated bonds (continued)			
€2,500,000 Banque Fédérative du Crédit Mutuel 1.375% 02/04/2030	1,752	0.14	
US\$1,249,000 Comcast Cable Communications 8.5% 01/05/2027	1,108	0.09	
€2,500,000 Crédit Agricole 4% 18/01/2033	2,103	0.16	
US\$2,000,000 Crédit Agricole 5.514% 05/07/2033	1,568	0.12	
£2,000,000 Crédit Agricole Var. Rate 6.375% 14/06/2031	2,005	0.15	
€667,000 ELM Var. Rate 3.375% 29/09/2047	524	0.04	
€1,218,000 ELM Var. Rate 4.5% Perpetual	1,001	0.08	
€2,700,000 Hannover Rueck Var. Rate 1.375% 30/06/2042	1,688	0.13	
€2,400,000 Hannover Rueck Var. Rate 1.75% 08/10/2040	1,630	0.13	
€2,000,000 Hannover Rueck Var. Rate 5.875% 26/08/2043	1,755	0.14	
US\$600,000 Henkel 1.75% 17/11/2026	434	0.03	
£3,000,000 International Business Machines 4.875% 06/02/2038	2,642	0.20	
£2,500,000 JPMorgan Chase Var. Rate 1.895% 28/04/2033	1,839	0.14	
US\$1,250,000 JPMorgan Chase Var. Rate 2.58% 22/04/2032	805	0.06	
US\$8,000,000 JPMorgan Chase Var. Rate 2.963% 25/01/2033	5,197	0.40	
US\$2,000,000 JPMorgan Chase Var. Rate 4.565% 14/06/2030	1,519	0.12	
US\$5,000,000 JPMorgan Chase Var. Rate 4.586% 26/04/2033	3,669	0.28	
US\$4,500,000 JPMorgan Chase Var. Rate 4.912% 25/07/2033	3,380	0.26	
€1,464,000 KKR 1.625% 22/05/2029	1,061	0.08	
£2,790,000 Leeds Building Society 1.375% 06/10/2027	2,325	0.18	
US\$6,000,000 Mizuho Financial Var. Rate 1.979% 08/09/2031	3,700	0.29	
€1,000,000 Morgan Stanley Var. Rate 0.495% 26/10/2029	705	0.05	
US\$3,900,000 Morgan Stanley Var. Rate 1.794% 13/02/2032	2,353	0.18	
US\$1,650,000 Morgan Stanley Var. Rate 2.699% 22/01/2031	1,100	0.08	
US\$2,000,000 Morgan Stanley Var. Rate 3.591% 22/07/2028	1,483	0.11	
£3,500,000 Morgan Stanley Var. Rate 5.789% 18/11/2033	3,380	0.26	
€800,000 Münchener Rückversicherungs-Gesellschaft Var. Rate 1% 26/05/2042	492	0.04	
US\$3,000,000 Münchener Rückversicherungs-Gesellschaft Var. Rate 5.875% 23/05/2042	2,355	0.18	
€4,000,000 Nationwide Building Society 0.25% 14/09/2028	2,838	0.22	

Portfolio statement

Investments (continued)

Holding	as at 30.09.23 £'000	as at 30.09.23 %	as at 30.09.22 %
Fixed income (continued)			
Debt securities (continued)			
'A' credit rated bonds (continued)			
€15,000,000 Philip Morris International 1.45% 01/08/2039	7,545	0.58	
€5,000,000 Philip Morris International 1.875% 06/11/2037	2,852	0.22	
€6,000,000 Philip Morris International 2% 09/05/2036	3,627	0.28	
US\$1,600,000 Poland (Republic of) 5.75% 16/11/2032	1,305	0.10	
US\$1,917,225 Project Silver 3.967% 15/07/2044	1,325	0.10	
€2,500,000 Prologis Euro Finance 4.25% 31/01/2043	1,865	0.14	
€1,200,000 Prologis International Funding II 4.625% 21/02/2035	976	0.08	
£3,000,000 Royal Bank of Canada 5% 24/01/2028	2,887	0.22	
US\$2,830,004 Slam 2021-1 2.434% 15/06/2046	1,962	0.15	
€3,000,000 Slovakia (Republic of) 3.75% 23/02/2035	2,466	0.19	
£5,000,000 Toronto-Dominion Bank 2.875% 05/04/2027	4,530	0.35	
€2,000,000 TotalEnergies Var. Rate 2% Perpetual	1,331	0.10	
€3,000,000 TotalEnergies Var. Rate 2.125% Perpetual	1,865	0.14	
€1,000,000 UBS 1.25% 01/09/2026	788	0.06	
£3,139,000 UBS Var. Rate 1.875% 03/11/2029	2,553	0.20	
US\$2,000,000 UBS Var. Rate 3.126% 13/08/2030	1,368	0.11	
US\$432,000 Willow No. 2 Var. Rate 4.25% 01/10/2045	324	0.03	
US\$5,000,000 Zurich Finance Ireland Designated Activity Var. Rate 3% 19/04/2051	3,107	0.24	
£4,000,000 Zurich Finance Ireland Designated Activity Var. Rate 5.125% 23/11/2052	3,519	0.27	
	510,697	39.34	42.91
'BBB' credit rated bonds			
US\$5,500,000 AerCap Ireland Capital 3.3% 30/01/2032	3,561	0.27	
US\$2,500,000 AerCap Ireland Capital 3.4% 29/10/2033	1,578	0.12	
€15,000,000 Altria 3.125% 15/06/2031	10,998	0.85	
£1,028,000 Annington Funding 2.308% 06/10/2032	729	0.06	
£1,164,000 Annington Funding 2.924% 06/10/2051	605	0.05	
£1,000,000 Annington Funding 3.184% 12/07/2029	829	0.06	
£730,000 Annington Funding 3.685% 12/07/2034	556	0.04	
£1,000,000 Annington Funding 4.75% 09/08/2033	844	0.06	
US\$432,000 Argentum Netherlands for Swiss Re Var. Rate 5.75% 15/08/2050	338	0.03	

Portfolio statement

Investments (continued)

Holding	as at 30.09.23 £'000	as at 30.09.23 %	as at 30.09.22 %
Fixed income (continued)			
Debt securities (continued)			
'BBB' credit rated bonds (continued)			
£1,700,000 Aroundtown 3% 16/10/2029	1,143	0.09	
US\$800,000 Aroundtown 5.375% 21/03/2029	502	0.04	
€1,000,000 Assicurazioni Generali 5.399% 20/04/2033	856	0.07	
€4,000,000 Assicurazioni Generali Var. Rate 5.5% 27/10/2047	3,459	0.27	
£2,000,000 AT&T 4.875% 01/06/2044	1,602	0.12	
US\$5,000,000 AT&T 5.4% 15/02/2034	3,821	0.29	
£900,000 AT&T 7% 30/04/2040	933	0.07	
£4,000,000 Australia & New Zealand Banking Var. Rate 1.809% 16/09/2031	3,414	0.26	
US\$1,000,000 Australia & New Zealand Banking Var. Rate 2.57% 25/11/2035	604	0.05	
€1,500,000 Aviva Var. Rate 3.375% 04/12/2045	1,236	0.09	
£1,000,000 Aviva Var. Rate 4% 03/06/2055	746	0.06	
£2,269,000 Aviva Var. Rate 4.375% 12/09/2049	1,967	0.15	
£4,500,000 Aviva Var. Rate 5.125% 04/06/2050	3,970	0.31	
£500,000 Aviva Var. Rate 6.125% 14/11/2036	496	0.04	
£1,000,000 Aviva Var. Rate 6.875% Perpetual	854	0.07	
US\$5,000,000 Banco Bilbao Vizcaya Argentaria Var. Rate 6.138% 14/09/2028	4,034	0.31	
US\$1,000,000 Banco de Crédito del Perú Var. Rate 3.125% 01/07/2030	748	0.06	
€1,000,000 Banco de Sabadell Var. Rate 5% 07/06/2029	861	0.07	
£5,000,000 Banco Santander Var. Rate 2.25% 04/10/2032	4,099	0.32	
US\$800,000 Banco Santander 2.958% 25/03/2031	519	0.04	
US\$3,400,000 Banco Santander Var. Rate 3.225% 22/11/2032	2,096	0.16	
US\$1,000,000 Bank Leumi Le-Israel Var. Rate 7.129% 18/07/2033	798	0.06	
US\$5,000,000 Bank of America Var. Rate 2.482% 21/09/2036	2,969	0.23	
€3,500,000 Bankinter Var. Rate 1.25% 23/12/2032	2,516	0.19	
€1,700,000 Banque Fédérative du Crédit Mutuel 1.125% 19/11/2031	1,065	0.08	
€6,000,000 Banque Fédérative du Crédit Mutuel Var. Rate 3.875% 16/06/2032	4,887	0.38	
€1,000,000 Barclays Var. Rate 1.125% 22/03/2031	763	0.06	
US\$1,105,000 Barclays Var. Rate 5.746% 09/08/2033	832	0.06	
US\$4,250,000 Barclays Var. Rate 7.437% 02/11/2033	3,560	0.27	
US\$5,000,000 BAT Capital 7.081% 02/08/2053	3,879	0.30	

Portfolio statement

Investments (continued)

Holding	as at 30.09.23 £'000	as at 30.09.23 %	as at 30.09.22 %
Fixed income (continued)			
Debt securities (continued)			
'BBB' credit rated bonds (continued)			
£9,334,000 BAT International Finance 4% 23/11/2055	5,113	0.39	
£164,000 BAT International Finance 5.75% 05/07/2040	131	0.01	
£11,333,000 BAT International Finance 6% 24/11/2034	10,154	0.78	
€2,500,000 Bayerische Landesbank Var. Rate 1% 23/09/2031	1,811	0.14	
€1,000,000 Bayerische Landesbank Var. Rate 1.375% 22/11/2032	690	0.05	
€2,137,000 Bevco Lux 1% 16/01/2030	1,431	0.11	
£3,000,000 BNP Paribas 1.25% 13/07/2031	2,111	0.16	
£1,000,000 BNP Paribas 2.875% 24/02/2029	849	0.07	
£2,000,000 BNP Paribas 5.75% 13/06/2032	1,928	0.15	
US\$4,900,000 BNP Paribas FRN 3.052% 13/01/2031	3,290	0.25	
US\$2,200,000 BNP Paribas FRN SNR 3.052% 13/01/2031	1,478	0.11	
US\$462,000 BNP Paribas Var. Rate 2.588% 12/08/2035	282	0.02	
US\$1,250,000 BNP Paribas Var. Rate 3.132% 20/01/2033	802	0.06	
US\$1,500,000 BNP Paribas Var. Rate 4.375% 01/03/2033	1,087	0.08	
US\$6,000,000 Boeing 5.705% 01/05/2040	4,526	0.35	
US\$4,000,000 Boeing 5.805% 01/05/2050	2,975	0.23	
US\$6,333,000 Boeing 5.93% 01/05/2060	4,647	0.36	
€2,758,000 BP Capital Markets Var. Rate 3.625% Perpetual	2,071	0.16	
£1,000,000 BP Capital Markets Var. Rate 4.25% Perpetual	886	0.07	
US\$3,400,000 BPCE Var. Rate 2.277% 20/01/2032	2,075	0.16	
US\$1,680,000 BPCE Var. Rate 3.116% 19/10/2032	1,022	0.08	
£1,000,000 BPCE 5.25% 16/04/2029	918	0.07	
£3,000,000 British Telecommunications 5.75% 13/02/2041	2,732	0.21	
£5,000,000 British Telecommunications 6.375% 23/06/2037	4,892	0.38	
£2,800,000 BUPA Finance 4.125% 14/06/2035	2,062	0.16	
£1,000,000 BUPA Finance 5% 08/12/2026	955	0.07	
£2,000,000 Cadent Finance 2.125% 22/09/2028	1,686	0.13	
£718,000 Cadent Finance 2.625% 22/09/2038	448	0.03	
£417,000 Cadent Finance 5.75% 14/03/2034	399	0.03	
£4,400,000 CaixaBank Var. Rate 3.5% 06/04/2028	3,961	0.30	

Portfolio statement

Investments (continued)

Holding	as at 30.09.23 £'000	as at 30.09.23 %	as at 30.09.22 %
Fixed income (continued)			
Debt securities (continued)			
'BBB' credit rated bonds (continued)			
€3,695,000 Celanese 5.337% 19/01/2029	3,139	0.24	
US\$1,411,000 Celanese 6.379% 15/07/2032	1,109	0.09	
£3,000,000 Centrica 7% 19/09/2033	3,210	0.25	
€2,613,000 Channel Link Enterprises Finance Var. Rate 2.706% 30/06/2050	2,046	0.16	
£1,943,000 Channel Link Enterprises Finance Var. Rate 3.043% 30/06/2050	1,630	0.13	
US\$750,000 Citigroup Var. Rate 3.057% 25/01/2033	483	0.04	
US\$3,000,000 Citigroup Var. Rate 3.785% 17/03/2033	2,042	0.16	
£1,000,000 Citigroup 4.5% 03/03/2031	883	0.07	
£1,000,000 CK Hutchison Telecom Finance 2.625% 17/10/2034	666	0.05	
£2,500,000 Cooperatieve Rabobank 4.625% 23/05/2029	2,265	0.17	
€1,800,000 Cooperatieve Rabobank Var. Rate 3.875% 30/11/2032	1,472	0.11	
€800,000 Cooperatieve Rabobank Var. Rate 4.875% Perpetual	568	0.04	
£1,506,000 Coventry Building Society 2% 20/12/2030	1,136	0.09	
€1,520,000 CPI Property 2.75% 12/05/2026	1,096	0.08	
£1,964,000 CPUK Finance 3.69% 28/08/2028	1,715	0.13	
£1,023,000 CPUK Finance 5.876% 28/08/2027	996	0.08	
£2,100,000 Crédit Agricole Var. Rate 1.874% 09/12/2031	1,786	0.14	
US\$500,000 Crédit Agricole Var. Rate 4% 10/01/2033	361	0.03	
£500,000 Crédit Agricole Var. Rate 7.5% Perpetual	470	0.04	
€1,500,000 Crédit Agricole Assurances 1.5% 06/10/2031	957	0.07	
€3,000,000 Danske Bank Var. Rate 0.75% 09/06/2029	2,163	0.17	
£3,000,000 Danske Bank Var. Rate 2.25% 14/01/2028	2,611	0.20	
£573,417 Delamare Finance 5.5457% 19/02/2029	556	0.04	
£200,000 Delamare Finance 6.067% 19/02/2029	197	0.01	
€2,000,000 Deutsche Bahn Finance Var. Rate 1.6% Perpetual	1,364	0.10	
£1,200,000 Deutsche Bank Var. Rate 6.125% 12/12/2030	1,112	0.09	
US\$8,048,000 Deutsche Telekom International Finance 8.75% 15/06/2030	7,512	0.58	
US\$2,344,000 Deutsche Telekom International Finance 9.25% 01/06/2032	2,331	0.18	
£1,056,000 DWR Cymru Financing 2.375% 31/03/2034	715	0.05	
£300,000 E.ON International Finance 4.75% 31/01/2034	269	0.02	

Portfolio statement

Investments (continued)

Holding	as at 30.09.23 £'000	as at 30.09.23 %	as at 30.09.22 %
Fixed income (continued)			
Debt securities (continued)			
'BBB' credit rated bonds (continued)			
£3,500,000 E.ON International Finance 5.875% 30/10/2037	3,354	0.26	
£1,000,000 E.ON International Finance 6.25% 03/06/2030	1,018	0.08	
£2,200,000 Électricité de France 5.125% 22/09/2050	1,719	0.13	
£3,000,000 Électricité de France 5.5% 27/03/2037	2,660	0.20	
£3,500,000 Électricité de France 5.5% 17/10/2041	2,996	0.23	
US\$9,000,000 Électricité de France 6% 22/01/2114	6,043	0.47	
£4,000,000 Électricité de France 6.125% 02/06/2034	3,849	0.30	
US\$3,000,000 Enel Finance International 3.5% 06/04/2028	2,196	0.17	
US\$1,000,000 Enel Finance International 5% 15/06/2032	740	0.06	
US\$1,968,000 Enel Finance International 7.5% 14/10/2032	1,713	0.13	
US\$2,000,000 Enel Finance International 7.75% 14/10/2052	1,777	0.14	
€4,903,000 Engie 5.95% 16/03/2111	4,661	0.36	
US\$3,500,000 Eni 4.75% 12/09/2028	2,729	0.21	
€3,500,000 Eni Var. Rate 2.75% Perpetual	2,379	0.18	
€178,000 Eni Var. Rate 3.375% Perpetual	129	0.01	
£1,243,000 ENW Finance 4.893% 24/11/2032	1,158	0.09	
US\$1,500,000 Expedia 3.25% 15/02/2030	1,032	0.08	
€2,156,000 Fastighets Balder 1.875% 14/03/2025	1,735	0.13	
€1,486,000 Fastighets Balder 1.875% 23/01/2026	1,127	0.09	
US\$2,000,000 Fresenius Medical Care US Finance III 3.75% 15/06/2029	1,390	0.11	
£5,300,000 Gatwick Funding 3.125% 28/09/2039	3,524	0.27	
£500,000 Gatwick Funding 4.625% 27/03/2034	435	0.03	
£3,000,000 Gatwick Funding 5.75% 23/01/2037	2,797	0.22	
US\$1,000,000 General Motors Financial 3.6% 21/06/2030	683	0.05	
£5,000,000 Goldman Sachs Var. Rate 3.625% 29/10/2029	4,451	0.34	
£1,891,000 Grainger 3% 03/07/2030	1,475	0.11	
£863,219 Greene King Finance 3.593% 15/03/2035	721	0.06	
£163,548 Greene King Finance 4.0643% 15/03/2035	139	0.01	
£3,500,000 H.J. Heinz Finance 6.25% 18/02/2030	3,470	0.27	
£788,000 Hammerson 7.25% 21/04/2028	747	0.06	

Portfolio statement

Investments (continued)

Holding	as at 30.09.23 £'000	as at 30.09.23 %	as at 30.09.22 %
Fixed income (continued)			
Debt securities (continued)			
'BBB' credit rated bonds (continued)			
€501,000 Hammerson Ireland Finance 1.75% 03/06/2027	367	0.03	
US\$2,000,000 HCA 3.5% 01/09/2030	1,382	0.11	
£3,000,000 Heathrow Funding 2.75% 13/10/2029	2,505	0.19	
£1,000,000 Heathrow Funding 5.875% 13/05/2041	935	0.07	
£1,500,000 Heathrow Funding 7.075% 04/08/2028	1,553	0.12	
£1,000,000 Holcim Sterling Finance 3% 12/05/2032	789	0.06	
£2,000,000 HSBC 7% 07/04/2038	1,941	0.15	
£2,000,000 HSBC Var. Rate 8.201% 16/11/2034	2,069	0.16	
€2,000,000 Iberdrola International Var. Rate 1.874% Perpetual	1,561	0.12	
€1,500,000 Iberdrola International Var. Rate 2.25% Perpetual	1,063	0.08	
£15,000,000 Imperial Brands Finance 4.875% 07/06/2032	12,809	0.99	
€5,775,000 Imperial Brands Finance 5.25% 15/02/2031	4,822	0.37	
€4,500,000 ING Var. Rate 0.25% 18/02/2029	3,201	0.25	
€2,500,000 ING Var. Rate 0.375% 29/09/2028	1,831	0.14	
€1,400,000 ING Var. Rate 1% 16/11/2032	1,009	0.08	
€2,000,000 ING Var. Rate 1.625% 26/09/2029	1,658	0.13	
€4,000,000 ING Var. Rate 2.125% 26/05/2031	3,180	0.24	
US\$701,000 ING Var. Rate 4.252% 28/03/2033	494	0.04	
£1,000,000 ING Var. Rate 6.25% 20/05/2033	951	0.07	
£1,397,000 InterContinental Hotels 2.125% 24/08/2026	1,251	0.10	
£3,000,000 InterContinental Hotels 3.375% 08/10/2028	2,632	0.20	
£750,000 Intesa Sanpaolo 2.625% 11/03/2036	485	0.04	
£1,000,000 Intesa Sanpaolo 6.625% 31/05/2033	965	0.07	
US\$2,126,000 Intesa Sanpaolo 6.625% 20/06/2033	1,632	0.13	
US\$2,500,000 Intesa Sanpaolo Var. Rate 8.248% 21/11/2033	2,051	0.16	
US\$257,000 Italy (Republic of) 2.875% 17/10/2029	179	0.01	
US\$9,000,000 Italy (Republic of) 3.875% 06/05/2051	4,796	0.37	
€3,400,000 KBC Var. Rate 0.625% 07/12/2031	2,540	0.20	
US\$1,500,000 KBC Var. Rate 5.796% 19/01/2029	1,192	0.09	
US\$1,500,000 Lear 5.25% 15/05/2049	993	0.08	

Portfolio statement

Investments (continued)

Holding	as at 30.09.23 £'000	as at 30.09.23 %	as at 30.09.22 %
Fixed income (continued)			
Debt securities (continued)			
'BBB' credit rated bonds (continued)			
£1,500,000 Leeds Building Society Var. Rate 3.75% 25/04/2029	1,303	0.10	
£5,800,000 Legal & General Var. Rate 3.75% 26/11/2049	4,799	0.37	
£6,500,000 Legal & General Var. Rate 5.125% 14/11/2048	5,978	0.46	
£200,000 Lloyds Bank 11.75% Perpetual	288	0.02	
£11,500,000 Lloyds Banking Var. Rate 2.707% 03/12/2035	8,503	0.65	
£625,000 Logicor Financing 2.75% 15/01/2030	470	0.04	
£500,000 Manchester Airport Group Funding 2.875% 31/03/2039	333	0.03	
£4,000,000 Manchester Airport Group Funding 4.75% 31/03/2034	3,628	0.28	
£1,000,000 McDonald's 5.875% 23/04/2032	1,017	0.08	
€4,306,000 Mexico (United Mexican States) 2.125% 25/10/2051	1,900	0.15	
€7,500,000 Mexico (United Mexican States) 4% 15/03/2115	4,387	0.34	
£12,334,000 Mexico (United Mexican States) 5.625% 19/03/2114	8,988	0.69	
£106,563 Mitchells & Butlers Finance FRN 5.7889% 15/12/2030	98	0.01	
US\$1,335,026 Mitchells & Butlers Finance FRN 6.0216% 15/12/2030	996	0.08	
£1,648,189 Mitchells & Butlers Finance FRN 6.0582% 15/12/2033	1,424	0.11	
£1,404,000 Mondelēz International 3.875% 06/03/2045	988	0.08	
US\$3,000,000 Morgan Stanley Var. Rate 2.484% 16/09/2036	1,776	0.14	
US\$5,000,000 National Australia Bank Var. Rate 3.347% 12/01/2037	3,089	0.24	
£1,750,000 National Gas Transmission 1.375% 07/02/2031	1,263	0.10	
£465,000 National Gas Transmission 5.75% 05/04/2035	440	0.03	
£2,000,000 National Grid Electricity Distribution West Midlands 5.75% 16/04/2032	1,960	0.15	
£2,000,000 National Grid Gas 1.125% 14/01/2033	1,284	0.10	
£1,000,000 National Grid Gas 1.625% 14/01/2043	479	0.04	
US\$2,250,000 Nationwide Building Society Var. Rate 2.972% 16/02/2028	1,637	0.13	
£890,000 Nationwide Building Society Var. Rate 6.178% 07/12/2027	881	0.07	
€1,000,000 NatWest Var. Rate 0.67% 14/09/2029	703	0.05	
€1,900,000 NatWest Var. Rate 1.043% 14/09/2032	1,360	0.10	
£1,900,000 NatWest Var. Rate 2.105% 28/11/2031	1,617	0.12	
US\$3,800,000 NatWest Var. Rate 3.032% 28/11/2035	2,328	0.18	
£3,658,000 NatWest Var. Rate 3.619% 29/03/2029	3,241	0.25	

Portfolio statement

Investments (continued)

Holding	as at 30.09.23 £'000	as at 30.09.23 %	as at 30.09.22 %
Fixed income (continued)			
Debt securities (continued)			
'BBB' credit rated bonds (continued)			
£1,669,000 NatWest Var. Rate 3.622% 14/08/2030	1,565	0.12	
£1,250,000 Next 3.625% 18/05/2028	1,128	0.09	
£1,500,000 Next 4.375% 02/10/2026	1,435	0.11	
£1,000,000 NIE Finance 5.875% 01/12/2032	998	0.08	
€5,000,000 NN Var. Rate 5.25% 01/03/2043	3,987	0.31	
£2,500,000 Nordea Bank Var. Rate 1.625% 09/12/2032	2,014	0.15	
£3,500,000 Pearson Funding 3.75% 04/06/2030	3,019	0.23	
€3,000,000 Prosus 1.288% 13/07/2029	1,958	0.15	
€3,000,000 Quadient 2.25% 03/02/2025	2,478	0.19	
€1,200,000 Raiffeisen Bank International Var. Rate 7.375% 20/12/2032	1,005	0.08	
€1,500,000 Repsol International Finance Var. Rate 3.75% Perpetual	1,216	0.09	
€2,500,000 Romania (Republic of) 1.75% 13/07/2030	1,633	0.13	
€2,500,000 Romania (Republic of) 2.875% 13/04/2042	1,265	0.10	
€2,000,000 Romania (Republic of) 3.375% 28/01/2050	1,020	0.08	
€4,000,000 Sampo Var. Rate 2.5% 03/09/2052	2,637	0.20	
US\$500,000 Santander Var. Rate 1.532% 21/08/2026	369	0.03	
£4,000,000 Santander Var. Rate 2.421% 17/01/2029	3,361	0.26	
US\$1,000,000 Santander Var. Rate 6.534% 10/01/2029	806	0.06	
£2,000,000 Severn Trent Utilities Finance 2.75% 05/12/2031	1,595	0.12	
£858,000 Severn Trent Utilities Finance 4.625% 30/11/2034	759	0.06	
US\$1,347,000 SK Hynix 2.375% 19/01/2031	825	0.06	
£1,310,000 Skipton Building Society Var. Rate 6.25% 25/04/2029	1,266	0.10	
US\$2,000,000 Société Générale Var. Rate 2.226% 21/01/2026	1,534	0.12	
US\$1,500,000 Société Générale Var. Rate 2.797% 19/01/2028	1,086	0.08	
US\$4,719,000 Société Générale Var. Rate 3.337% 21/01/2033	2,974	0.23	
US\$2,500,000 Société Générale Var. Rate (non-public offering) 3.653% 08/07/2035	1,600	0.12	
US\$500,000 Société Générale Var. Rate 3.653% 08/07/2035	319	0.02	
€2,000,000 Southern Var. Rate 1.875% 15/09/2081	1,366	0.11	
£1,465,000 Southern Gas Networks 1.25% 02/12/2031	1,010	0.08	
£2,000,000 Southern Gas Networks 3.1% 15/09/2036	1,413	0.11	

Portfolio statement

Investments (continued)

Holding	as at 30.09.23 £'000	as at 30.09.23 %	as at 30.09.22 %
Fixed income (continued)			
Debt securities (continued)			
'BBB' credit rated bonds (continued)			
£1,000,000 Southern Gas Networks 6.375% 15/05/2040	964	0.07	
£2,000,000 Southern Water Services Finance 2.375% 28/05/2028	1,644	0.13	
£2,000,000 Southern Water Services Finance 3% 28/05/2037	1,275	0.10	
US\$1,842,000 Standard Chartered Var. Rate 6.301% 09/01/2029	1,492	0.11	
US\$2,591,000 Stora Enso 7.25% 15/04/2036	2,147	0.17	
£2,300,000 Suez 6.625% 05/10/2043	2,297	0.18	
€2,500,000 Swedbank Var. Rate 3.625% 23/08/2032	1,999	0.15	
£1,000,000 Swedbank Var. Rate 7.272% 15/11/2032	989	0.08	
€800,000 Swiss Re Finance Var. Rate 2.714% 04/06/2052	551	0.04	
€1,500,000 Sydney Airport Finance 4.375% 03/05/2033	1,264	0.10	
US\$2,500,000 Telefónica Emisiones 5.213% 08/03/2047	1,619	0.12	
US\$4,000,000 Telefónica Emisiones 7.045% 20/06/2036	3,355	0.26	
US\$500,000 Telefónica Europe 8.25% 15/09/2030	454	0.03	
£943,000 Telereal Securitisation Var. Rate 1.9632% 10/12/2033	842	0.06	
£2,000,000 Tesco Corporate Treasury Services 5.5% 27/02/2035	1,838	0.14	
£2,000,000 Thames Water Utilities Finance 2.625% 24/01/2032	1,465	0.11	
£2,500,000 Thames Water Utilities Finance 5.5% 11/02/2041	2,017	0.16	
£600,000 Thames Water Utilities Finance 6.5% 09/02/2032	556	0.04	
US\$2,000,000 UniCredit Var. Rate 3.127% 03/06/2032	1,246	0.10	
US\$864,000 UPM-Kymmene 7.45% 26/11/2027	727	0.06	
US\$1,500,000 Verizon Communications 1.68% 30/10/2030	929	0.07	
US\$2,000,000 Verizon Communications 2.355% 15/03/2032	1,245	0.10	
£1,000,000 Verizon Communications 2.5% 08/04/2031	796	0.06	
US\$1,500,000 Verizon Communications 2.55% 21/03/2031	975	0.07	
£1,000,000 Verizon Communications 3.125% 02/11/2035	750	0.06	
US\$1,000,000 Verizon Communications 4.125% 16/03/2027	776	0.06	
US\$3,500,000 Verizon Communications 4.329% 21/09/2028	2,681	0.21	
£3,000,000 Volkswagen International Finance 4.125% 17/11/2031	2,562	0.20	
€5,000,000 Volkswagen International Finance Var. Rate 4.375% Perpetual	3,499	0.27	
€2,500,000 Vonovia 1.625% 01/09/2051	1,027	0.08	

Portfolio statement

Investments (continued)

Holding	as at 30.09.23 £'000	as at 30.09.23 %	as at 30.09.22 %
Fixed income (continued)			
Debt securities (continued)			
'BBB' credit rated bonds (continued)			
US\$2,000,000 Warnermedia 5.141% 15/03/2052	1,219	0.09	
US\$4,000,000 Warnermedia 5.391% 15/03/2062	2,411	0.19	
£4,000,000 Wells Fargo 2.125% 24/09/2031	3,008	0.23	
£1,000,000 Wells Fargo 2.5% 02/05/2029	826	0.06	
£1,080,000 Wells Fargo 3.5% 12/09/2029	936	0.07	
£1,000,000 Wells Fargo 4.875% 29/11/2035	841	0.06	
US\$5,000,000 Wells Fargo Var. Rate 3.35% 02/03/2033	3,301	0.25	
£5,252,000 Wells Fargo Var. Rate 3.473% 26/04/2028	4,751	0.37	
£1,541,000 Welltower 4.8% 20/11/2028	1,439	0.11	
£2,000,000 Westfield America Management 2.625% 30/03/2029	1,575	0.12	
US\$3,500,000 Westpac Banking Var. Rate 3.02% 18/11/2036	2,113	0.16	
US\$290,000 Weyerhaeuser REIT 7.375% 15/03/2032	257	0.02	
£1,500,000 Whitbread 3% 31/05/2031	1,171	0.09	
€500,000 WPC Eurobond 0.95% 01/06/2030	329	0.03	
€3,124,000 WPC Eurobond 1.35% 15/04/2028	2,298	0.18	
£1,000,000 WPP Finance 2013 2.875% 14/09/2046	554	0.04	
£4,000,000 WPP Finance 2017 3.75% 19/05/2032	3,303	0.25	
£1,620,000 Yorkshire Building Society Var. Rate 1.5% 15/09/2029	1,263	0.10	
£500,000 Yorkshire Water Finance 2.75% 18/04/2041	305	0.02	
£875,000 Yorkshire Water Finance 5.5% 28/04/2035	795	0.06	
'BB' credit rated bonds	113,932	8.78	14.05
€2,000,000 AIB Var. Rate 1.875% 19/11/2029	1,645	0.13	
€5,500,000 AIB Var. Rate 2.875% 30/05/2031	4,389	0.34	
€3,000,000 AT&T Var. Rate 2.875% Perpetual	2,396	0.18	
£1,752,000 B&M European Value Retail 4% 15/11/2028	1,486	0.11	
€5,000,000 Banco de Sabadell Var. Rate 0.875% 16/06/2028	3,677	0.28	
€3,400,000 Banco Santander Var. Rate 4.125% Perpetual	2,203	0.17	
€1,000,000 Banco Santander Var. Rate 4.75% Perpetual	718	0.06	
US\$1,000,000 Bangkok Bank Var. Rate 3.733% 25/09/2034	679	0.05	
€1,500,000 Bank of Ireland Var. Rate 7.5% Perpetual	1,272	0.10	

Portfolio statement

Investments (continued)

Holding	as at 30.09.23 £'000	as at 30.09.23 %	as at 30.09.22 %
Fixed income (continued)			
Debt securities (continued)			
'BB' credit rated bonds (continued)			
£1,500,000 Bank of Ireland Var. Rate 7.594% 06/12/2032	1,485	0.11	
US\$1,000,000 BBVA Bancomer Var. Rate 5.875% 13/09/2034	712	0.05	
US\$889,000 BBVA Bancomer Var. Rate 8.45% 29/06/2038	714	0.06	
€1,080,000 Belden 3.875% 15/03/2028	868	0.07	
€559,000 Benteler International 9.375% 15/05/2028	490	0.04	
US\$200,000 Benteler International 10.5% 15/05/2028	164	0.01	
US\$500,000 BNP Paribas Var. Rate 4.5% Perpetual	287	0.02	
US\$1,538,000 BNP Paribas Var. Rate 4.625% Perpetual	885	0.07	
€1,800,000 CaixaBank Var. Rate 3.625% Perpetual	1,043	0.08	
£1,500,000 CaixaBank Var. Rate 6.875% 25/10/2033	1,440	0.11	
€842,000 Canpack 2.375% 01/11/2027	623	0.05	
US\$2,000,000 Cellnex Finance 3.875% 07/07/2041	1,121	0.09	
US\$2,500,000 Charter Communications Operating 3.7% 01/04/2051	1,187	0.09	
US\$5,000,000 Charter Communications Operating 3.85% 01/04/2061	2,276	0.18	
US\$6,500,000 Colombia (Republic of) 5% 15/06/2045	3,480	0.27	
£1,500,000 Commerzbank Var. Rate 8.625% 28/02/2033	1,497	0.12	
€2,000,000 Côte d'Ivoire (Republic of) 6.625% 22/03/2048	1,187	0.09	
€500,000 Côte d'Ivoire (Republic of) 6.875% 17/10/2040	319	0.02	
£2,000,000 Coventry Building Society Var. Rate 6.875% Perpetual	1,889	0.15	
£950,000 Daily Mail & General Trust 6.375% 21/06/2027	860	0.07	
€2,000,000 Deutsche Bank Var. Rate 4% 24/06/2032	1,540	0.12	
US\$815,000 DT Midstream 4.375% 15/06/2031	558	0.04	
US\$1,139,000 Ecopetrol 8.875% 13/01/2033	905	0.07	
€2,000,000 EDP - Energias de Portugal Var. Rate 1.875% 14/03/2082	1,323	0.10	
US\$888,158 Energian Israel Finance 5.375% 30/03/2028	649	0.05	
€1,000,000 Erste Group Bank Var. Rate 4.25% Perpetual	687	0.05	
€2,500,000 Eurobank Var. Rate 7% 26/01/2029	2,246	0.17	
€1,000,000 Eurofins Scientific Var. Rate 3.25% Perpetual	793	0.06	
£565,000 Ford Motor Credit 4.535% 06/03/2025	542	0.04	
US\$1,048,000 Ford Motor Credit 6.95% 10/06/2026	852	0.07	

Portfolio statement

Investments (continued)

Holding	as at 30.09.23 £'000	as at 30.09.23 %	as at 30.09.22 %
Fixed income (continued)			
Debt securities (continued)			
'BB' credit rated bonds (continued)			
£741,000 GTCR W-2 Merger Sub 8.5% 15/01/2031	756	0.06	
€1,300,000 Iliad 1.875% 11/02/2028	940	0.07	
€1,200,000 Iliad 2.375% 17/06/2026	954	0.07	
€1,000,000 INEOS Quattro Finance 2 2.5% 15/01/2026	785	0.06	
US\$494,000 Intesa Sanpaolo Var. Rate 4.198% 01/06/2032	295	0.02	
£485,000 Intesa Sanpaolo 5.148% 10/06/2030	405	0.03	
€1,000,000 Intesa Sanpaolo Var. Rate 6.375% Perpetual	749	0.06	
£3,000,000 Intesa Sanpaolo 8.505% 20/09/2032	2,979	0.23	
£2,000,000 John Lewis 4.25% 18/12/2034	1,237	0.10	
US\$2,000,000 KB Home 4.8% 15/11/2029	1,431	0.11	
US\$2,348,000 KUO 5.75% 07/07/2027	1,709	0.13	
€3,000,000 La Banque Postale Var. Rate 0.75% 02/08/2032	2,136	0.16	
£4,500,000 Lloyds Banking Var. Rate 7.875% Perpetual	3,974	0.31	
€2,500,000 Macedonia (Govt. of) 1.625% 10/03/2028	1,754	0.14	
US\$2,075,000 Macy's Retail 5.875% 15/03/2030	1,427	0.11	
€2,300,000 Mahle 2.375% 14/05/2028	1,519	0.12	
£432,000 Marston's Issuer Var. Rate 5.1774% 15/07/2032	373	0.03	
US\$1,681,000 Millicom International Cellular 4.5% 27/04/2031	963	0.07	
US\$828,000 Millicom International Cellular 6.25% 25/03/2029	569	0.04	
US\$493,000 Mineral Resources 9.25% 01/10/2028	400	0.03	
£14,091 Mitchells & Butlers Finance 5.965% 15/12/2023	14	0.00	
£314,005 Mitchells & Butlers Finance 6.013% 15/12/2028	288	0.02	
US\$2,500,000 Morocco (Kingdom of) 4% 15/12/2050	1,256	0.10	
£531,000 National Bank of Greece Var. Rate 8.75% 02/06/2027	528	0.04	
£2,000,000 Nationwide Building Society Var. Rate 5.75% Perpetual	1,702	0.13	
£1,106,000 Nationwide Building Society Var. Rate 5.875% Perpetual	1,036	0.08	
€539,000 Permanent TSB Group Holdings Var. Rate 6.625% 25/04/2028	471	0.04	
US\$2,636,000 Rand Parent 8.5% 15/02/2030	1,978	0.15	
€3,500,000 Rolls-Royce 1.625% 09/05/2028	2,574	0.20	
€4,000,000 Serbia (Republic of) 1.65% 03/03/2033	2,258	0.17	

Portfolio statement

Investments (continued)

Holding	as at 30.09.23 £'000	as at 30.09.23 %	as at 30.09.22 %
Fixed income (continued)			
Debt securities (continued)			
'BB' credit rated bonds (continued)			
€4,000,000 Serbia (Republic of) 2.05% 23/09/2036	2,043	0.16	
€1,000,000 Solvay Finance Var. Rate 5.425% Perpetual	862	0.07	
US\$4,000,000 South Africa (Republic of) 5.75% 30/09/2049	2,162	0.17	
€400,000 Telefónica Europe Var. Rate 2.376% Perpetual	271	0.02	
£875,000 Time Warner Cable 5.75% 02/06/2031	813	0.06	
US\$3,500,000 UBS Var. Rate 4.375% Perpetual	2,027	0.16	
€400,000 UniCredit Var. Rate 2% 23/09/2029	330	0.03	
€6,000,000 UniCredit Var. Rate 2.731% 15/01/2032	4,555	0.35	
€3,402,000 Vmed O2 UK Financing I 3.25% 31/01/2031	2,401	0.18	
£5,000,000 Vmed O2 UK Financing I 4% 31/01/2029	4,076	0.31	
US\$657,000 Yum! Brands 4.625% 31/01/2032	462	0.04	
US\$1,727,000 Yum! Brands 6.875% 15/11/2037	1,430	0.11	
€2,300,000 ZF Europe Finance 2.5% 23/10/2027	1,733	0.13	
€2,000,000 ZF Europe Finance 3% 23/10/2029	1,442	0.11	
€1,000,000 ZF Finance 3.75% 21/09/2028	778	0.06	
'B' credit rated bonds	38,153	2.94	4.07
US\$570,000 1375209 BC 9% 30/01/2028	460	0.04	
€1,000,000 AIB Var. Rate 6.25% Perpetual	821	0.06	
€1,707,000 Altice France 4% 15/07/2029	1,054	0.08	
€4,800,000 Ardagh Packaging Finance 2.125% 15/08/2026	3,675	0.28	
€817,000 Avantor Funding 3.875% 15/07/2028	647	0.05	
€1,446,000 Cheplapharm Arzneimittel 4.375% 15/01/2028	1,139	0.09	
US\$867,000 Cheplapharm Arzneimittel 5.5% 15/01/2028	646	0.05	
US\$1,000,000 CHS 4.75% 15/02/2031	573	0.04	
US\$1,505,000 Civitas Resources 8.375% 01/07/2028	1,249	0.10	
£679,000 CPUK Finance 4.5% 28/08/2027	584	0.05	
US\$1,080,000 CSC 5.375% 01/02/2028	709	0.05	
US\$1,943,000 CSC 5.5% 15/04/2027	1,348	0.10	
€719,000 Cullinan 4.625% 15/10/2026	453	0.03	
£2,037,000 Deuce Finco 5.5% 15/06/2027	1,784	0.14	

Portfolio statement

Investments (continued)

Holding	as at 30.09.23 £'000	as at 30.09.23 %	as at 30.09.22 %
Fixed income (continued)			
Debt securities (continued)			
'B' credit rated bonds (continued)			
US\$1,032,000 DISH DBS 5.25% 01/12/2026	708	0.05	
US\$1,032,000 DISH DBS 5.75% 01/12/2028	642	0.05	
US\$1,758,000 Dish Network 11.75% 15/11/2027	1,439	0.11	
€496,000 Gruenenthal 3.625% 15/11/2026	406	0.03	
€600,000 INEOS Quattro Finance 1 3.75% 15/07/2026	461	0.04	
€3,000,000 International Consolidated Airlines 3.75% 25/03/2029	2,241	0.17	
€1,300,000 Intrum 3.5% 15/07/2026	888	0.07	
€1,500,000 Monitchem 3 8.75% 01/05/2028	1,266	0.10	
€100,000 Novo Banco Var. Rate 9.875% 01/12/2033	90	0.01	
€1,103,000 Olympus Water US Holding 9.625% 15/11/2028	950	0.07	
£1,686,000 Sherwood Financing 6% 15/11/2026	1,424	0.11	
US\$2,000,000 Staples 7.5% 15/04/2026	1,334	0.10	
€1,800,000 Techem Verwaltungsgesellschaft 675 2% 15/07/2025	1,506	0.12	
€8,000,000 Telecom Italia 5.25% 17/03/2055	5,476	0.42	
€2,000,000 TI Automotive Finance 3.75% 15/04/2029	1,409	0.11	
€1,750,000 TK Elevator Midco 4.375% 15/07/2027	1,368	0.11	
£1,400,000 TVL Finance 10.25% 28/04/2028	1,403	0.11	
'CCC' credit rated bonds	5,045	0.39	0.46
US\$1,012,000 Bausch Health 11% 30/09/2028	559	0.04	
US\$201,000 Bausch Health 14% 15/10/2030	100	0.01	
US\$1,700,000 CSC 5.75% 15/01/2030	761	0.06	
£3,091,348 Metrocentre Finance 8.75% 06/12/2023	1,395	0.11	
€127,850 Selecta 8% 01/04/2026	104	0.01	
€2,203,000 Sigma Holdco 5.75% 15/05/2026	1,585	0.12	
US\$1,144,000 Staples 10.75% 15/04/2027	541	0.04	
'C' credit rated bonds	678	0.05	0.00
US\$2,000,000 Bausch Health 5% 30/01/2028	678	0.05	
'D' credit rated bonds	928	0.07	0.11
£1,663,600 INTU Debenture 5.562% 31/12/2027	669	0.05	
£259,416 INTU Metrocentre 1% 04/12/2024	259	0.02	

Portfolio statement

Investments (continued)

Holding	as at 30.09.23 £'000	as at 30.09.23 %	as at 30.09.22 %
Fixed income (continued)			
Debt securities (continued)			
Bonds with no credit rating			
ZAR2,678,858 K2016470219 South Africa 3% 31/12/2022 ^b	0	0.00	
US\$232,144 K2016470219 South Africa 3% 31/12/2022 ^b	0	0.00	
Debt derivatives			
Credit default swaps			
21,207 1.63 0.22			
6,620 0.51 (0.64)			
US\$16,000,000 Brazil (Republic of) Dec 2027	219	0.02	
US\$118,800,000 Markit CDX North American High Yield Series 39 V2 5 Year Dec 2027	2,181	0.17	
US\$40,000,000 Markit CDX North American Investment Grade Series 38 V1 5 Year Jun 2027	(480)	(0.04)	
US\$35,000,000 Markit CDX North American Investment Grade Series 40 V1 5 Year Jun 2028	(393)	(0.03)	
€78,932,800 Markit iTraxx Europe Crossover Series 39 V1 5 Year Jun 2028	3,516	0.27	
€20,000,000 Markit iTraxx Europe Crossover Series 40 V1 5 Year Dec 2028	407	0.03	
€20,000,000 Markit iTraxx Europe Senior Financial Series 39 V1 5 Year Jun 2028	(130)	(0.01)	
€30,000,000 Markit iTraxx Europe Series 39 V1 5 Year Jun 2028	(309)	(0.02)	
€90,000,000 Markit iTraxx Europe Subordinated Financials Index Series 39 V1 5 Year Jun 2028	1,609	0.12	
Interest rate swaps			
13,630 1.05 0.15			
£4,000,000 Pay 1.2058% Receive VAR Feb 2052	2,039	0.16	
US\$10,000,000 Pay 1.7577% Receive VAR Mar 2052	3,191	0.25	
€20,000,000 Pay 2.266% Receive VAR Dec 2052	2,543	0.20	
€20,000,000 Pay 2.33% Receive VAR Dec 2052	2,325	0.18	
€25,500,000 Pay 2.718% Receive VAR Oct 2052	1,322	0.10	
£6,779,661 Pay 2.881% Receive VAR Nov 2052	1,561	0.12	
£6,779,661 Pay 2.907% Receive VAR Nov 2052	1,531	0.12	
£12,881,356 Pay 2.92% Receive VAR Nov 2052	2,880	0.22	
£6,779,661 Pay 2.925% Receive VAR Nov 2052	1,510	0.12	
£6,779,661 Pay 2.937% Receive VAR Nov 2052	1,496	0.12	
US\$7,500,000 Pay 3.0565% Receive VAR Jan 2053	1,064	0.08	
£7,500,000 Pay 3.363% Receive VAR Jan 2053	1,103	0.09	
£7,500,000 Pay 3.395% Receive VAR Jan 2053	1,062	0.08	

Portfolio statement

Investments (continued)

Holding	as at 30.09.23 £'000	as at 30.09.23 %	as at 30.09.22 %
Fixed income (continued)			
Debt derivatives (continued)			
Interest rate swaps (continued)			
£25,000,000 Pay 3.4375% Receive VAR Apr 2053	3,323	0.26	
£5,000,000 Pay 3.549% Receive VAR Feb 2053	574	0.04	
€12,000,000 Pay VAR Receive 0.7183% Feb 2032	(2,000)	(0.15)	
€10,000,000 Pay VAR Receive 1.1208% Mar 2032	(1,387)	(0.11)	
€8,000,000 Pay VAR Receive 1.3078% Apr 2032	(1,123)	(0.09)	
€20,000,000 Pay VAR Receive 1.5343% Aug 2027	(1,262)	(0.10)	
€20,000,000 Pay VAR Receive 1.5368% Aug 2027	(1,260)	(0.10)	
€7,500,000 Pay VAR Receive 1.5673% Apr 2032	(928)	(0.07)	
€8,000,000 Pay VAR Receive 1.5708% Apr 2032	(987)	(0.08)	
€5,000,000 Pay VAR Receive 1.6363% Apr 2032	(595)	(0.05)	
€5,000,000 Pay VAR Receive 1.7168% May 2032	(567)	(0.04)	
€8,000,000 Pay VAR Receive 1.7623% May 2032	(882)	(0.07)	
€30,000,000 Pay VAR Receive 2.1783% Jul 2032	(2,452)	(0.19)	
€17,500,000 Pay VAR Receive 2.5888% Nov 2027	(380)	(0.03)	
€10,000,000 Pay VAR Receive 3.28830% Jul 2028	(71)	(0.01)	
Interest rate futures	957	0.07	0.71
550 10 Year US Treasury Note Dec 2023	(541)	(0.04)	
1,400 5 Year US Treasury Note Dec 2023	(294)	(0.02)	
(260) Euro-Bund Dec 2023	743	0.05	
(650) Long Gilt Dec 2023	1,020	0.08	
900 US 10 Year Ultra Dec 2023	29	0.00	
Currency	(10,902)	(0.84)	(4.04)
Forward currency contracts	(10,902)	(0.84)	(4.04)
€10,939,660 Bought for £9,433,334 (expires 18/10/2023)	34	0.00	
€(388,876,107) Sold for £333,521,740 (expires 18/10/2023)	(3,020)	(0.23)	
NZD(6,175,737) Sold for £2,974,142 (expires 18/10/2023)	(67)	(0.01)	
CHF143,841 Bought for £129,531 (expires 18/10/2023)	(1)	0.00	
CHF(3,841,836) Sold for £3,453,384 (expires 18/10/2023)	12	0.00	
US\$11,006,591 Bought for £8,979,974 (expires 18/10/2023)	(8)	0.00	
US\$(496,788,323) Sold for £397,075,200 (expires 18/10/2023)	(7,852)	(0.60)	

Portfolio statement

Investments (continued)

Holding	as at 30.09.23 £'000	as at 30.09.23 %	as at 30.09.22 %
Total portfolio	1,180,281	90.91	89.51
Net other assets/(liabilities)	117,991	9.09	10.49
Net assets attributable to shareholders	1,298,272	100.00	100.00

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

^a Suspended/delisted.

^b Defaulted bond.

Portfolio statement

Top ten portfolio transactions for the year to 30 September 2023

Largest purchases	£'000
France (Republic of) 1.25% 25/05/2034	58,658
US Treasury 2.375% 15/05/2029	48,303
UK Treasury 4.5% 07/06/2028	44,380
UK Treasury 0.625% 22/10/2050	40,485
UK Treasury 0.5% 31/01/2029	39,637
US Treasury 0.625% 15/08/2030	37,617
UK Treasury 4.25% 07/12/2046	31,345
Germany (Federal Republic of) 1.8% 15/08/2053	29,005
US Treasury 2.25% 15/08/2046	27,782
US Treasury 1.25% 15/05/2050	25,663
Other purchases	813,811
Total purchases	1,196,686

Largest sales	£'000
US Treasury 2.25% 15/11/2025	38,944
France (Republic of) 1.25% 25/05/2034	38,640
US Treasury 0.75% 31/03/2026	37,023
US Treasury 2.25% 15/05/2041	31,628
US Treasury 2.875% 15/08/2028	31,113
US Treasury 3.625% 15/08/2043	29,290
US Treasury 1.5% 15/02/2025	27,584
UK Treasury 4.75% 07/12/2038	25,099
US Treasury 2.25% 15/11/2027	23,058
US Treasury 2.375% 15/05/2029	22,785
Other sales	949,361
Total sales	1,254,525

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

Financial highlights

Fund performance

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

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

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

Long-term performance by share class

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

Share class	One year % ^a	Three years % pa	Five years % pa	Ten years % pa
Sterling				
Class 'A' Income	+11.3	+0.1	+0.7	+2.1
Class 'A' Accumulation	+11.3	+0.1	+0.7	+2.1
Class 'I' Income	+11.7	+0.5	+1.2	+2.5
Class 'I' Accumulation	+11.7	+0.5	+1.2	+2.5
Class 'J' Income	+11.7	+0.6	n/a	n/a
Class 'J' Accumulation	+11.7	+0.5	n/a	n/a
Class 'PP' Income	+11.8	+0.6	n/a	n/a
Class 'PP' Accumulation	+11.8	+0.6	n/a	n/a
Class 'R' Income	+11.4	+0.3	+0.9	+2.3
Class 'R' Accumulation	+11.4	+0.3	+0.9	+2.3
Benchmark	+6.5	-1.8	+0.8	+2.5

^a Not annualised.

Specific share class performance

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

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

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

Financial highlights

Sterling Class 'A' Income share performance

The share class was launched on 8 December 2006.

for the year to 30 September	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	120.69	150.05	141.57
Return before operating charges	14.16	(23.16)	13.11
Operating charges	(1.33)	(1.43)	(1.71)
Return after operating charges	12.83	(24.59)	11.40
Distributions	(6.48)	(4.77)	(2.92)
Closing NAV	127.04	120.69	150.05
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.01	0.01	0.01
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.01	0.01	0.01
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.01
Operating charges	1.03	1.03	1.15
Return after charges	+10.63	-16.39	+8.05
Other information			
Closing NAV (£'000)	50,239	77,003	90,238
Number of shares	39,545,994	63,804,491	60,139,435
Highest share price (UK p)	136.00	150.56	152.13
Lowest share price (UK p)	119.08	122.50	142.31

Sterling Class 'A' Accumulation share performance

The share class was launched on 8 December 2006.

for the year to 30 September	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	194.50	233.02	215.64
Return before operating charges	22.86	(36.27)	20.00
Operating charges	(2.17)	(2.25)	(2.62)
Return after operating charges	20.69	(38.52)	17.38
Distributions	(8.40)	(5.21)	(1.87)
Retained distributions	8.40	5.21	1.87
Closing NAV	215.19	194.50	233.02
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.01	0.01	0.02
Dilution adjustments	0.00	0.00	(0.01)
Total direct transaction costs	0.01	0.01	0.01
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.01
Operating charges	1.03	1.03	1.15
Return after charges	+10.64	-16.53	+8.06
Other information			
Closing NAV (£'000)	186,168	232,775	306,085
Number of shares	86,515,023	119,679,910	131,354,443
Highest share price (UK p)	219.26	233.82	233.82
Lowest share price (UK p)	191.91	192.72	216.76

Financial highlights

Sterling Class 'I' Income share performance

The share class was launched on 8 December 2006.

for the year to 30 September	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	124.27	153.88	144.55
Return before operating charges	14.60	(23.81)	13.40
Operating charges	(0.84)	(0.90)	(1.08)
Return after operating charges	13.76	(24.71)	12.32
Distributions	(6.69)	(4.90)	(2.99)
Closing NAV	131.34	124.27	153.88
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.01	0.01	0.01
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.01	0.01	0.01
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.01
Operating charges	0.63	0.62	0.71
Return after charges	+11.07	-16.06	+8.52
Other information			
Closing NAV (£'000)	226,899	316,217	460,078
Number of shares	172,756,307	254,458,005	298,981,262
Highest share price (UK p)	140.24	154.42	156.00
Lowest share price (UK p)	122.64	126.13	145.31

Sterling Class 'I' Accumulation share performance

The share class was launched on 8 December 2006.

for the year to 30 September	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	207.62	247.75	228.27
Return before operating charges	24.42	(38.67)	21.20
Operating charges	(1.42)	(1.46)	(1.72)
Return after operating charges	23.00	(40.13)	19.48
Distributions	(9.89)	(6.49)	(3.05)
Retained distributions	9.89	6.49	3.05
Closing NAV	230.62	207.62	247.75
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.01	0.01	0.02
Dilution adjustments	0.00	0.00	(0.01)
Total direct transaction costs	0.01	0.01	0.01
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.01
Operating charges	0.63	0.62	0.71
Return after charges	+11.08	-16.20	+8.53
Other information			
Closing NAV (£'000)	588,592	579,524	801,025
Number of shares	255,221,954	279,129,343	323,322,502
Highest share price (UK p)	234.80	248.62	248.58
Lowest share price (UK p)	204.88	205.72	229.46

Financial highlights

Sterling Class 'J' Income share performance

The share class was launched on 18 January 2019.

for the year to 30 September	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	85.77	106.21	99.71
Return before operating charges	10.08	(16.44)	9.25
Operating charges	(0.58)	(0.62)	(0.69)
Return after operating charges	9.50	(17.06)	8.56
Distributions	(4.62)	(3.38)	(2.06)
Closing NAV	90.65	85.77	106.21
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.01	0.01
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.01	0.01
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.01
Operating charges	0.63	0.62	0.66
Return after charges	+11.08	-16.06	+8.58
Other information			
Closing NAV (£'000)	6,201	11,114	19,477
Number of shares	6,840,800	12,956,895	18,338,400
Highest share price (UK p)	96.79	106.58	107.67
Lowest share price (UK p)	84.65	87.06	100.24

Sterling Class 'J' Accumulation share performance

The share class was launched on 18 January 2019.

for the year to 30 September	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	96.22	114.82	105.73
Return before operating charges	11.32	(17.92)	9.82
Operating charges	(0.66)	(0.68)	(0.73)
Return after operating charges	10.66	(18.60)	9.09
Distributions	(4.58)	(3.01)	(1.47)
Retained distributions	4.58	3.01	1.47
Closing NAV	106.88	96.22	114.82
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.01	0.01
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.01	0.01
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.01
Operating charges	0.63	0.62	0.65
Return after charges	+11.08	-16.20	+8.60
Other information			
Closing NAV (£'000)	596	710	1,187
Number of shares	557,631	738,168	1,033,968
Highest share price (UK p)	108.82	115.22	115.20
Lowest share price (UK p)	94.95	95.34	106.28

Financial highlights

Sterling Class 'PP' Income share performance

The share class was launched on 5 August 2019.

for the year to 30 September	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	83.63	103.45	97.06
Return before operating charges	9.83	(16.01)	9.00
Operating charges	(0.48)	(0.51)	(0.60)
Return after operating charges	9.35	(16.52)	8.40
Distributions	(4.50)	(3.30)	(2.01)
Closing NAV	88.48	83.63	103.45
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.01	0.01
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.01	0.01
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.01
Operating charges	0.53	0.53	0.59
Return after charges	+11.18	-15.97	+8.65
Other information			
Closing NAV (£'000)	101,121	82,983	97,840
Number of shares	114,291,432	99,226,096	94,574,689
Highest share price (UK p)	94.41	103.82	104.87
Lowest share price (UK p)	82.53	84.88	97.57

Sterling Class 'PP' Accumulation share performance

The share class was launched on 8 April 2019.

for the year to 30 September	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	93.59	111.56	102.67
Return before operating charges	11.01	(17.42)	9.53
Operating charges	(0.54)	(0.55)	(0.64)
Return after operating charges	10.47	(17.97)	8.89
Distributions	(4.56)	(3.03)	(1.50)
Retained distributions	4.56	3.03	1.50
Closing NAV	104.06	93.59	111.56
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.01	0.01
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.01	0.01
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.01
Operating charges	0.53	0.52	0.59
Return after charges	+11.19	-16.11	+8.66
Other information			
Closing NAV (£'000)	129,662	53,067	72,856
Number of shares	124,604,213	56,703,449	65,305,097
Highest share price (UK p)	105.92	111.96	111.93
Lowest share price (UK p)	92.35	92.73	103.20

Financial highlights

Sterling Class 'R' Income share performance

The share class was launched on 3 August 2012.

for the year to 30 September	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	95.10	118.06	111.17
Return before operating charges	11.17	(18.24)	10.31
Operating charges	(0.90)	(0.97)	(1.12)
Return after operating charges	10.27	(19.21)	9.19
Distributions	(5.11)	(3.75)	(2.30)
Closing NAV	100.26	95.10	118.06
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.01	0.01
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.01	0.01
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.01
Operating charges	0.88	0.87	0.95
Return after charges	+10.80	-16.27	+8.27
Other information			
Closing NAV (£'000)	3,013	3,060	4,225
Number of shares	3,005,223	3,217,658	3,578,412
Highest share price (UK p)	107.22	118.47	119.69
Lowest share price (UK p)	93.84	96.53	111.76

Sterling Class 'R' Accumulation share performance

The share class was launched on 3 August 2012.

for the year to 30 September	2023	2022	2021
Change in NAV per share	UK p	UK p	UK p
Opening NAV	124.02	148.36	137.04
Return before operating charges	14.59	(23.12)	12.71
Operating charges	(1.19)	(1.22)	(1.39)
Return after operating charges	13.40	(24.34)	11.32
Distributions	(5.56)	(3.53)	(1.47)
Retained distributions	5.56	3.53	1.47
Closing NAV	137.42	124.02	148.36
Direct transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	0.01	0.01
Dilution adjustments	0.00	0.00	0.00
Total direct transaction costs	0.00	0.01	0.01
Performance and charges	%	%	%
Direct portfolio transaction costs	0.00	0.00	0.01
Operating charges	0.88	0.87	0.95
Return after charges	+10.80	-16.41	+8.26
Other information			
Closing NAV (£'000)	5,781	6,752	9,082
Number of shares	4,206,619	5,444,257	6,121,703
Highest share price (UK p)	139.97	148.87	148.86
Lowest share price (UK p)	122.37	122.88	137.75

Financial statements and notes

Financial statements

Statement of total return

for the year to 30 September	Note	2023		2022	
		£'000	£'000	£'000	£'000
Income					
Net capital gains/(losses)	5		85,127		(333,048)
Revenue	7	68,866		57,640	
Expenses	8	(9,671)		(12,167)	
Interest payable and similar charges		(13)		(48)	
Net revenue/(expense) before taxation		59,182		45,425	
Taxation	9	35		(202)	
Net revenue/(expense) after taxation			59,217		45,223
Total return before distributions			144,344		(287,825)
Distributions	10		(62,448)		(49,437)
Change in net assets attributable to shareholders from investment activities			81,896		(337,262)

Statement of change in net assets attributable to shareholders

for the year to 30 September	2023		2022	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		1,363,205		1,934,975
Amounts received on issue of shares	189,463		79,198	
Amounts paid on cancellation of shares	(375,493)		(341,873)	
		(186,030)		(262,675)
Dilution adjustments		1,017		855
Change in net assets attributable to shareholders from investment activities (see above)		81,896		(337,262)
Retained distributions on Accumulation shares		38,183		27,311
Unclaimed distributions		1		1
Closing net assets attributable to shareholders		1,298,272		1,363,205

Financial statements and notes

Financial statements

Balance sheet

as at 30 September	Note	2023 £'000	2022 £'000
Assets			
Fixed assets			
Investments		1,207,270	1,331,553
Current assets			
Debtors	11	26,776	37,242
Cash and bank balances	12	103,958	109,733
Cash equivalents		31,435	37,288
Total assets		1,369,439	1,515,816
Liabilities			
Investment liabilities		(26,989)	(111,301)
Creditors			
Overdrawn positions at futures clearing houses and collateral manager		0	(14,229)
Distribution payable		(10,563)	(11,947)
Other creditors	13	(33,615)	(15,134)
Total liabilities		(71,167)	(152,611)
Net assets attributable to shareholders		1,298,272	1,363,205

Financial statements and notes

Notes to the financial statements

1 Statement of compliance

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

2 Summary of significant accounting policies

a. Basis of preparation

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

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

b. Functional and presentational currency

The functional and presentational currency of M&G Optimal Income Fund is UK sterling.

c. Exchange rates

Transactions in currencies other than the fund's functional currency are translated at the rate of exchange ruling on the date of the transaction and where applicable assets and liabilities are translated into the fund's functional currency at the rate of exchange ruling as at 12 noon on 29 September 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 and accrued interest).

At the end of the reporting period all investments have been measured at their fair value using the prices and the portfolio holdings determined at 12 noon on 29 September 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 and debt securities which are traded on an active market are included at the quoted price, which is normally the bid price, excluding any accrued interest in respect of bonds.
- Equities traded on the Alternative Investment Market (AIM), whose liquidity cannot be guaranteed, are included at their quoted bid price as this represents the most objective and appropriate method of valuation.

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

e. Recognition of income and expenses

- Dividends, including ordinary stock dividends, from equity investments are recognised when the security is quoted ex-dividend.
- Distributions from collective investment schemes are recognised when the scheme is priced ex-distribution.
- Interest on debt securities is recognised on an effective interest rate basis. Bank interest is recognised on an accruals basis.
- Underwriting commission is recognised when the issue takes place.
- Revenue from derivatives is recognised on an accruals basis.
- Fee rebates from investing in other collective investment schemes are recognised on an accruals basis.
- Expenses are recognised on an accruals basis.

f. Treatment of income and expenses

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

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- Debt security interest comprises the coupon interest and the difference between the purchase price and the expected maturity price spread over its expected remaining life. This is treated as revenue with the difference adjusting the cost of the shares and treated as capital.
- Other interest income, such as bank interest is treated as revenue.
- Underwriting commission is treated as revenue, except where the fund is required to take up all or some of the shares underwritten, in which case a proportion of the commission received is deducted from the cost of the shares and treated as capital.
- The treatment of the income on derivative contracts depends upon the nature of the transaction. Both motive and circumstances are used to determine whether the returns should be treated as capital or revenue. Where positions are undertaken to protect or enhance capital, and the circumstances support this, the returns are recognised in net capital gains; similarly where the motives and circumstances are to generate or protect revenue, and the circumstances support this, the returns are included within net revenue before taxation. Where positions generate total returns it will generally be appropriate to apportion such returns between capital and revenue to properly reflect the nature of the transaction.
- Expenses relating to the purchase and sale of investments are treated as capital; all other expenses are treated as revenue.
- Rebates of charges from holdings in collective investment schemes are treated as revenue or capital in accordance with the underlying scheme's distribution policy.

g. Operating charges

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

- **Annual charge:** Charge paid to M&G covering the annual cost of M&G managing and administering the fund and the costs of third parties providing services to the fund. For every £1 billion of a fund's net asset value, a discount of 0.02% will be applied to that fund's annual charge (up to a maximum of 0.12%).
- **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.

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

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

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

i. Tax

Where applicable 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 the fund's share classes pro-rata to the value of the net assets of the relevant share class on the day that the income or expenses are recognised.

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

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

3 Risk management policies

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

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

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

The following risk management policies are applicable to the fund, with specific risk disclosures set out in notes 19 to 22 in this report.

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a. Market risk

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

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

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

b. Value at Risk approach

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

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

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

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

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

c. Liquidity risk

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

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

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

Cashflow liquidity is managed in each fund on a daily basis using reports that include subscription and redemption information as well as the impact of trading, derivative lifecycle events and corporate action activity. In addition to the daily reporting, the fund managers are provided with reporting that highlights the impact of

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reasonably predictable events in the portfolio, including an allowance for the potential future exposures that might result from derivative exposures.

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

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

d. Credit risk

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

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

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

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

4 Distribution policy

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

5 Net capital gains/(losses)

for the year to 30 September	2023 £'000	2022 £'000
Non-derivative securities	(49,287)	(231,453)
Derivative contracts	130,350	(101,692)
Currency gains/(losses)	4,064	97
Net capital gains/(losses)	85,127	(333,048)

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6 Portfolio transactions and associated costs

The following tables show portfolio transactions and their associated transaction costs. For more information about the nature of the costs please see the sections on 'Operating charges' and 'Portfolio transaction costs' on pages 44 to 45. 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 30 September	2023 £'000	% of transaction	2022 £'000	% of transaction
a) Purchases				
Equities				
Equities before transaction costs	0		5,115	
Commissions	0	0.00	2	0.04
Taxes	0	0.00	2	0.04
Equities after transaction costs	0		5,119	
Debt securities	1,196,686		1,150,053	
Total purchases after transaction costs	1,196,686		1,155,172	
b) Sales				
Equities				
Equities before transaction costs	1,710		89,972	
Commissions	(1)	0.05	(43)	0.05
Equities after transaction costs	1,709		89,929	
Debt securities	1,224,223		1,410,449	
Other transaction types				
Corporate actions	28,593		20,308	
Total sales after transaction costs	1,254,525		1,520,686	
	2023 £'000	% of average NAV	2022 £'000	% of average NAV
c) Direct portfolio transaction costs				
Commissions paid				
Equities	1	0.00	45	0.00
Derivatives	31	0.00	31	0.00
Total commissions paid	32	0.00	76	0.00
Taxes paid				
Equities	0	0.00	2	0.00
Derivatives	34	0.00	32	0.00
Total taxes paid	34	0.00	34	0.00
Total direct portfolio transaction costs	66	0.00	110	0.00
		%		%
d) Indirect portfolio transaction costs				
Average portfolio dealing spread as at the balance sheet date		0.57		0.87

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7 Revenue

for the year to 30 September	2023 £'000	2022 £'000
Bank interest	93	24
Derivative revenue	11,924	9,142
Dividends from equity investments: non-taxable	814	3,904
Dividends from equity investments: taxable	553	434
Interest distributions	1,928	339
Interest on debt securities	53,527	43,769
Rebate of ongoing charges from underlying funds	27	28
Total revenue	68,866	57,640

8 Expenses

for the year to 30 September	2023 £'000	2022 £'000
Payable to the ACD or associate		
Annual charge	9,671	12,167
Total expenses	9,671	12,167

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

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9 Taxation

for the year to 30 September	2023 £'000	2022 £'000
a) Analysis of charge in the year		
Corporation tax	0	0
Withholding tax	(35)	202
Deferred tax (note 9c)	0	0
Total taxation	(35)	202
b) Factors affecting taxation charge for the year		
Net revenue/(expense) before taxation	59,182	45,425
Corporation tax at 20%	11,836	9,085
Effects of:		
Dividends from equity investments: non-taxable	(163)	(781)
Interest distributions	(11,673)	(8,304)
Withholding tax	(35)	202
Total tax charge (note 9a)	(35)	202
c) Provision for deferred taxation		
Provision at the start of the year	0	0
Deferred tax in profit and loss account (note 9a)	0	0
Provision at the end of the year	0	0

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

10 Distributions

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

for the year to 30 September	2023		2022	
	Inc £'000	Acc £'000	Inc £'000	Acc £'000
Interest distributions				
Interim	11,487	17,195	8,012	10,109
Final	10,563	20,988	11,947	17,202
Total net distributions	60,233		47,270	
Income deducted on cancellation of shares	4,343		3,272	
Income received on issue of shares	(2,128)		(1,105)	
Distributions	62,448		49,437	
Net revenue/(expense) per statement of total return	59,217		45,223	
Expenses offset against capital	3,231		4,213	
Undistributed income brought forward	0		1	
Distributions	62,448		49,437	

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11 Debtors

as at 30 September	2023 £'000	2022 £'000
Amounts receivable on issues of shares	1,724	29
Currency deals outstanding	1,734	0
Debt security interest receivable	17,458	16,442
Derivative revenue receivable	228	1,911
Distributions receivable	248	0
Management charge rebates due	1	0
Sales awaiting settlement	3,576	16,975
Withholding tax recoverable	1,807	1,885
Total debtors	26,776	37,242

12 Cash and bank balances

as at 30 September	2023 £'000	2022 £'000
Amounts held at futures clearing houses and collateral manager	62,096	74,381
Cash held as bank balances	41,862	35,352
Total cash and bank balances	103,958	109,733

13 Other creditors

as at 30 September	2023 £'000	2022 £'000
Amounts payable on cancellation of shares	300	3,133
Annual charge payable	627	274
Currency deals outstanding	1,720	0
Derivative expense payable	0	75
Purchases awaiting settlement	29,945	10,607
Payable to M&G (Lux) Optimal Income Fund	1,023	1,045
Total other creditors	33,615	15,134

14 Contingent assets, liabilities and outstanding commitments

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

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15 Shares in issue

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

Share class	Opening 01.10.22	Issued	Movements Cancelled	Converted	Closing 30.09.23
Sterling					
Class 'A' Income	63,804,491	1,121,598	(25,380,095)	0	39,545,994
Class 'A' Accumulation	119,679,910	686,323	(33,851,210)	0	86,515,023
Class 'I' Income	254,458,005	15,812,127	(97,513,825)	0	172,756,307
Class 'I' Accumulation	279,129,343	29,077,276	(52,984,665)	0	255,221,954
Class 'J' Income	12,956,895	11,779	(6,127,874)	0	6,840,800
Class 'J' Accumulation	738,168	30,001	(210,538)	0	557,631
Class 'PP' Income	99,226,096	25,292,325	(10,226,989)	0	114,291,432
Class 'PP' Accumulation	56,703,449	74,327,431	(6,426,667)	0	124,604,213
Class 'R' Income	3,217,658	333,575	(546,010)	0	3,005,223
Class 'R' Accumulation	5,444,257	235,090	(1,472,728)	0	4,206,619

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.

16 Charging structure

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

Share class	Annual charge %
Sterling	
Class 'A'	1.05
Class 'I'	0.65
Class 'J'	0.65
Class 'PP'	0.55
Class 'R'	0.90

17 Related parties

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

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

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

At the balance sheet date, shareholders from within M&G plc, of which M&G Securities Limited is a wholly owned subsidiary, have holdings totalling 1.32% (2022: 1.35%) of the fund's shares.

18 Fair value analysis

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

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

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

Level 2: Valuation technique using observable market data

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

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 30 September	Assets 2023 £'000	Liabilities 2023 £'000	Assets 2022 £'000	Liabilities 2022 £'000
Level 1	338,611	(835)	314,868	(712)
Level 2	868,400	(26,154)	1,016,458	(110,589)
Level 3	259	0	227	0
	1,207,270	(26,989)	1,331,553	(111,301)

Level 3 assets include INTU Metrocentre (2022: INTU Metrocentre)

19 Risk management policies

The general risk management policies for the fund are set out in note 3 to the financial statements on pages 45 to 47.

20 Market risk sensitivity and exposure

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

The VaR limit set during the financial year to 30 September 2023 was 15% (2022: 15%).

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The lowest, highest and average VaR, as well as utilisation of VaR with reference to the limit above, are calculated during the financial years ended 30 September 2023 and 30 September 2022.

for the year to 30 September	2023 % of VaR	2023 Utilisation of VaR 15%	2022 % of VaR	2022 Utilisation of VaR 15%
Lowest	5.49	36.60	2.49	16.60
Highest	8.28	55.20	4.52	30.13
Average	6.47	43.14	3.06	20.43

21 Credit risk

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

as at 30 September	2023 £'000	2022 £'000
Investment grade securities	1,007,850	1,013,842
Below investment grade securities	158,736	254,669
Other investments	13,695	(48,259)
Total	1,180,281	1,220,252

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 30 September 2023	Swaps £'000	Forward currency contracts £'000	Futures £'000
Barclays Bank	20,250	0	0
BNP Paribas	0	(18)	0
Citigroup	0	8	0
HSBC	0	(8)	0
JPMorgan	0	135	0
Merrill Lynch	0	1	957
Standard Chartered Bank	0	(20)	0
State Street Bank	0	(8,026)	0
UBS	0	(2,974)	0
Total	20,250	(10,902)	957

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as at 30 September 2022			
	Swaps £'000	Forward currency contracts £'000	Futures £'000
Bank of America Merrill Lynch	(168)	134	9,707
Barclays Bank	(6,461)	0	0
BNP Paribas	0	(849)	0
Citigroup	0	26	0
Goldman Sachs	0	134	0
HSBC	0	(22,328)	0
JPMorgan	(44)	(1,914)	0
Morgan Stanley	0	125	0
National Australia Bank	0	(5,858)	0
Standard Chartered Bank	0	1,007	0
State Street Bank	0	(15,576)	0
UBS	0	(9,946)	0
Total	(6,673)	(55,045)	9,707

22 Leverage risk

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

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

The lowest, highest and average level of leverage employed and utilisation of the leverage level calculated during the financial years ended 30 September 2023 and 30 September 2022 are disclosed in the table below. Leverage has been calculated using the Gross Sum of Notional Approach for derivative positions only (including forward currency contracts) and excludes all physical holdings. Percentages are expressed with reference to fund valuation.

for the year to 30 September	2023 £'000	2023 %	2022 £'000	2022 %
Lowest	217,295	20.04	2,126,599	110.14
Highest	1,094,227	100.14	4,040,032	236.55
Average	495,891	42.27	2,604,466	154.50

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23 Interest distribution tables

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

Semi-annual distribution periods

	Start	End	Xd	Payment
Interim	01.10.22	31.03.23	03.04.23	31.05.23
Final	01.04.23	30.09.23	02.10.23	30.11.23

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

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

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

Sterling Class 'A' Income shares

Interest distributions for the year to 30 September	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2023 UK p	2023 UK p	2023 UK p	2022 UK p
Interim	1.7073	1.3090	3.0163	1.8245
Final	1.6853	1.7812	3.4665	2.9436

Sterling Class 'A' Accumulation shares

Interest distributions for the year to 30 September	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2023 UK p	2023 UK p	2023 UK p	2022 UK p
Interim	1.8731	1.9173	3.7904	1.6998
Final	2.0573	2.5500	4.6073	3.5151

Sterling Class 'I' Income shares

Interest distributions for the year to 30 September	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2023 UK p	2023 UK p	2023 UK p	2022 UK p
Interim	1.3754	1.7337	3.1091	1.8743
Final	1.6709	1.9093	3.5802	3.0267

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Sterling Class 'I' Accumulation shares

Interest distributions for the year to 30 September	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2023 UK p	2023 UK p	2023 UK p	2022 UK p
Interim	1.8940	2.6000	4.4940	2.2846
Final	2.6607	2.7323	5.3930	4.2086

Sterling Class 'J' Income shares

Interest distributions for the year to 30 September	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2023 UK p	2023 UK p	2023 UK p	2022 UK p
Interim	0.7657	1.3802	2.1459	1.2929
Final	1.3238	1.1473	2.4711	2.0899

Sterling Class 'J' Accumulation shares

Interest distributions for the year to 30 September	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2023 UK p	2023 UK p	2023 UK p	2022 UK p
Interim	2.0828	0.0000	2.0828	1.0582
Final	0.4243	2.0750	2.4993	1.9511

Sterling Class 'PP' Income shares

Interest distributions for the year to 30 September	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2023 UK p	2023 UK p	2023 UK p	2022 UK p
Interim	1.0314	1.0614	2.0928	1.2596
Final	1.2972	1.1139	2.4111	2.0371

Sterling Class 'PP' Accumulation shares

Interest distributions for the year to 30 September	Income	Group 2 Equalisation	Group 1 & 2 Distribution	
	2023 UK p	2023 UK p	2023 UK p	2022 UK p
Interim	1.2981	0.7781	2.0762	1.0818
Final	0.8006	1.6841	2.4847	1.9493

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Sterling Class 'R' Income shares

Interest distributions for the year to 30 September	Income	Group 2	Group 1 & 2	
	2023 UK p	Equalisation 2023 UK p	2023 UK p	2022 UK p
Interim	0.9602	1.4176	2.3778	1.4361
Final	1.8992	0.8354	2.7346	2.3186

Sterling Class 'R' Accumulation shares

Interest distributions for the year to 30 September	Income	Group 2	Group 1 & 2	
	2023 UK p	Equalisation 2023 UK p	2023 UK p	2022 UK p
Interim	0.9698	1.5474	2.5172	1.1890
Final	1.5476	1.4963	3.0439	2.3440

24 Events after the balance sheet date

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

Other regulatory disclosures

Remuneration

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

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

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

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

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

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

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

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

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

Swiss investor information

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

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

