Key Investor Information

This document provides you with key investor information about this Fund. It is not marketing material. The information is required by law to help you understand the nature and the risks of investing in this Fund. You are advised to read it so you can make an informed decision about whether to invest.

M&G Optimal Income Fund

Sterling Class X – Accumulation shares ISIN no. GB00B1H05486

Managed by M&G Securities Limited

Objective and investment policy

The fund aims to provide a combination of capital growth and income, net of the Ongoing Charge Figure, higher than the average return of the IA £ Strategic Bond Sector over any five-year period.

Core investment: At least 50% of the fund is invested, directly or through derivatives, in bonds of any credit quality and asset-backed securities. These securities can be issued by governments, government-related institutions and companies from anywhere in the world, including emerging markets. These securities can be denominated in any currency.

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

Other investments: Up to 20% of the fund may be invested in company shares. The fund may also invest in other funds (including funds managed by M&G) and cash or assets that can be turned into cash quickly.

Derivatives usage: For investment purposes and to reduce risk and cost.

Strategy in brief: The fund is a flexible global bond fund. The fund invests in a combination of assets that together provide the most attractive or 'optimal' income stream. Income streams from different assets offer different combinations of interest rate risk and credit risk. The optimal income stream incorporates the best mix of the two, based on the fund manager's view on macroeconomic, asset, sector and geographic factors. Spreading investments across issuers and industries is an essential element of the strategy.

Benchmark: IA £ Strategic Bond Sector

The benchmark is a target which the fund seeks to outperform. The sector has been chosen as the benchmark as the fund is a constituent of the sector. The benchmark is used solely to measure the fund's performance and does not constrain portfolio construction.

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

The benchmark is shown in the share class currency.

The following information can be found on the M&G website:

- a glossary providing an explanation of some terms used in this document
- the Prospectus including the fund's objective and investment policy.

Other information

The fund may invest more than 35% in securities issued or guaranteed by a member state of the European Economic Area or other countries listed in the fund's Prospectus. This investment may be combined with the use of derivatives in pursuit of the fund's investment objective.

You can buy and sell shares in the fund on any business day. Instructions received before 12 noon will be dealt at that day's price.

Any income from the fund will be rolled up into the value of your investment.

In addition to the charges set out in the charges section, the fund will incur portfolio transaction costs which are paid from the assets of the fund. These can be higher when investing outside Europe.

Recommendation: This fund may not be appropriate for investors who plan to withdraw their money within 5 years.

Risk and reward profile

Low risk — High risk

Typically lower rewards — Typically higher rewards

1	2	3	**4**	5	6	7

- The above risk and reward indicator is based on historical data and may not be a reliable indication of the future risk profile of this share class. This Share Class is categorised in risk class 4 because its Net Asset Value has shown medium rises and falls in value historically.
- The risk number shown is not guaranteed and may change over time.
- The lowest risk number does not mean risk free.

The main risks that could affect performance are set out below:

- The value and income from the fund's assets will go down as well as up. This will cause the value of your investment to fall as well as rise. There is no guarantee that the fund will achieve its objective and you may get back less than you originally invested.
- Investments in bonds are affected by interest rates, inflation and credit ratings. It is possible that bond issuers will not pay interest or return the capital. All of these events can reduce the value of bonds held by the fund.
- High yield bonds usually carry greater risk that the bond issuers may not be able to pay interest or return the capital.
- The fund may use derivatives to profit from an expected rise or fall in the value of an asset. Should the asset's value vary in an unexpected way, the fund will incur a loss. The fund's use of derivatives may be extensive and exceed the value of its assets (leverage). This has the effect of magnifying the size of losses and gains, resulting in greater fluctuations in the value of the fund.
- Investing in emerging markets involves a greater risk of loss due to greater political, tax, economic, foreign exchange, liquidity and regulatory risks, among other factors. There may be difficulties in buying, selling, safekeeping or valuing investments in such countries.
- The fund is exposed to different currencies. Derivatives are used to minimise, but may not always eliminate, the impact of movements in currency exchange rates.
- In exceptional circumstances where assets cannot be fairly valued, or have to be sold at a large discount to raise cash, we may temporarily suspend the fund in the best interest of all investors.
- The fund could lose money if a counterparty with which it does business becomes unwilling or unable to repay money owed to the fund.
- Operational risks arising from errors in transactions, valuation, accounting, and financial reporting, among other things, may also affect the value of your investments.

Further details of the risks that apply to the fund can be found in the fund's Prospectus at www.mandg.co.uk/literature

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Charges

The charges shown in the table are used to pay the costs of running the fund, including the costs of marketing and distributing it. These charges reduce the potential growth of your investment.

One-off charges taken before or after you invest	
Entry charge	0.00%
Exit charge	0.00%
This is the maximum that might be taken out of your money before it is invested or before the proceeds of your investment are paid out.	
Charges taken from the fund over a year	
Ongoing charge	1.03%
Charges taken from the fund under certain specific conditions	
Performance fee	None

The entry and exit charges shown are the maximum figures and, in some cases, you may pay less. The exit charge will reduce by 0.5% after the investment has been held for one year, and will subsequently reduce by 1% per year until the investment has been held for five years. No exit charge will apply after five years.

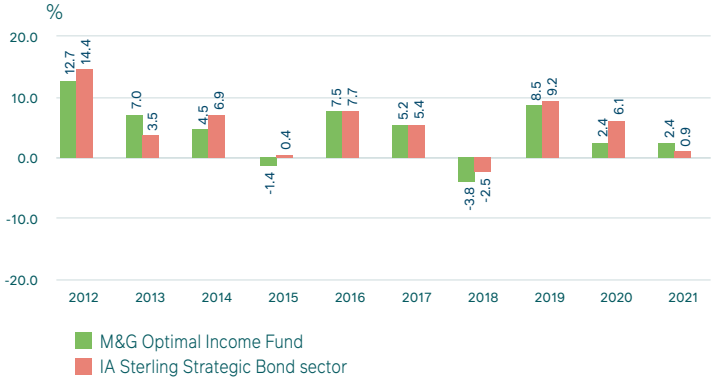
You can find out the exact charges which apply to your investment by contacting your financial adviser or distributor or, if you have invested directly with us, you can contact us using the details given in the practical information section.

The above ongoing charge figure is an estimate of the charges because of a change to the charging structure with effect from 15 February 2021.

The ongoing charge figure may vary from year to year and excludes portfolio transaction costs. The charges are mostly, if not exclusively, the Annual Charge which may be discounted depending on the size of the fund. The Annual Charge without any discount is 1.05%. The fund's annual report for each financial year will include details on the exact charges made.

For more information on charges, please see the relevant sections of the Prospectus at www.mandg.co.uk/literature

Past performance



- Past performance is not a guide to future performance.
- Performance calculation excludes UK taxes from 01 October 2016. It does not take into account the entry and exit charges but does take into account the ongoing charge, as shown in the charges section.
- The fund launched on 08 December 2006 and the Sterling Class X Accumulation share class launched on 08 December 2006.
- Performance is calculated using Sterling Class X Accumulation shares.
- Benchmark performance has been calculated in GBP.

Practical information

The depositary is NatWest Trustee and Depositary Services Limited.

For more information about this fund, please visit www.mandg.co.uk/literature where you will find a copy of the Prospectus, Instrument of Incorporation and the latest annual or interim Investment Report and Financial Statements. These documents are in English and are available free of charge. Our website also provides other information such as share prices.

UK tax laws apply to the fund, and this may affect your personal tax position. Please speak to an adviser for more information.

M&G Securities Limited may be held liable solely on the basis of any statement contained in this document that is misleading, inaccurate or inconsistent with the relevant parts of the Prospectus for the fund.

Other share classes may exist for the fund as set out in the relevant Prospectus.

For up-to-date details of the staff remuneration policy that applies to M&G Securities Limited, including a description of how remuneration and benefits are calculated, the make-up of the remuneration committee, and the identities of persons responsible for awarding the remuneration and benefits, please visit www.mandg.co.uk/remuneration. We will provide a paper copy of this information, free of charge, if you require one.

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This Fund is authorised in the UK and regulated by the Financial Conduct Authority. M&G Securities Limited is authorised in the UK and regulated by the Financial Conduct Authority.

This key investor information is accurate as at 14 February 2022.