

M&G Optimal Income Fund

(An Open-Ended Investment Company with variable capital, incorporated in England and Wales under registered number IC 490 and authorised by the Financial Conduct Authority with effect from 17 November 2006)

Country Supplement for investors residing in Denmark

THIS COUNTRY SUPPLEMENT IS INTENDED FOR DANISH INVESTORS THAT SUBSCRIBE FOR SHARES IN DENMARK AND FORMS AN INTEGRAL PART OF THE PROSPECTUS OF 7 AUGUST 2015, AS AMENDED AND SUPPLEMENTED FROM TIME TO TIME (THE "PROSPECTUS").

THE PROSPECTUS OF 7 AUGUST 2015 MAY ONLY BE DISTRIBUTED IN DENMARK TOGETHER WITH THIS COUNTRY SUPPLEMENT.

THIS COUNTRY SUPPLEMENT FORMS PART OF AND SHOULD BE READ IN CONJUNCTION WITH THE GENERAL DESCRIPTION OF THE COMPANY CONTAINED IN THE PROSPECTUS OF THE COMPANY.

This Country Supplement is dated 7 August 2015

Danish representative

"The "Company" has appointed the following company as its Danish representative in accordance with Section 8(1) of the Executive Order on Marketing Carried out by Foreign Investment Undertakings in Denmark (Executive Order No. 1298 of 14 December 2012, as replaced from time to time) (the "Executive Order"):

Nordea Bank Danmark A/S
Strandgarde 3
0900 Copenhagen C
Denmark

1 Taxation regulation applicable to Danish investors

1.1 General

The following statements are by way of a general guide to potential investors and Shareholders only and do not constitute legal or taxation advice. Shareholders and potential investors are therefore advised to consult their professional advisers concerning possible taxation or other consequences of purchasing, holding, selling or otherwise disposing of the Shares under the laws of their country of incorporation, establishment, citizenship, residence or domicile.

Shareholders and potential investors should note that the following statements on taxation are based on advice received by the Directors regarding the law and practice in force in the relevant jurisdiction at the date of this Country Supplement and are not exhaustive. As is the case with any investment, there can be no guarantee that the tax position or proposed tax position prevailing at the time an investment is made in the Company will endure indefinitely.

1.2 Taxation of Danish Investors

Gains and losses on the shares in an investment company's various funds are comprised by the provisions of Section 19 of the Danish Capital Gains Tax Act, which means that investors are taxed in accordance with the market-value principle. This means an investor is subject to current taxation of both realised and unrealised gain and loss.

Individuals must pay tax on gains, losses and dividends as capital income which means taxation between 33 and 44.2%, depending on the individual investor's situation. If the investor is a trader, the investor must pay tax on gains and losses as personal income.

In case of pension funds, the taxation will be in accordance with the Danish Act on Taxation of Pension Yields which means that the yields and dividends from shares are taxed in accordance with the market-value principle at an annual tax percentage of 15%.

As for corporate investors, including banks, capital gains/losses are also taxed in accordance with the market-value principle and the general provisions of the Dan-

ish Capital Gains Tax Act do not apply. As a consequence, capital gains/losses and dividends will be fully included in the investor's taxable income and is taxable by 25%.

Unrealised gains and losses are taxed in the assessment year after an investment company's accounting period, which means that taxation is postponed to the year after the gains were made or the losses suffered. Any realised gains, losses and dividends are taxed in the year when the gains were made or the losses suffered.

2 Documents which are generally available

Copies of the following documents will be available for inspection at any time during normal business hours on any business day, free of charge, at the registered offices of M&G Securities Limited in London and at the office of the Danish Representative:

- the Prospectus and any supplements thereto;
- the Key Investor Information Documents for sub-funds and share classes registered for marketing in Denmark;
- Instrument of Incorporation (and any amending instrument of incorporation);
- the UCITS certificate issued by the English FCA; and
- the latest most recent long form annual and half-yearly reports of the Company.

3 Cessation of marketing in Denmark

The company will announce the cessation of marketing in Denmark by way of a public announcement, e.g. on the Company's website. This announcement will be made in due time before cessation, and will be made before the Danish representative agreement with Nordea Bank Danmark A/S is terminated. Investors in the Company will be notified by way of a shareholder notification. The rights of all shareholders remain unchanged.

4 Measures implemented to secure Danish investors' rights

Nordea Bank Danmark A/S has been appointed as the Danish representative for the company in accordance with Section 8(1) of the Executive Order on Foreign Investment Undertakings' Marketing in Denmark in order to secure the Danish investors rights to receive dividends and redeem shares.

5 Danish rules on risk-labelling of investment products

The Danish FSA has introduced rules on risk labelling for investment products pursuant to which various categories of investment product have been assigned a risk label. The shares of the company have the yellow risk label pursuant to the Danish FSA's rules on risk labelling. The risk labelling is based on the possibility of losing the invested amount based on the product type and not the actual likelihood of this happening.

The risk labelling system is based on the colours of a traffic light.

Green: Investment products labelled green refer to those where the risk of losing the invested amount is considered very limited and where the product type is not difficult to understand. Examples include Danish government bonds, EU government bonds and Danish mortgage bonds.

Yellow: Investment products labelled yellow refer to those where there is considered to be a risk of losing the entire or a part of the invested amount and where the product type is not difficult to understand. Examples include listed shares, corporate bonds and shares of UCITS funds.

Red: Investment products labelled red refer to those where there is considered to be a risk of losing more than the invested amount or the product type is difficult to understand. Examples include unlisted shares, options, futures, swaps and structured bonds.