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M&G Optimal Income Fund

Interim Long Report and unaudited Financial Statements
for the six months ended 31 March 2018

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M&G Optimal Income Fund

Authorised Corporate Director's Report

The Authorised Corporate Director (ACD) of M&G Optimal Income Fund presents its Interim Long Report and unaudited Financial Statements for the six months ended 31 March 2018.

Please note that we have included an explanation of key investment terminology in the 'Glossary' (at the back 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 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 Limited which is an associate of M&G Securities Limited.

ACD

M&G Securities Limited,
Laurence Pountney Hill, London EC4R 0HH, 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 Tax Incentivised Savings Association.)

Directors of the ACD

G N Cotton, N M Donnelly, P R Jelfs, G W MacDowall, L J Mumford
W J Nott resigned with effect from 31 December 2017.

Investment manager

M&G Investment Management Limited,
Laurence Pountney Hill, London EC4R 0HH, UK
Telephone: +44 (0)20 7626 4588

(Authorised and regulated by the Financial Conduct Authority)

Registrar

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

Depositary

National Westminster Bank Plc, Trustee & Depositary Services,
Drummond House, 1 Redheughs Avenue, Edinburgh EH12 9RH, UK
(Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority)

Independent auditor

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

Important information

On 27 April 2018, the following share classes were launched: Swiss franc Class 'J-H' (Accumulation), Euro Class 'J-H' (Accumulation), US dollar Class 'J-H' (Accumulation) and US dollar Class 'J-H' (Income) share classes.

M&G Optimal Income Fund

Authorised Corporate Director's Report

Investor information

The Prospectus, Instrument of Incorporation, Key Investor Information Documents, 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 RBC I&TS, 14, Porte de France, L-4360 Esch-sur-Alzette,
Grand Duchy of 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@rbc.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.

Austrian paying and information agent:

Société Générale, Vienna Branch,
Prinz Eugen-Strasse 8-10/5/Top 11, 1040 Wien, Austria

Belgian financial agent:

Société Générale Private Banking NV,
Kortrijksesteenweg 302, 9000 Gent, Belgium

Danish representative agent:

Nordea Bank Danmark A/S,
Client Relations DK, Investor Services & Solutions,
Postbox 850, Reg.no.6428. HH. 6.1., 0900 København C, Denmark

French centralising agent:

RBC Investor Services, Bank France S.A.,
105 rue Réaumur, 75002 Paris, France

German information agent:

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

Greek paying agent and distributor:

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8, Othonos Street, 10557 Athens, Greece

Irish facilities agent:

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3rd Floor IFSC House – The IFSC, Dublin 1, Ireland

Italian paying agents:

Allfunds Bank, S.A.,
Via Santa Margherita 7, 20121 Milano, Italy

Banca Monte dei Paschi di Siena S.p.A.,
Piazza Salimbeni 3, 53100 Siena, Italy

Banca Sella Holding S.p.A.,
Piazza Gaudenzio Sella 1, 13900 Biella, Italy

BNP PARIBAS Securities Services,
Piazza Lina Bo Bardi 3, 20124 Milano, Italy

CACEIS Bank Luxembourg,
Milan Branch, Piazza Cavour 2, 20121 Milano, Italy

RBC Investor Services Bank S.A., Milan Branch
Via Vittor Pisani 26, 20124 Milano, Italy

State Street Bank S.p.A.,
Via Ferrante Aporti 10, 20125 Milano, Italy

Société Générale Securities Services S.A.,
Via Benigno Crespi 19A - MAC 2, 20159 Milano, Italy

Luxembourg paying and information agent:

Société Générale Bank & Trust S.A.,
Centre operationel, 28-32, place de la Gare, 1616 Luxembourg,
Grand Duchy of Luxembourg

Portuguese distributor:

Best - Banco Electrónico de Serviço Total, S.A.,
Praça Marquês de Pombal, no. 3 - 3º, 1250-161 Lisboa, Portugal

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Allfunds Bank, S.A.,
Calle Estafeta, No 6 Complejo Plaza de la Fuente,
La Moraleja 28109, Alcobendas, Madrid, Spain

Swedish paying agent:

Nordea Bank AB (publ),
Smålandsgatan 17, 105 71 Stockholm, Sweden

Swiss paying agent and representative:

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

M&G Optimal Income Fund

Authorised Corporate Director's Report

Authorised Corporate Director's Responsibilities

The Authorised Corporate Director (ACD) is required to prepare annual and interim long 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.

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.

G W MACDOWALL }
L J MUMFORD } Directors

15 May 2018

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Authorised Corporate Director's Report

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M&G Optimal Income Fund

Authorised Corporate Director's Report

Investment objective

The fund aims to provide a total return (the combination of income and growth of capital) to investors based on exposure to optimal income streams in investment markets.

Investment policy

The fund aims to provide a total return (the combination of income and growth of capital) to investors through strategic asset allocation and specific stock selection. The fund will be at least 50% invested in debt instruments, but may also invest in other assets including collective investment schemes, money market instruments, cash, near cash, deposits, equities and derivatives. Derivative instruments may be used for both investment purposes and efficient portfolio management.

Investment approach

The M&G Optimal Income Fund is a flexible bond fund, allowing investment across a broad range of fixed income assets according to where the fund manager identifies value. The investment approach begins with a top-down assessment of the macroeconomic environment, including the likely path of growth, inflation and interest rates. The results of this analysis help inform the fund's duration positioning and its allocation to the various bond asset classes. Individual credit selection is carried out in conjunction with M&G's in-house team of credit specialists, which provides bottom-up analysis of the corporate bond markets to complement the fund manager's views.

There are no restrictions on the amount of government bonds, investment grade bonds or high yield bonds that can be held within the portfolio. The fund may also invest in other assets, including cash, equities and derivatives. Derivative instruments may be used for both investment purposes and efficient portfolio management.

Risk profile

The fund is a flexible bond fund which invests in a range of fixed income securities. In addition, up to 20% of the portfolio may be invested in company shares when the fund manager believes they offer better value than bonds. The fund is therefore subject to the price volatility of global bond and stockmarkets as well as the performance of individual companies. The fund is also subject to fluctuations in currency exchange rates.

There are no restrictions on the amount of government bonds, investment grade bonds or high yield bonds that can be held within the portfolio. While government and investment grade bonds are generally highly liquid assets that are normally traded with relative ease, high yield corporate bonds are higher risk assets that could potentially experience a degree of illiquidity in times of market distress. The fund's exposure to company shares is typically through large companies, where the shares are normally traded with relative ease.

The fund's exposure to fixed income securities may be gained through the use of derivatives. In association with the use of derivatives, including those instruments not traded through an exchange, collateral is deposited in order to mitigate the risk that a counterparty may default on its obligations or become insolvent.

Portfolio diversification is key in managing liquidity and default risks as well as reducing market risk. The fund's risks are measured and managed as an integral part of the investment process.

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

As at 3 April 2018, for the six months ended 31 March 2018

Performance against objective

Between 2 October 2017 (the start of the review period) and 3 April 2018, the M&G Optimal Income Fund delivered a small positive total return (the combination of income and growth of capital) across most of its share classes.*

The majority of the M&G Optimal Income Fund's holdings are split between high-quality, or investment grade, corporate bonds and high yielding corporate bonds, with a smaller allocation to government bonds, as these typically provide liquidity and stability in uncertain markets.

Bonds are loans that are extended by an investor to an issuing entity – such as a company or government – in exchange for regular interest payments. Bonds issued by companies are referred to as 'corporate bonds', while those issued by governments are called 'government bonds'. Investment grade corporate bonds refer to fixed income securities issued by a company with a medium or high credit rating from a recognised credit rating agency. They are considered to be at lower risk of non-repayment than those issued by companies with lower credit ratings (known as high yield bonds). The performance of investment grade corporate bond markets can be influenced by the performance of government bonds.

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

Investment performance

After a first half of 2017 in which financial markets were largely dominated by politics, attention had turned by the final quarter of last year to the likelihood of central banks finally being able to move towards more 'normal' monetary policy and gradually withdraw the support they have been providing financial markets since the global financial crisis.

M&G Optimal Income Fund

Authorised Corporate Director's Report

Investment review

Investment performance (continued)

Central banks have so far been careful to communicate to markets that this process will only happen slowly and in a controlled manner. If this is indeed the case, markets may not experience big movements, although any changes that happen more suddenly and in greater scale than investors expect could lead to volatility.

These events took place against a backdrop of broadly positive economic data releases, indicating that the global economy is in good health. For the first time in a long time, the economic situation in Europe in particular looks considerably brighter. Eurozone unemployment fell to its lowest recorded level since January 2009, while business surveys suggest a further steady pick-up in economic growth over the coming months. Political tensions also receded.

The European Central Bank announced in October that it would gradually reduce the amount of money it spends each month on its bond-buying programme, but would continue to support markets until at least September 2018. Then, in November, the Bank of England confirmed investors' expectations by announcing a small interest rate rise of a quarter of a percentage point, taking rates back to their level immediately before 2016's Brexit referendum vote. The Federal Reserve followed suit, increasing US interest rates in December 2017 and again in March 2018.

But after a broadly positive end to 2017 and a strong January 2018 for financial markets, many areas in the global bond market weakened, as investors reacted to the prospect of higher inflation and interest rates. By March, weakness in global stockmarkets, caused mainly by the prospect of a trade war between the US and China and the US imposition of sanctions on Russia, had started to spill over into corporate bond markets.

The more challenging conditions at the start of 2018 led to muted returns across the bond market over the six-month review period. US dollar-denominated government and corporate bonds suffered in particular, with many experiencing losses over the six months.

Nevertheless, the fund was able to deliver small positive returns across most of its share classes. Performance was aided by its sizeable exposure to investment grade corporate bonds and to asset-backed securities (bonds whose income payments are derived from a specified group of underlying pooled assets), while its relative lack of sensitivity to changes in interest rates helped cushion it from the worst of the market volatility in early 2018. Furthermore, a number of the relative value trades (comparing bonds from similar issuers issued in different currencies or maturities to take advantage of mismatches in prices) that we undertook added value.

Investment activities

We adjust the positioning of the M&G Optimal Income Fund to reflect changes in our outlook regarding interest rates, credit risk (companies' ability to repay their debts) and changes in relative value among the different fixed income asset classes.

One of the key drivers of the fund's performance is the ability to reduce or increase the portfolio's sensitivity to changes in bond yields, otherwise known as 'duration'. (Bond yields refer to the interest received from a fixed income security, which is usually expressed annually as a percentage based on the investment's cost, its current market value or its face value. Bond yields move in the opposite

direction to bond prices.) The longer the duration, the more sensitive a bond/bond fund is to movements in interest rates. We maintained the fund's short duration during the entire period, as we believe that interest rates will likely rise further in the medium term. At the end of March 2018, it stood at 2.2 years.

We continued to prefer investment grade corporate bonds to high yield corporate bonds, as we consider that high yield bonds look less attractive following sustained outperformance. We further reduced the fund's exposure to high yield bonds to 11%, its lowest ever level, from almost 14% at 30 September 2017.

After US dollar-denominated corporate bonds outperformed their euro-denominated counterparts for much of the period, we switched a portion of our holdings into the more attractively valued euro-denominated bonds. We undertook a number of relative value trades in names including AT&T, Microsoft and British American Tobacco.

We can invest a portion of the fund (up to 20%) in shares if we believe a company's stocks (equity) present a more attractive investment opportunity relative to its bonds. Our equities exposure ended the period at around 4.5%.

Outlook

We expect to see a continuation of many of the key themes from 2017 – strong economics, falling unemployment – as we move further into 2018.

The global economic picture is broadly encouraging in our view. This is particularly the case in the US, where full employment, moderate wage growth and the potential for rising inflation have caused the US Federal Reserve to increase interest rates four times in one year, with further rises likely in 2018. In our view, Europe is also an improving economic story: its growth outlook has brightened and political risk has receded. As the European Central Bank slowly begins to reduce the amount of support it provides to bond markets, this may have an impact on bond prices.

Investors face two main challenges this year, in our opinion. One is the possible impact on markets should the US Federal Reserve be forced to raise interest rates higher or faster than investors currently expect due to the rapid onset of inflation. The second relates to the next stage of the UK's Brexit negotiations with the EU, what compromises both sides will have to make, and how 'hard' any eventual deal proves to be. The outcome of these negotiations will have a major impact on whether we find ourselves in a more stable, or more challenging, political environment in the next few years. At the same time, political news flow – from the US in particular – may cause volatility, as we have seen when President Trump announced a raft of protectionist measures and imposed sanctions on Russia.

Regardless of how these situations develop, what we do as fund managers does not change. We look at where we are in the interest rate cycle and the economic cycle, and we look at where we can find the most attractive opportunities for the fund from different sectors and individual issuers at any given stage.

Richard Woolnough
Fund manager

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

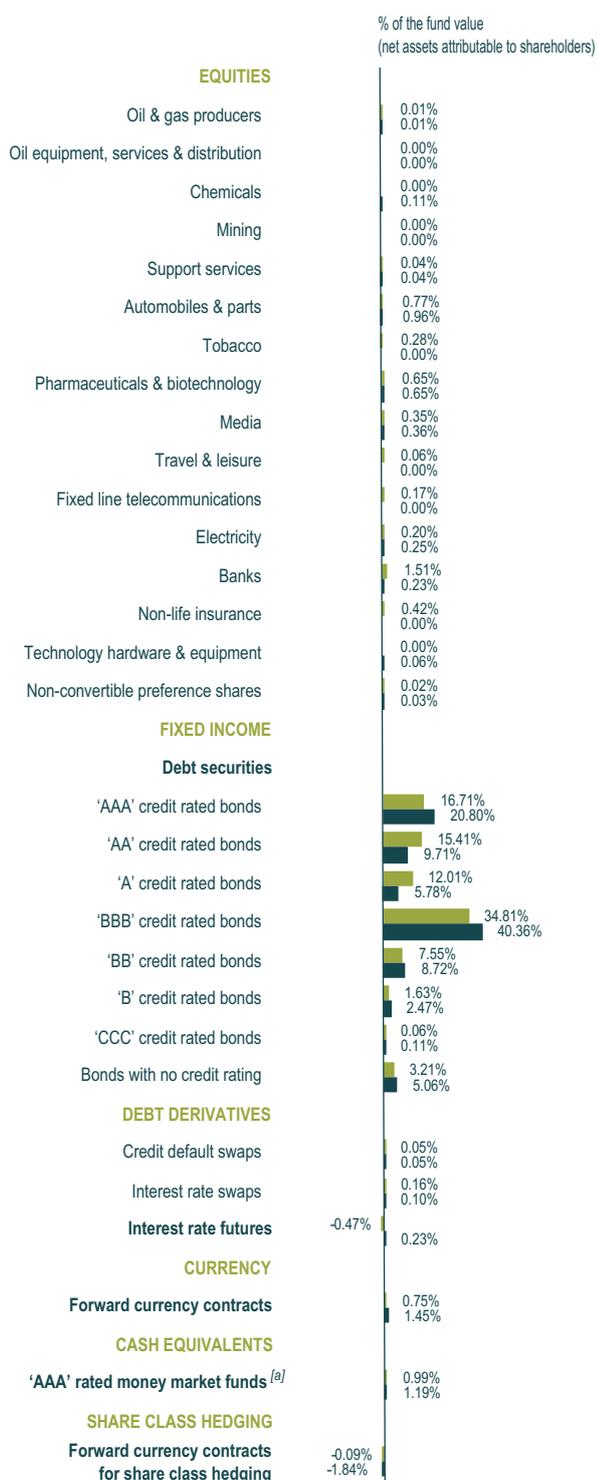
Please note that the views expressed in this Report should not be taken as a recommendation or advice on how the fund or any holding mentioned in the Report is likely to perform. If you wish to obtain financial advice as to whether an investment is suitable for your needs, you should consult a Financial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

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Authorised Corporate Director's Report

Investment review

Classification of investments



^[a] Uncommitted surplus cash is placed into 'AAA' rated money market funds with the aim of reducing counterparty risk.

■ 31 March 2018
■ 30 September 2017

Source: M&G

Investments

Portfolio statement

as at Holding	31.03.18 £'000	31.03.18 %	30.09.17 %
EQUITIES	1,047,261	4.48	2.70
Oil & gas producers	1,864	0.01	0.01
119,586 Chaparral Energy 'A'	1,514	0.01	
28,922 Chaparral Energy 'B'	350	0.00	
Oil equipment, services & distribution	239	0.00	0.00
19,536 Patterson-UTI Energy	239	0.00	
Chemicals	0	0.00	0.11
Mining	0	0.00	0.00
16,891,144 New World Resources ^[a]	0	0.00	
Support services	9,999	0.04	0.04
1,500,000 Babcock International Group	9,999	0.04	
Automobiles & parts	180,492	0.77	0.96
800,000 Bayerische Motoren Werke	61,303	0.26	
1,100,000 Daimler	65,176	0.28	
7,000,000 Ford Motor	54,013	0.23	
Tobacco	64,524	0.28	0.00
500,000 British American Tobacco	20,577	0.09	
1,800,000 Imperial Brands	43,947	0.19	
Pharmaceuticals & biotechnology	151,634	0.65	0.65
700,000 Novartis (Regd.)	40,241	0.18	
275,000 Roche Holding 'Genusscheine'	44,982	0.19	
500,000 Sanofi	28,543	0.12	
1,100,000 Shire	37,868	0.16	
Media	81,497	0.35	0.36
700,000 Publicis Groupe	34,623	0.15	
700,000 Time Warner	46,874	0.20	
Travel & leisure	14,597	0.06	0.00
1,931,124 Codere	14,597	0.06	
Fixed line telecommunications	39,126	0.17	0.00
17,000,000 BT Group	39,126	0.17	
Electricity	47,412	0.20	0.25
3,652,693 SSE	47,412	0.20	
Banks	352,494	1.51	0.23
7,000,000 Banco Santander	32,495	0.14	
5,500,000 BBVA	31,002	0.13	
1,200,000 BNP Paribas	63,624	0.27	
12,500,000 Intesa Sanpaolo	32,382	0.14	
100,000,000 Lloyds Banking Group	64,810	0.28	
12,000,000 Royal Bank of Scotland	31,020	0.13	
1,700,000 Société Générale	66,103	0.29	
2,100,000 UniCredit	31,058	0.13	
Non-life insurance	98,203	0.42	0.00
3,000,000 AXA	56,959	0.24	
250,000 Münchener Rückversicherungs-AG	41,244	0.18	
Technology hardware & equipment	0	0.00	0.06
Non-convertible preference shares	5,180	0.02	0.03
3,700,000 Standard Chartered 8.25% Preference shares	5,180	0.02	

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Authorised Corporate Director's Report

Investments

Portfolio statement (continued)			
as at Holding	31.03.18 £'000	31.03.18 %	30.09.17 %
FIXED INCOME	21,283,012	91.13	93.39
Debt securities	21,334,110	91.39	93.01
'AAA' credit rated bonds	3,902,957	16.71	20.80
£421,018 Alba FRN 2042	407	0.00	
£1,292,226 Alba FRN 2049	1,300	0.01	
£31,623,000 Barclays Bank FRN 2023	31,588	0.14	
£5,090,904 Broadgate Financing FRN 2032	4,990	0.02	
£11,828,000 Delamare Cards FRN 2022	11,848	0.05	
£5,454,377 Dukinfield FRN 2052	5,522	0.02	
£10,000,000 European Bank for Reconstruction and Development 5.625% 2028	13,668	0.06	
£40,000,000 European Investment Bank 0.875% 2023	38,862	0.17	
£25,000,000 European Investment Bank 1% 2026	23,855	0.10	
£10,000,000 European Investment Bank 1.125% 2021	9,988	0.04	
£30,000,000 European Investment Bank 2.5% 2022	31,601	0.14	
£5,000,000 European Investment Bank 4.25% 2021	5,537	0.02	
£20,000,000 European Investment Bank 4.5% 2029	25,414	0.11	
£60,000,000 European Investment Bank 5.5% 2025	76,023	0.33	
£30,000,000 European Investment Bank 6% 2028	42,232	0.18	
£25,000,000 European Investment Bank FRN 2022	25,029	0.11	
£2,206,713 First Flexible No.5 FRN 2034	2,176	0.01	
€275,000,000 Germany (Federal Republic of) 0% 2020	243,914	1.04	
€100,000,000 Germany (Federal Republic of) 0.01% 2022	88,415	0.38	
€50,000,000 Germany (Federal Republic of) 0.25% 2018	43,806	0.19	
€250,000,000 Germany (Federal Republic of) 0.25% 2019	222,058	0.95	
€500,000,000 Germany (Federal Republic of) 0.5% 2019	443,445	1.90	
€500,000,000 Germany (Federal Republic of) 1% 2018	441,894	1.89	
€450,000,000 Germany (Federal Republic of) 1% 2019	400,240	1.71	
€50,000,000 Germany (Federal Republic of) 1.75% 2022	47,593	0.20	
€200,000,000 Germany (Federal Republic of) 3.5% 2019	184,455	0.79	
€150,000,000 Germany (Federal Republic of) 3.75% 2019	135,870	0.58	
€200,000,000 Germany (Federal Republic of) 4.25% 2018	177,017	0.76	
€8,200,000 Green Storm 2017 FRN 2064	7,342	0.03	
€10,135,000 Harvest CLO FRN 2031	8,893	0.04	
£29,434,921 Hawksmoor Mortgages FRN 2053	29,736	0.13	
£5,641,000 Holmes Master Issuer FRN 2054	5,634	0.02	
€60,000,000 Johnson & Johnson 0.25% 2022	52,797	0.23	
€12,650,000 Johnson & Johnson 4.75% 2019	11,976	0.05	
€1,000,000 Jubilee CLO 0% 2014-XI 2030	880	0.00	
£50,000,000 KfW 0.375% 2020	49,062	0.21	
£50,000,000 KfW 0.875% 2022	49,362	0.21	
£50,000,000 KfW 1% 2022	49,314	0.21	
£50,000,000 KfW 1.125% 2019	50,220	0.22	
£25,000,000 KfW 1.375% 2021	25,177	0.11	
£5,000,000 KfW 5.5% 2025	6,384	0.03	
£15,000,000 KfW 5.75% 2032	22,443	0.10	
£10,000,000 KfW 6% 2028	14,177	0.06	
£4,728,570 Lanark Master Issuer FRN 2054	4,753	0.02	
£13,429,000 Lanark Master Issuer FRN 2069	13,509	0.06	

Portfolio statement (continued)

as at Holding	31.03.18 £'000	31.03.18 %	30.09.17 %
'AAA' credit rated bonds (continued)			
€5,000,000 Microsoft 2.125% 2021	4,683	0.02	
\$100,000,000 Microsoft 3.45% 2036	69,009	0.30	
\$20,000,000 Microsoft 3.5% 2035	13,967	0.06	
\$128,518,000 Microsoft 3.95% 2056	90,350	0.39	
\$117,858,000 Microsoft 4% 2055	83,933	0.36	
\$51,668,000 Microsoft 4.1% 2037	38,491	0.16	
\$15,000,000 Microsoft 4.5% 2040	11,738	0.05	
\$100,000,000 Microsoft 4.5% 2057	77,868	0.33	
\$100,000,000 Microsoft 4.75% 2055	80,736	0.35	
£8,795,816 Moorgate Funding FRN 2050	8,791	0.04	
£8,925,000 NewDay Partnership Funding FRN 2025	8,989	0.04	
£672,969 Paragon Mortgages No.11 FRN 2041 A2A	651	0.00	
€3,541,942 Paragon Mortgages No.11 FRN 2041 A2B	3,007	0.01	
€10,214,013 Paragon Mortgages No.12 FRN 2038	8,660	0.04	
\$12,942,802 Paragon Mortgages No.14 FRN 2039	8,861	0.04	
€5,580,170 Paragon Mortgages No.15 FRN 2039 A2B	4,784	0.02	
\$4,698,411 Paragon Mortgages No.15 FRN 2039 A2C	3,224	0.01	
£11,959,000 Penarth Master Issuer FRN 2022	11,988	0.05	
£12,766,000 Penarth Master Issuer FRN 2025	12,772	0.05	
£584,970 Precise Mortgage Funding FRN 2047 1A	586	0.00	
£1,899,881 Precise Mortgage Funding FRN 2047 2A	1,905	0.01	
£1,347,172 Precise Mortgage Funding FRN 2048	1,351	0.01	
£950,048 Residential Mortgage Securities No. 26 FRN 2041	966	0.00	
£4,180,884 Residential Mortgage Securities No. 28 FRN 2046	4,214	0.02	
£3,476,069 Residential Mortgage Securities No. 29 FRN 2046	3,497	0.01	
£9,526,120 Residential Mortgage Securities No. 30 FRN 2050	9,549	0.04	
£27,480,106 Ripon Mortgages FRN 2056	27,665	0.12	
£10,000,000 Santander UK 5.125% 2021	11,110	0.05	
£30,000,000 Santander UK 5.25% 2029	39,143	0.17	
£14,831,000 Santander UK FRN 2022	14,820	0.06	
£21,307,662 Slate FRN 2052	21,477	0.09	
£5,611,668 THRONES 2014-1 FRN 2049	5,625	0.02	
£8,583,134 Towd Point Mortgage Funding FRN 2045	8,625	0.04	
£7,199,926 Trinity Square FRN 2051	7,278	0.03	
£5,258,245 Warwick Finance Residential Mortgage FRN 2049 1A	5,284	0.02	
£16,697,323 Warwick Finance Residential Mortgage FRN 2049 2A	16,954	0.07	
'AA' credit rated bonds	3,596,036	15.41	9.71
£2,186,169 Alba FRN 2037	2,069	0.01	
\$60,000,000 Apple 2.9% 2027	40,424	0.17	
£15,000,000 Apple 3.05% 2029	16,232	0.07	
\$24,000,000 Apple 3.2% 2027	16,570	0.07	
€50,000,000 Austria (Republic of) 0.5% 2027	43,369	0.19	
€25,000,000 Austria (Republic of) 2.1% 2099	24,594	0.11	
€15,680,730 AyT Hipotecario Mixto FRN 2041	13,298	0.06	
€10,000,000 Coca-Cola FRN 2019	8,798	0.04	
€14,634,000 Colgate-Palmolive FRN 2019	12,864	0.06	
€22,500,000 Deutsche Bahn Finance 1.375% 2025	21,930	0.09	
€20,000,000 Deutsche Bahn Finance 3.125% 2026	21,875	0.09	
€15,301,000 Deutsche Bahn Finance FRN 2023	13,650	0.06	
£1,202,744 Eurosail-UK FRN 2045	1,172	0.01	
€100,000,000 France (Govt. of) 0% 2019	88,080	0.38	
€350,000,000 France (Govt. of) 0% 2020	309,629	1.33	

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Portfolio statement (continued)				
as at Holding	31.03.18 £'000	31.03.18 %	30.09.17 %	
'AA' credit rated bonds (continued)				
€200,000,000 France (Govt. of) 0% 2022	176,270	0.75		
€250,000,000 France (Govt. of) 0.01% 2021	221,212	0.95		
€150,000,000 France (Govt. of) 0.01% 2023	131,300	0.56		
€380,000,000 France (Govt. of) 1% 2027	344,737	1.48		
€100,000,000 France (Govt. of) 1.75% 2023	95,451	0.41		
€100,000,000 France (Govt. of) 1.75% 2024	96,299	0.41		
€100,000,000 France (Govt. of) 1.75% 2066	88,306	0.38		
€250,000,000 France (Govt. of) 2% 2048	241,224	1.03		
€100,000,000 France (Govt. of) 2.25% 2024	98,801	0.42		
€100,000,000 France (Govt. of) 3.25% 2045	122,154	0.52		
€50,000,000 France (Govt. of) 4% 2055	72,557	0.31		
£25,000,000 Land Securities Capital Markets 2.375% 2029	25,043	0.11		
£21,765,000 Land Securities Capital Markets Var. Rate 2026 (1.974%)	21,780	0.09		
£8,858,000 Land Securities Capital Markets Var. Rate 2031 (2.399%)	8,828	0.04		
£15,000,000 Land Securities Capital Markets Var. Rate 2039 (2.625%)	14,846	0.06		
£20,000,000 NRW Bank 1% 2022	19,738	0.08		
€3,880,000 Paragon Mortgages No.10 FRN 2041 A2B	3,299	0.01		
£177,078 Paragon Mortgages No.10 FRN 2041 B1A	169	0.00		
£1,227,312 Paragon Mortgages No.11 FRN 2041 BA	1,168	0.01		
€1,008,060 Paragon Mortgages No.11 FRN 2041 BB	839	0.00		
€9,122,352 Paragon Mortgages No.13 FRN 2039 A2B	7,751	0.03		
\$7,093,960 Paragon Mortgages No.13 FRN 2041 A2C	4,826	0.02		
€1,000,000 Paragon Mortgages No.15 FRN 2039 B1B	807	0.00		
€11,029,000 Pfizer FRN 2019	9,693	0.04		
€20,000,000 Procter & Gamble 2% 2021	18,675	0.08		
£2,530,000 Province of Quebec 12.25% 2020	3,017	0.01		
£10,000,000 Réseau Ferré de France 5.25% 2028	13,014	0.06		
£20,326,000 Slate No.1 FRN 2051 B	20,557	0.09		
£2,500,000 Slate No.1 FRN 2051 C	2,534	0.01		
£10,000,000 SLM Student Loan Trust 5.15% 2039	9,700	0.04		
£14,000,000 SNCF 5.375% 2027	17,822	0.08		
£20,000,000 Toronto-Dominion Bank FRN 2023	19,983	0.09		
£14,441,000 Towd Point Mortgage Funding FRN 2046	14,556	0.06		
€28,000,000 Toyota Motor Credit FRN 2018	24,558	0.11		
£50,000,000 Treasury 0.5% 2022	48,957	0.21		
£60,000,000 Treasury 0.75% 2023	58,882	0.25		
£50,000,000 Treasury 1.25% 2018	50,109	0.21		
£400,000,000 Treasury 1.75% 2019	405,252	1.74		
£300,000,000 Treasury 4.5% 2019	310,584	1.33		
£5,000,000 Trinity Square FRN 2051	5,044	0.02		
£17,895,000 United Overseas Bank FRN 2023	17,867	0.08		
\$150,000,000 US Treasury 2.75% 2024	107,249	0.46		
£6,000,000 Warwick Finance Residential Mortgage FRN 2049	6,024	0.03		

Portfolio statement (continued)

as at Holding	31.03.18 £'000	31.03.18 %	30.09.17 %
'A' credit rated bonds			
	2,799,925	12.01	5.78
€10,000,000 ABN Amro Bank Var.Rate Perp. (4.75%)	9,050	0.04	
\$1,618,445 Air Canada 4.125% 2026	1,161	0.00	
£6,601,200 Alba FRN 2038	6,359	0.03	
£695,694 Alba FRN 2042	652	0.00	
€15,000,000 Allianz Var. Rate Perp. (3.375%)	14,099	0.06	
€10,000,000 América Móvil 0% 2020	8,644	0.04	
£10,000,000 América Móvil 5.75% 2030	12,747	0.05	
£28,000,000 Anheuser-Busch Inbev 2.85% 2037	27,119	0.12	
£66,912,000 Anheuser-Busch Inbev 6% 2029	63,657	0.27	
€23,483,000 Anheuser-Busch Inbev FRN 2037	20,494	0.09	
\$14,564,000 Anheuser-Busch Inbev Worldwide 4% 2028	10,433	0.04	
€3,500,000 Aon 2.875% 2026	3,354	0.01	
€15,000,000 Banco Bilbao Vizcaya Argentaria Var. Rate Perp. (7%)	13,783	0.06	
\$10,000,000 Banco Santander 3.8% 2028	6,794	0.03	
€18,000,000 Banco Santander 5.25% Perp.	16,621	0.07	
€20,000,000 Banco Santander Var. Rate Perp. (6.25%)	18,222	0.08	
\$5,000,000 Banco Santander Var. Rate Perp. (6.375%)	3,602	0.02	
€15,000,000 Banco Santander Var. Rate Perp. (6.75%)	14,763	0.06	
£19,668,000 Bank of America 2.3% 2025	19,444	0.08	
£7,500,000 Bank of America 4.25% 2026	8,480	0.04	
£30,000,000 Bank of America 7% 2028	41,517	0.18	
€30,000,000 Bank of America FRN 2023	26,512	0.11	
\$30,000,000 Bank of America FRN 2026	20,848	0.09	
\$42,858,000 Bank of America Var. Rate. 2028 (3.705%)	29,737	0.13	
\$50,000,000 Bank of America Var. Rate 2028 (3.824%)	35,028	0.15	
\$20,000,000 Bank of America Var. Rate 2029 (3.97%)	14,179	0.06	
£16,200,000 Banque Federative du Credit Mutuel 1.375% 2021	16,062	0.07	
£7,900,000 Banque Federative du Credit Mutuel FRN 2019	7,894	0.03	
€23,000,000 BBVA Var.Rate Perp. (6.75%)	21,762	0.09	
£7,800,000 Belfius Bank Var. Rate 2028 (1.625%)	6,812	0.03	
\$60,000,000 BNP Paribas 3.5% 2027	40,627	0.17	
\$20,000,000 BNP Paribas 3.8% 2024	14,159	0.06	
€15,000,000 BNP Paribas FRN 2024	13,256	0.06	
€141,618 Brunel Residential Mortgages No.1 FRN 2039	124	0.00	
£20,000,000 Canadian Imperial Bank of Commerce FRN 2022	20,141	0.09	
€10,121,000 Chubb 1.55% 2028	8,870	0.04	
\$13,893,000 Cloverie Var. Rate 2046 (5.625%)	10,219	0.04	
\$5,783,000 Comcast Cable Communication 8.5% 2027	5,489	0.02	
€10,000,000 Crédit Agricole Var. Rate Perp. (7.5%)	11,518	0.05	
€33,200,000 Deutsche Pfandbriefbank 1% 2020	32,888	0.14	
€9,995,000 ELM Var. Rate Perp. (2.6%)	8,862	0.04	
€6,300,000 ELM Var. Rate Perp. (6.3024%)	6,547	0.03	
€793,329 E-MAC NL (2005-III) FRN 2038	678	0.00	
€4,839,010 E-MAC Program FRN 2046	4,140	0.02	
€23,730,000 ENGIE 5.95% 2111	35,478	0.15	
€961,203 Eurosail-UK FRN 2045 07-1NC	835	0.00	
€15,000,000 GE Capital European Funding FRN 2020	13,186	0.06	
£122,867 General Electric Capital 6.44% 2022	136	0.00	
€10,000,000 General Electric Capital FRN 2020	8,774	0.04	

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Portfolio statement (continued)			
as at Holding	31.03.18 £'000	31.03.18 %	30.09.17 %
'A' credit rated bonds (continued)			
€3,501,119 Great Hall Mortgages No.1 FRN 2038	3,046	0.01	
\$7,685,449 Great Hall Mortgages No.1 FRN 2039	5,357	0.02	
£2,443,374 Greene King Finance 4.0643% 2035	2,615	0.01	
£7,819,700 Greene King Finance FRN 2033	7,755	0.03	
£8,000,000 Heathrow Funding 2.75% 2051	7,246	0.03	
£10,000,000 Heathrow Funding 6.45% 2031	13,792	0.06	
£44,600,000 Heathrow Funding 6.75% 2028	58,617	0.25	
£1,950,000 Heathrow Funding Var. Rate 2023 (9.2%)	2,368	0.01	
£6,000,000 Heathrow Funding Var. Rate 2030 (7.075%)	8,253	0.04	
€5,000,000 Honeywell International 1.3% 2023	4,542	0.02	
£9,000,000 HSBC Bank 5.375% 2033	11,225	0.05	
£2,000,000 HSBC Bank 6.5% 2023	2,392	0.01	
£8,756,000 HSBC Bank Var. Rate 2030 (5.375%)	10,203	0.04	
£16,000,000 HSBC Holdings 2.625% 2028	15,839	0.07	
£40,000,000 HSBC Holdings Var. Rate 2026 (2.256%)	38,929	0.17	
\$39,800,000 HSBC Holdings Var. Rate 2028 (4.041%)	28,112	0.12	
€20,000,000 HSBC Holdings Var. Rate Perp. (4.75%)	18,206	0.08	
€25,000,000 HSBC Holdings Var. Rate Perp. (5.25%)	23,990	0.10	
\$11,865,000 HSBC Holdings Var. Rate Perp. (6%)	8,316	0.04	
\$4,250,000 HSBC USA 9.125% 2021	3,505	0.01	
£14,000,000 INTU Finance 4.125% 2028	15,193	0.06	
£5,500,000 INTU Finance 4.625% 2028	6,264	0.03	
€50,000,000 Ireland (Republic of) 1% 2026	45,046	0.19	
¥14,400,000,000 Japan (Govt. of) 0.1% IL 2026	102,203	0.44	
\$20,000,000 JPMorgan Chase Var. Rate 2028 (3.54%)	13,808	0.06	
£237,713 Landmark Mortgage Securities FRN 2038	233	0.00	
£1,442,174 Landmark Mortgage Securities FRN 2039	1,384	0.01	
£8,929,631 Landmark Mortgage Securities FRN 2044	8,595	0.04	
\$8,000,000 Legrande France 8.5% 2025	7,212	0.03	
£10,000,000 Lloyds Bank 4.875% 2027	12,379	0.05	
£50,000,000 Lloyds Bank 5.125% 2025	60,897	0.26	
£6,200,000 Lloyds Bank 6% 2029	8,529	0.04	
£8,673,000 London & Quadrant Housing Trust 2.625% 2028	8,592	0.04	
£14,421,000 London & Quadrant Housing Trust 3.125% 2053	14,456	0.06	
£10,427,604 Ludgate Funding FRN 2061	9,972	0.04	
£4,732,224 Mansard Mortgages FRN 2049	4,675	0.02	
£200,844 Marble Arch Residential Securitisation No.4 FRN 2040 A3C	201	0.00	
€900,000 Marble Arch Residential Securitisation No.4 FRN 2040 B1A	779	0.00	
£3,170,090 Mitchells & Butlers Finance 5.574% 2030	3,631	0.02	
£1,934,425 Mitchells & Butlers Finance FRN 2030 A1N	1,799	0.01	
\$11,358,074 Mitchells & Butlers Finance FRN 2030 A3N	7,431	0.03	
£2,487,792 Mortgages No.6 FRN 2037	2,463	0.01	
£5,955,987 Mortgages No.7 FRN 2038	5,886	0.03	
£4,000,000 National Grid Electricity Transmission 3.806% IL 2020	7,047	0.03	
£12,000,000 Newgate Funding FRN 2050 A3	11,287	0.05	

Portfolio statement (continued)

as at Holding	31.03.18 £'000	31.03.18 %	30.09.17 %
'A' credit rated bonds (continued)			
£824,573 Newgate Funding FRN 2050 A2	823	0.00	
£4,844,979 Newgate Funding FRN 2050 A3A	4,679	0.02	
£1,351,659 Newgate Funding FRN 2050 A4	1,307	0.01	
£6,116,000 Notting Hill Housing Trust 3.25% 2048	6,107	0.03	
€8,000,000 Paragon Mortgages No.13 FRN 2039	6,576	0.03	
£2,677,000 Penarian Housing Finance 3.212% 2052	2,686	0.01	
€5,000,000 Rabobank Var. Rate Perp. (6.625%)	4,979	0.02	
€8,715,000 Richemont International 1% 2026	7,598	0.03	
£10,457,158 RMAC 2003-Ns4 FRN 2044 A2A	10,179	0.04	
£2,360,956 RMAC 2006-Ns1 FRN 2044 A2A R	2,300	0.01	
€1,920,224 RMAC 2006-Ns2 FRN 2044 A2C	1,638	0.01	
£25,099,909 RMAC 2006-Ns4 FRN 2044 A3A	24,449	0.10	
€1,359,723 RMAC 2006-Ns4 FRN 2044 A3A M1C	1,143	0.00	
€1,418,000 SAP FRN 2018	1,245	0.01	
€5,010,000 SAP FRN 2020	4,413	0.02	
\$5,000,000 Security Capital Group 7.7% 2028	4,469	0.02	
\$18,393,744 S-JETS 2017-1 3.967% 2042	13,108	0.06	
€10,000,000 Société Générale Var. Rate Perp. (6.75%)	9,678	0.04	
£5,776,000 Society of Lloyds Var. Rate 2047 (4.875%)	6,323	0.03	
€100,000,000 Spain (Kingdom of) 1.3% 2026	90,042	0.39	
€100,000,000 Spain (Kingdom of) 1.4% 2020	90,424	0.39	
€100,000,000 Spain (Kingdom of) 1.5% 2027	91,057	0.39	
€100,000,000 Spain (Kingdom of) 1.95% 2030	92,726	0.40	
€200,000,000 Spain (Kingdom of) 2.9% 2046	201,860	0.86	
€300,000,000 Spain (Kingdom of) 3.45% 2066	331,252	1.42	
€19,000,000 Spain (Kingdom of) 5.25% 2029	22,768	0.10	
€50,000,000 Spain (Kingdom of) 5.9% 2026	61,342	0.26	
€3,400,000 Suez Var.Rate.Perp. (2.875%)	3,054	0.01	
£9,153,000 T.H.F.C Funding No 3 5.2% 2043	12,317	0.05	
€10,000,000 Total Var. Rate Perp. (3.369%)	9,310	0.04	
€15,120,000 UBS FRN 2022	13,380	0.06	
£6,000,000 UNITE (USAF) II 3.374% 2023	6,365	0.03	
£2,303,000 UNITE (USAF) II 3.921% 2030	2,559	0.01	
£16,266,000 United Utilities Water Finance 2% 2025	16,148	0.07	
€12,758,000 US Bancorp 0.85% 2024	11,090	0.05	
£16,000,000 Wells Fargo & Company 2% 2025	15,553	0.07	
£8,493,000 Wells Fargo & Company 2.125% 2023	8,434	0.04	
\$105,000,000 Wells Fargo & Company 4.1% 2026	74,104	0.32	
\$30,000,000 Wells Fargo & Company 4.125% 2023	21,596	0.09	
\$110,000,000 Wells Fargo & Company 4.3% 2027	78,434	0.34	
£3,500,000 Wells Fargo & Company 4.875% 2035	4,143	0.02	
£50,000,000 Wells Fargo & Company 5.25% 2023	56,877	0.24	
\$2,000,000 Willow No.2 (Ireland) Var. Rate 2045 (4.25%)	1,364	0.01	
'BBB' credit rated bonds			
£14,000,000 3i Group 5.75% 2032	17,672	0.08	
£16,000,000 3i Group 6.875% 2023	19,242	0.08	
\$19,600,000 ABN AMRO Bank Var. Rate 2028 (4.4%)	13,988	0.06	
£4,965,000 Akelius Residential Property 2.375% 2025	4,772	0.02	
€5,000,000 American International Group 1.875% 2027	4,347	0.02	
£3,667,000 Anglian Water Services 2.625% 2027	3,516	0.02	
£10,000,000 Anglian Water Services 4.5% 2026	11,019	0.05	
\$39,143,000 Anglo American Capital 4.5% 2028	27,687	0.12	
£5,943,000 Annington Funding 2.646% 2025	5,888	0.03	
£7,778,000 Annington Funding 3.184% 2029	7,712	0.03	
£7,406,000 Annington Funding 3.685% 2034	7,542	0.03	
£5,624,000 Annington Funding 3.935% 2047	5,862	0.03	
	8,129,030	34.81	40.36

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as at Holding	31.03.18 £'000	31.03.18 %	30.09.17 %
'BBB' credit rated bonds (continued)			
£4,000,000 APT Pipelines 4.25% 2024	4,364	0.02	
€8,340,000 Arion Bank 0.75% 2020	7,380	0.03	
€17,490,000 Arion Bank 1% 2023	15,243	0.07	
£11,000,000 Aroundtown Property 3% 2029	10,632	0.05	
£73,000,000 AT&T 3.55% 2037	72,955	0.31	
\$12,500,000 AT&T 3.95% 2025	8,858	0.04	
\$10,000,000 AT&T 4.125% 2026	7,101	0.03	
£46,650,000 AT&T 4.25% 2043	50,471	0.22	
\$20,000,000 AT&T 4.35% 2045	12,699	0.05	
£42,000,000 AT&T 4.375% 2029	46,875	0.20	
\$6,000,000 AT&T 4.5% 2035	4,138	0.02	
\$100,000,000 AT&T 4.5% 2048	64,963	0.28	
\$100,237,000 AT&T 4.55% 2049	65,112	0.28	
\$25,000,000 AT&T 4.8% 2044	17,002	0.07	
£37,978,000 AT&T 4.875% 2044	45,016	0.19	
\$22,000,000 AT&T 4.9% 2037	15,717	0.07	
\$6,000,000 AT&T 5.15% 2042	4,323	0.02	
\$29,851,000 AT&T 5.15% 2050	21,335	0.09	
£19,500,000 AT&T 5.2% 2033	23,434	0.10	
\$73,332,000 AT&T 5.25% 2037	54,193	0.23	
\$40,000,000 AT&T 5.3% 2058	28,561	0.12	
\$8,369,000 AT&T 5.35% 2040	6,161	0.03	
\$35,000,000 AT&T 5.45% 2047	26,011	0.11	
\$25,000,000 AT&T 5.65% 2047	19,004	0.08	
\$50,000,000 AT&T 5.7% 2057	37,325	0.16	
\$7,500,000 AT&T 6.35% 2040	6,146	0.03	
\$13,000,000 AT&T 6.375% 2041	10,712	0.05	
£8,500,000 AT&T 7% 2040	12,633	0.05	
€13,091,000 Australia (Commonwealth of) Var. Rate 2029 (1.936%)	11,484	0.05	
£42,250,000 Aviva Var. Rate 2036 (6.125%)	48,648	0.21	
€12,096,000 Aviva Var. Rate 2044 (3.875%)	11,541	0.05	
£4,953,000 Aviva Var. Rate 2049 (4.375%)	4,970	0.02	
£25,000,000 Aviva Var. Rate 2050 (5.125%)	26,460	0.11	
£50,000,000 Aviva Var. Rate 2058 (6.875%)	65,082	0.28	
\$18,000,000 AXA Var. Rate 2047 (5.125%)	12,806	0.05	
£44,000,000 AXA Var. Rate 2054 (5.625%)	49,253	0.21	
£10,000,000 AXA Var. Rate Perp. (5.453%)	10,818	0.05	
£18,775,000 AXA Var. Rate Perp. (6.6862%)	21,857	0.09	
€12,200,000 Banco De Sabadell 0.875% 2023	10,640	0.05	
\$15,000,000 Bank of America 4% 2025	10,624	0.05	
\$100,000,000 Bank of America 4.183% 2027	70,283	0.30	
\$20,000,000 Bank of America 4.2% 2024	14,371	0.06	
\$93,334,000 Bank of America 4.25% 2026	66,289	0.28	
\$25,000,000 Bank of America 4.45% 2026	18,101	0.08	
£16,500,000 Bank of America 5.5% 2021	18,430	0.08	
£12,500,000 Bank of America 8.125% 2028	17,596	0.08	
\$482,000 Bank of America Var. Rate Perp. (6.3%)	368	0.00	
\$4,518,000 Bank of America Var. Rate Perp. (8.125%)	3,222	0.01	
£15,000,000 Bank of Scotland 9.375% 2021	18,105	0.08	
£15,000,000 Barclays 3.125% 2024	15,168	0.06	
£48,314,000 Barclays 3.25% 2033	46,099	0.20	
£17,097,000 Barclays Var. Rate 2023 (2.375%)	16,918	0.07	
\$4,750,000 Basell Finance 8.1% 2027	4,320	0.02	
£28,962,000 BAT Capital 2.125% 2025	28,184	0.12	
\$30,000,000 BAT Capital 4.39% 2037	21,041	0.09	
\$30,000,000 BAT Capital 4.54% 2047	20,842	0.09	

Portfolio statement (continued)

as at Holding	31.03.18 £'000	31.03.18 %	30.09.17 %
'BBB' credit rated bonds (continued)			
£15,000,000 BAT International Finance 2.25% 2052	11,894	0.05	
£30,000,000 BAT International Finance 4% 2026	32,876	0.15	
£2,500,000 BAT International Finance 4% 2055	2,904	0.01	
£3,750,000 BAT International Finance 5.75% 2040	5,213	0.02	
€20,000,000 Bayer Var. Rate 2075 (3%)	18,239	0.08	
€4,869,000 Becton Dickinson 1.9% 2026	4,260	0.02	
\$20,571,000 BNP Paribas 4.375% 2025	14,628	0.06	
\$15,000,000 BNP Paribas 4.375% 2026	10,617	0.05	
\$90,000,000 BNP Paribas 4.625% 2027	64,718	0.28	
£3,500,000 Bouygues 5.5% 2026	4,310	0.02	
€9,900,000 BPCE 1.375% 2026	8,633	0.04	
\$14,500,000 BPCE 3.5% 2027	9,722	0.04	
£27,000,000 BPCE 5.25% 2029	31,812	0.14	
£10,345,000 British Telecommunications 3.125% 2031	10,200	0.04	
\$49,655,000 British Telecommunications Var. Rate 2030 (9.625%)	51,955	0.22	
£6,780,000 Bunzl Finance 2.25% 2025	6,652	0.03	
£26,911,000 Cadent Finance 2.125% 2028 (formerly National Grid 2.125% 2028)	25,362	0.11	
€8,600,000 CaixaBank 1.125% 2023	7,554	0.03	
\$10,500,000 CBS 4.85% 2042	7,420	0.03	
\$3,000,000 CBS 5.9% 2040	2,417	0.01	
£3,667,000 Channel Link Enterprises Finance 3.848% 2050	3,994	0.02	
€12,044,000 Channel Link Enterprises Finance Var. Rate 2050 (1.761%)	10,740	0.05	
€15,000,000 Channel Link Enterprises Finance Var. Rate 2050 (2.706%)	13,641	0.06	
£10,000,000 Channel Link Enterprises Finance Var. Rate 2050 (3.043%)	9,893	0.04	
\$20,000,000 Charter Communications Operating 3.75% 2028	13,045	0.06	
\$20,000,000 Citigroup 3.5% 2023	14,018	0.06	
\$10,000,000 Citigroup 4% 2024	7,121	0.03	
\$20,000,000 Citigroup 4.125% 2028	13,985	0.06	
\$35,000,000 Citigroup 4.3% 2026	24,902	0.11	
\$32,006,000 Citigroup 4.4% 2025	23,099	0.10	
\$40,000,000 Citigroup 4.45% 2027	28,747	0.12	
£5,000,000 Citigroup 4.5% 2031	5,540	0.02	
\$40,000,000 Citigroup 4.6% 2026	29,081	0.12	
£7,000,000 Citigroup 5.15% 2026	8,311	0.04	
\$14,955,000 Citigroup 5.5% 2025	11,509	0.05	
\$5,000,000 Citigroup 6.625% 2032	4,321	0.02	
\$70,000,000 Colombia (Republic of) 5% 2045	50,165	0.21	
€10,000,000 Commerzbank 1.875% 2028	8,691	0.04	
€2,500,000 Commerzbank 4% 2026	2,435	0.01	
\$12,000,000 Commerzbank 8.125% 2023	9,933	0.04	
\$45,000,000 Crédit Agricole 4.125% 2027	31,827	0.14	
\$5,000,000 Crédit Agricole 4.375% 2025	3,542	0.02	
\$11,038,000 Crédit Agricole Var. Rate 2033 (4%)	7,429	0.03	
€6,000,000 Crédit Agricole Var. Rate 2048 (4.75%)	6,012	0.03	
£23,427,000 Credit Suisse Group Funding Var. Rate 2025 (2.125%)	22,741	0.10	
£6,758,000 CRH Finance (U.K.) 4.125% 2029	7,585	0.03	
£6,000,000 CS Group Funding 2.75% 2025	6,047	0.03	
\$19,753,000 CVS Health 4.3% 2028	14,051	0.06	
\$29,629,000 CVS Health 4.78% 2038	21,221	0.09	
\$2,000,000 Demeter Investments Var. Rate 2050 (5.75%)	1,465	0.01	
\$40,000,000 Deutsche Telekom International Finance 3.6% 2027	27,899	0.12	

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Portfolio statement (continued)			
as at Holding	31.03.18 £'000	31.03.18 %	30.09.17 %
'BBB' credit rated bonds (continued)			
\$8,616,000 Deutsche Telekom International Finance 4.875% 2042	6,559	0.03	
\$59,656,000 Deutsche Telekom International Finance 8.75% 2030	59,725	0.26	
\$16,000,000 Deutsche Telekom International Finance 9.25% 2032	17,278	0.07	
€22,000,000 Deutsche Telekom International Finance FRN 2020	19,372	0.08	
£7,778,000 Deutsche Telekom International Finance Var. Rate 2030 (7.625%)	11,637	0.05	
£3,551,000 Digital Stout Holding 2.75% 2024	3,576	0.02	
£7,613,000 Digital Stout Holding 3.3% 2029	7,637	0.03	
\$4,722,000 E.ON International Finance 6.65% 2038	4,279	0.02	
€10,000,000 Elenia Finance 2.875% 2020	9,339	0.04	
€3,091,000 ELM 3.375% 2047	2,808	0.01	
€8,800,000 ELM Var. Rate Perp. (4.5%)	8,465	0.04	
£2,000,000 Enel 5.75% 2037	2,660	0.01	
\$152,238,000 Enel Finance International 3.625% 2027	102,743	0.44	
£5,000,000 Enel Finance International 5.75% 2040	6,781	0.03	
\$4,750,000 Enel Var. Rate 2073 (8.75%)	4,037	0.02	
£9,000,000 Enel Var. Rate 2075 (7.75%)	10,170	0.04	
\$2,000,000 Energy Transfer Partners 4.9% 2035	1,340	0.01	
\$20,000,000 Energy Transfer Partners 5.15% 2045	12,980	0.06	
\$20,000,000 Energy Transfer Partners 5.3% 2047	13,258	0.06	
\$10,000,000 Energy Transfer Partners 6.125% 2045	7,294	0.03	
\$14,285,000 Energy Transfer Partners 6.5% 2042	10,921	0.05	
£12,000,000 ENGIE Var. Rate Perp. (4.625%)	12,240	0.05	
€3,556,000 Esselunga 1.875% 2027	3,148	0.01	
£12,456,000 Eversholt Funding 3.529% 2042	12,365	0.05	
€12,340,000 Fairfax Financial Holdings 2.75% 2028	10,700	0.05	
€11,483,000 Fastighets AB Balder 1.875% 2025	10,088	0.04	
€7,884,000 Fastighets AB Balder 1.875% 2026	6,780	0.03	
£4,000,000 Fidelity International 7.125% 2024	4,910	0.02	
£518,456 First Flexible No 5 FRN 2034	528	0.00	
€5,000,000 FMC Finance 5.25% 2021	5,001	0.02	
\$3,700,000 Ford Motor 9.215% 2021	3,088	0.01	
\$20,000,000 Ford Motor Credit 4.389% 2026	14,104	0.06	
\$20,000,000 Fresenius Medical Care 5.75% 2021	15,052	0.06	
£30,000,000 Gatwick Funding 3.125% 2041	29,435	0.13	
£20,000,000 Gatwick Funding 3.25% 2048	19,917	0.09	
£3,000,000 Gatwick Funding 5.25% 2024	3,456	0.01	
£15,000,000 Gatwick Funding 6.125% 2028	18,677	0.08	
\$20,000,000 General Motors 4.2% 2017	13,889	0.06	
\$10,000,000 General Motors 5% 2035	7,048	0.03	
\$30,000,000 General Motors 5.15% 2038	21,119	0.09	
\$10,000,000 General Motors 5.2% 2045	6,885	0.03	
\$23,000,000 General Motors 6.6% 2036	18,682	0.08	
\$29,000,000 General Motors Financial 4% 2025	20,328	0.09	
\$10,000,000 General Motors Financial 4% 2026	6,882	0.03	
\$13,332,000 General Motors Financial 4.3% 2025	9,463	0.04	
\$20,000,000 General Motors Financial 4.35% 2027	14,072	0.06	
\$50,000,000 General Motors Financial 5.25% 2026	37,444	0.16	
£9,000,000 GKN Holdings 3.375% 2032	9,016	0.04	

Portfolio statement (continued)

as at Holding	31.03.18 £'000	31.03.18 %	30.09.17 %
'BBB' credit rated bonds (continued)			
£10,000,000 GKN Holdings 5.375% 2022	11,015	0.05	
£17,500,000 Goldman Sachs Group 4.25% 2026	19,428	0.08	
£34,000,000 Goldman Sachs Group 5.5% 2021	37,634	0.16	
£16,000,000 Goldman Sachs Group 6.875% 2038	22,904	0.10	
£14,000,000 Goldman Sachs Group 7.125% 2025	18,225	0.08	
£32,500,000 Goldman Sachs Group 7.25% 2028	44,658	0.19	
€10,000,000 Goldman Sachs Group FRN 2023	8,731	0.04	
\$20,000,000 Goldman Sachs Group Var. Rate 2028 (3.691%)	13,750	0.06	
£4,515,000 Grainger 5% 2020	4,830	0.02	
£11,000,000 H.J. Heinz Finance 6.25% 2030	13,798	0.06	
\$30,000,000 HCA 4.5% 2027	20,503	0.09	
\$14,273,000 HCA 4.75% 2023	10,248	0.04	
\$25,727,000 HCA 5% 2024	18,499	0.08	
\$23,077,000 HCA 5.25% 2025	16,697	0.07	
\$10,000,000 HCA 5.25% 2026	7,164	0.03	
\$60,000,000 HCA 5.5% 2047	40,999	0.18	
\$12,500,000 HCA 5.875% 2022	9,357	0.04	
\$10,000,000 HCA 6.5% 2020	7,450	0.03	
\$15,000,000 HCP 3.4% 2025	10,293	0.04	
£10,000,000 Heathrow Funding 7.125% 2024	12,275	0.05	
\$20,000,000 HSBC Holdings 4.375% 2026	14,114	0.06	
£50,000,000 HSBC Holdings 6% 2040	65,244	0.28	
£40,000,000 HSBC Holdings 6.75% 2028	51,831	0.22	
£32,000,000 HSBC Holdings 7% 2038	45,789	0.20	
£10,000,000 Iberdrola Finanzas 6% 2022	11,673	0.05	
£14,400,000 ING Groep Var. Rate 2023 (6.875%)	14,506	0.06	
€9,200,000 ING Groep Var. Rate 2029 (1.625%)	7,933	0.03	
€16,300,000 ING Groep Var. Rate 2030 (2%)	14,327	0.06	
£22,000,000 InterContinental Hotels 2.125% 2026	20,824	0.09	
\$10,000,000 Intesa Sanpaolo 5.25% 2024	7,489	0.03	
€100,000,000 Italy (Republic of) 0.05% 2019	88,138	0.38	
€50,000,000 Italy (Republic of) 1.5% 2025	44,390	0.19	
€175,000,000 Italy (Republic of) 2.05% 2027	157,647	0.68	
€125,000,000 Italy (Republic of) 2.2% 2027	114,284	0.49	
€50,000,000 Italy (Republic of) 2.7% 2047	43,042	0.18	
€75,000,000 Italy (Republic of) 2.8% 2067	61,784	0.26	
€300,000,000 Italy (Republic of) 4.5% 2024	316,062	1.35	
£15,462,000 Italy (Republic of) 5.25% 2034	18,876	0.08	
£75,000,000 Italy (Republic of) 6% 2028	92,921	0.40	
\$100,000,000 JPMorgan Chase 3.625% 2027	68,054	0.29	
\$110,000,000 JPMorgan Chase 3.875% 2024	77,798	0.33	
\$80,000,000 JPMorgan Chase 4.125% 2026	56,894	0.24	
\$100,000,000 JPMorgan Chase 4.25% 2027	71,751	0.31	
\$45,000,000 Kinder Morgan 5.05% 2046	31,209	0.13	
\$40,000,000 Kinder Morgan 5.55% 2045	29,478	0.13	
\$2,500,000 Kinder Morgan 7.75% 2032	2,255	0.01	
\$10,000,000 Kinder Morgan Energy Partners 4.7% 2042	6,577	0.03	
\$3,500,000 Kinder Morgan Energy Partners 5.8% 2035	2,665	0.01	
\$3,000,000 Kinder Morgan Energy Partners 6.95% 2038	2,563	0.01	
£4,500,000 KPN 5% 2026	5,218	0.02	
£10,000,000 KPN 5.75% 2029	12,431	0.05	
\$55,000,000 KPN 8.375% 2030	52,020	0.22	
€10,000,000 Kraft Heinz Foods 1.5% 2024	8,902	0.04	
€10,000,000 Kraft Heinz Foods 2% 2023	9,198	0.04	
€38,000,000 Kraft Heinz Foods 2.25% 2028	33,444	0.14	
£20,000,000 Kraft Heinz Foods 4.125% 2027	21,625	0.09	
£28,000,000 LafargeHolcim Sterling Finance (Netherlands) 3% 2032	26,986	0.12	
£50,000,000 Legal & General Group 5.375% 2045	54,600	0.23	

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Portfolio statement (continued)			
as at Holding	31.03.18 £'000	31.03.18 %	30.09.17 %
'BBB' credit rated bonds (continued)			
\$30,000,000 Legal & General Group Var. Rate 2047 (5.25%)	21,203	0.09	
£45,000,000 Legal & General Group Var. Rate 2064 (5.5%)	49,174	0.21	
£5,670,000 Legal & General Group Var. Rate Perp. (5.875%)	5,841	0.03	
£4,541,000 Liberty Living 2.625% 2024	4,540	0.02	
£25,000,000 Lloyds Bank 7.625% 2025	32,455	0.14	
£27,000,000 Lloyds Bank 9.625% 2023	35,490	0.15	
€1,423,141 Ludgate Funding FRN 2061 BB	1,149	0.00	
€1,423,141 Ludgate Funding FRN 2061 CB	1,124	0.00	
€8,506,949 Lusitano Mortgages No.5 FRN 2059	7,140	0.03	
£750,000 Marston's Issuer Var. Rate 2027 (5.1576%)	744	0.00	
£2,000,000 Marston's Issuer Var. Rate 2032 (5.1774%)	2,204	0.01	
€5,000,000 McDonalds 1.125% 2022	4,500	0.02	
£9,000,000 McDonalds 5.875% 2032	12,050	0.05	
\$5,500,000 McDonalds 6.3% 2037	4,967	0.02	
\$12,000,000 McDonalds 6.3% 2038	10,832	0.05	
€200,000 McDonalds FRN 2019	176	0.00	
£7,000,000 McKesson Corporation 3.125% 2029	7,037	0.03	
€70,000,000 Mexico (United Mexican States) 4% 2049	56,729	0.24	
\$10,000,000 Mexico (United Mexican States) 4.6% 2048	6,694	0.03	
£75,000,000 Mexico (United Mexican States) 5.625% 2114	79,688	0.34	
\$55,000,000 Mexico (United Mexican States) 5.75% 2110	39,523	0.17	
\$12,000,000 Mizuho Finance (Cayman) 4.6% 2024	8,744	0.04	
£1,000,000 Mondelēz International 3.875% 2045	1,041	0.00	
£1,750,000 Mondelēz International 4.5% 2035	1,975	0.01	
\$22,000,000 Monsanto 4.7% 2064	14,924	0.06	
£65,833,000 Morgan Stanley 2.625% 2027	64,986	0.28	
\$5,209,000 Morgan Stanley 3.625% 2027 (20 Jan)	3,615	0.02	
\$90,000,000 Morgan Stanley 3.95% 2027	62,296	0.27	
\$10,000,000 Morgan Stanley 4.1% 2023	7,198	0.03	
\$100,000,000 Morgan Stanley 4.35% 2026	71,332	0.30	
\$50,000,000 Morgan Stanley 5% 2025	37,262	0.16	
€18,258,000 Morgan Stanley FRN 2021	15,979	0.07	
\$15,000,000 Motorola Solutions 4% 2024	10,578	0.05	
\$10,000,000 MPLX LP 4.875% 2025	7,429	0.03	
€20,000,000 MPT Operating Partnership 3.325% 2025	17,923	0.08	
\$11,495,000 Mylan 4.2% 2023	8,264	0.04	
\$12,147,000 Nationwide Building Society 4% 2026	8,293	0.04	
€15,000,000 Nationwide Building Society 6.75% 2020	15,061	0.06	
€24,033,000 Nationwide Building Society Var. Rate 2026 (1.5%)	21,109	0.09	
€9,149,000 Nationwide Building Society Var. Rate 2029 (2%)	8,015	0.03	
\$29,777,000 Nationwide Building Society Var. Rate 2029 (4.302%)	21,042	0.09	
€1,172,666 Newgate Funding FRN 2050	918	0.00	
£25,000,000 Next 3.625% 2028	25,127	0.11	
£20,000,000 Next 4.375% 2026	21,529	0.09	
£38,750,000 NGG Finance Var. Rate 2073 (5.625%)	43,023	0.18	

Portfolio statement (continued)

as at Holding	31.03.18 £'000	31.03.18 %	30.09.17 %
'BBB' credit rated bonds (continued)			
£25,000,000 Orange 5.625% 2034	33,301	0.14	
\$75,000,000 Orange 8.5% 2031	77,589	0.33	
€70,833,000 Orange Var. Rate Perp. (5%)	70,921	0.30	
€25,000,000 Orange Var. Rate Perp. (5.25%)	25,289	0.11	
£30,000,000 Orange Var. Rate Perp. (5.75%)	32,925	0.14	
£12,000,000 Orange Var. Rate Perp. (5.875%)	13,171	0.06	
\$7,000,000 Pertamina Persero 6.45% 2044	5,619	0.02	
€10,000,000 Petróleos Mexicanos 2.75% 2027	8,164	0.03	
€20,000,000 Petróleos Mexicanos 3.75% 2024	18,547	0.08	
€5,000,000 Petróleos Mexicanos 3.75% 2026	4,483	0.02	
€10,000,000 Petróleos Mexicanos 4.875% 2028	9,414	0.04	
\$10,000,000 Petróleos Mexicanos 5.5% 2044	6,263	0.03	
€50,000,000 Portugal (Republic of) 2.875% 2025	49,207	0.21	
€50,000,000 Portugal (Republic of) 4.125% 2027	53,667	0.23	
\$60,000,000 Portugal (Republic of) 5.125% 2024	45,319	0.19	
€50,000,000 Portugal (Republic Of) 5.65% 2024	56,176	0.24	
\$13,600,000 Rabobank 4% 2029	9,513	0.04	
£12,666,000 Rabobank 4.625% 2029	14,239	0.06	
£15,334,000 Rabobank 5.25% 2027	17,854	0.08	
\$12,000,000 Reed Elsevier Capital 7.5% 2025	10,234	0.04	
\$6,000,000 Reynolds American 6.15% 2043	5,102	0.02	
\$9,750,000 Reynolds American 7.25% 2037	9,098	0.04	
€13,687,000 Royal Bank of Scotland 2.5% 2023	12,777	0.05	
£17,145,000 Royal Bank of Scotland FRN 2020	17,187	0.07	
\$13,767,000 Royal Bank of Scotland FRN 2023	9,854	0.04	
€12,553,000 Royal Bank of Scotland Var. Rate 2023 (2%)	11,434	0.05	
€10,000,000 Santander Issuances 3.125% 2027	9,437	0.04	
€10,386,000 Santander UK FRN 2023	9,130	0.04	
€17,299,000 Santander UK Group Holdings FRN 2024	15,185	0.07	
£10,000,000 Severn Trent Utilities Finance 6.25% 2029	13,404	0.06	
\$25,000,000 Société Générale 4% 2027	17,531	0.08	
\$55,000,000 Société Générale 4.25% 2025	38,412	0.16	
\$20,000,000 Société Générale 4.75% 2025	14,385	0.06	
\$50,000,000 Société Générale 5% 2024	36,653	0.16	
€10,000,000 Sogecap Var. Rate Perp. (4.125%)	9,465	0.04	
£40,000,000 Standard Chartered 5.125% 2034	42,880	0.18	
€2,000,000 Storebrand Livsforsikring Var. Rate 2043 (6.875%)	2,125	0.01	
£4,816,000 Student Finance 2.6663% 2024	4,787	0.02	
\$20,000,000 Sunoco Logistics Partners Operations 5.4% 2047	13,482	0.06	
\$20,000,000 Telefónica (Europe) 8.25% 2030	19,236	0.08	
£5,600,000 Telefónica Emisiones 5.375% 2026	6,626	0.03	
\$40,000,000 Telefónica Emisiones 7.045% 2036	36,073	0.15	
£3,935,000 Thames Water Utilities Cayman 2.375% 2023	3,841	0.02	
£4,725,000 Thames Water Utilities Cayman 2.875% 2027	4,566	0.02	
£10,000,000 Thames Water Utilities Cayman 3.5% 2028	10,597	0.05	
£10,000,000 Thames Water Utilities Cayman Var. Rate 2024 (1.875%)	9,707	0.04	
£29,000,000 Thames Water Utilities Cayman Var. Rate 2030 (5.75%)	32,501	0.14	
£1,250,000 Thames Water Utilities Finance 3.375% IL 2021	2,227	0.01	
£7,500,000 Thames Water Utilities Finance 6.75% 2028	10,158	0.04	
€4,000,000 Thermo Fisher Scientific 1.45% 2027	3,475	0.01	
€10,000,000 Thermo Fisher Scientific 2.875% 2037	8,862	0.04	
£35,100,000 Time Warner Cable 5.25% 2042	38,772	0.17	
£35,000,000 Time Warner Cable 5.75% 2031	39,646	0.17	

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Portfolio statement (continued)			
as at Holding	31.03.18 £'000	31.03.18 %	30.09.17 %
'BBB' credit rated bonds (continued)			
\$8,136,000 Transportadora de Gas del Perú 4.25% 2028	5,751	0.02	
€20,000,000 UniCredit Var. Rate Perp. (5.375%)	17,453	0.07	
€20,000,000 UniCredit Var. Rate Perp. (6.625%)	19,001	0.08	
€10,000,000 UniCredit Var. Rate Perp. (6.75%)	9,425	0.04	
\$8,000,000 United Business Media 5.75% 2020	5,838	0.02	
\$4,000,000 UPM-Kymmene 7.45% 2027	3,547	0.02	
\$5,000,000 Uruguay (Republic of) 5.1% 2050	3,663	0.02	
€25,000,000 Verizon Communications 2.875% 2038	21,805	0.09	
£20,000,000 Verizon Communications 3.125% 2035	19,310	0.08	
£80,000,000 Verizon Communications 3.375% 2036	79,390	0.34	
\$10,000,000 Verizon Communications 3.85% 2042	6,183	0.03	
\$140,000,000 Verizon Communications 4.272% 2036	94,585	0.41	
\$15,000,000 Verizon Communications 4.4% 2034	10,420	0.04	
\$25,000,000 Verizon Communications 4.5% 2033	17,879	0.08	
\$50,000,000 Verizon Communications 4.522% 2048	33,757	0.14	
\$255,000,000 Verizon Communications 4.672% 2022	170,306	0.73	
\$50,000,000 Verizon Communications 5.012% 2049	36,219	0.16	
\$270,000,000 Verizon Communications 5.012% 2054	189,639	0.81	
\$180,000,000 Verizon Communications 5.25% 2037	136,538	0.58	
£90,000,000 Vodafone Group 3% 2056	77,575	0.33	
£60,000,000 Vodafone Group 3.375% 2049	55,532	0.24	
£14,278,000 Vodafone Group 5.9% 2032	18,569	0.08	
\$10,000,000 W.P. Carey 4% 2025	6,958	0.03	
£3,990,000 Wales & West Utilities Finance Var. Rate 2036 (6.75%)	4,124	0.02	
€15,000,000 Walgreens Boots Alliance 2.125% 2026	13,405	0.06	
\$10,000,000 Walgreens Boots Alliance 3.45% 2026	6,715	0.03	
£16,666,000 Walgreens Boots Alliance 3.6% 2025	17,506	0.07	
£12,500,000 Welltower 4.5% 2034	14,227	0.06	
£3,022,000 Welltower 4.8% 2028	3,464	0.01	
£14,000,000 Westfield America 2.125% 2025	13,803	0.06	
\$4,750,000 Weyerhaeuser 7.375% 2032	4,424	0.02	
€9,492,000 WPC Eurobond 2.125% 2027	8,297	0.04	
£8,000,000 WPP Finance 2.875% 2046	6,606	0.03	
'BB' credit rated bonds	1,763,104	7.55	8.72
€5,000,000 Adient Global Holdings 3.5% 2024	4,444	0.02	
\$2,921,000 AES 6% 2026	2,184	0.01	
€5,079,000 Aramark International Finance 3.125% 2025	4,620	0.02	
€20,000,000 Ardagh Packaging Finance 2.75% 2024	17,710	0.08	
€13,900,000 Arkema Var. Rate Perp. (4.75%)	13,248	0.06	
€13,000,000 Arrow Global Finance FRN 2025	11,118	0.05	
\$7,000,000 Ashland 4.75% 2022	5,039	0.02	
\$16,000,000 Avis Budget Finance 5.25% 2025	10,878	0.05	
€5,000,000 Axalta Coating System 3.75% 2025	4,580	0.02	
€4,042,000 Axalta Coating System 4.25% 2024	3,735	0.02	
£3,000,000 Bank of Scotland Var. Rate Perp. (7.281%)	3,725	0.02	
€5,000,000 Barclays Var. Rate 2028 (2%)	4,325	0.02	
\$10,000,000 Barry Callebaut Services 5.5% 2023	7,611	0.03	
€14,946,000 Belden 3.375% 2027	12,718	0.05	
£15,411,079 Brass FRN 2060	15,428	0.07	
\$20,000,000 Brazil (Federal Republic of) 4.625% 2028	13,887	0.06	
\$50,000,000 Brazil (Federal Republic of) 5% 2045	31,688	0.14	
\$5,000,000 Brazil (Federal Republic of) 5.625% 2047	3,430	0.01	

Portfolio statement (continued)

as at Holding	31.03.18 £'000	31.03.18 %	30.09.17 %
'BB' credit rated bonds (continued)			
€15,000,000 CaixaBank Var. Rate Perp. (5.25%)	13,072	0.06	
€14,600,000 CaixaBank Var. Rate Perp. (6.75%)	14,446	0.06	
€6,000,000 Casino Guichard Perrachon 4.498% 2024	5,569	0.02	
\$20,000,000 CCO Holdings Capital 5.125% 2027	13,461	0.06	
€11,078,000 CEMEX 2.75% 2024	9,614	0.04	
€15,000,000 CEMEX 4.375% 2023	13,728	0.06	
\$4,545,000 CEMEX 5.7% 2025	3,314	0.01	
\$16,000,000 CEMEX 5.7% 2025 144A	11,691	0.05	
\$12,000,000 CEMEX 6.125% 2025	8,897	0.04	
€15,000,000 CEMEX Finance 4.625% 2024	14,020	0.06	
\$11,000,000 Centene 4.75% 2025	7,617	0.03	
\$4,667,000 Centene 6.125% 2024	3,446	0.01	
\$5,000,000 Cheniere Corpus Christi 5.875% 2025	3,719	0.02	
€3,871,000 Colfax 3.25% 2025	3,419	0.01	
€3,000,000 Crédit Agricole Var. Rate Perp (6.5%)	2,943	0.01	
\$12,000,000 Crédit Agricole Var. Rate Perp (7.875%)	9,266	0.04	
\$3,000,000 Credit Suisse Var. Rate Perp. (6.25%)	2,185	0.01	
\$3,000,000 Credit Suisse Var. Rate Perp (7.125%)	2,231	0.01	
€5,000,000 Crown European Holdings 2.625% 2024	4,390	0.02	
€9,400,000 Crown European Holdings 3.375% 2025	8,505	0.04	
\$7,895,000 CSC Holdings 5.5% 2047	5,369	0.02	
\$5,750,000 CSC Holdings 6.625% 2025 (formerly Neptune Finco 6.625% 2025)	4,221	0.02	
£10,000,000 Daily Mail & General Trust 6.375% 2027	11,469	0.05	
€7,590,000 DEMIRE Deutsche Mittelstand 2.875% 2022	6,765	0.03	
€6,627,000 Drax Finco FRN 2022	6,671	0.03	
€4,708,000 Dufry Finance 4.5% 2023	4,299	0.02	
\$10,000,000 Energy Transfer Partners FRN 2066	6,286	0.03	
£11,884,000 EI Group 6% 2023 (formerly Enterprise Inns)	12,890	0.06	
£17,500,000 EI Group 6.375% 2031 (formerly Enterprise Inns)	19,336	0.08	
€6,680,000 EI Group 6.875% 2021 (formerly Enterprise Inns)	7,275	0.03	
£4,500,000 EI Group 6.875% 2025 (formerly Enterprise Inns)	4,937	0.02	
€8,602,000 Equinix 2.875% 2024	7,474	0.03	
€14,600,000 Gas Natural Fenosa Var. Rate Perp. (4.125%)	13,565	0.06	
\$12,500,000 Goodyear Tire & Rubber 5.0% 2026	8,606	0.04	
€4,516,000 Grupo Antolin 3.25% 2024	4,057	0.02	
\$13,298,000 Grupo Kuo SAB de 5.75% 2027	9,387	0.04	
\$3,400,000 Grupo Unicomer 7.875% 2024	2,611	0.01	
\$4,350,000 Guatemala (Republic of) 4.375% 2027	2,995	0.01	
\$2,500,000 Hanesbrands 4.875% 2026	1,729	0.01	
\$6,667,000 Hilton Worldwide Finance 4.625% 2025	4,735	0.02	
€11,963,000 IHO Verwaltungs 2.75% 2021 (formerly Schaeffler Verwaltung Zwei 2.75% Pk 2021)	10,670	0.05	
\$5,000,000 ING Groep Var. Rate Perp. (6%)	3,621	0.02	
€3,859,000 International Game Technology 4.125% 2020	3,551	0.02	
\$8,000,000 International Game Technology 6.25% 2022	5,954	0.03	
\$5,000,000 Intesa Sanpaolo 5.017% 2024	3,498	0.01	

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Portfolio statement (continued)				
as at Holding	31.03.18 £'000	31.03.18 %	30.09.17 %	
'BB' credit rated bonds (continued)				
\$10,000,000 Intesa Sanpaolo 5.71% 2026	7,133	0.03		
€35,000,000 Intesa Sanpaolo Var. Rate Perp. (6.25%)	33,383	0.14		
€10,000,000 Intesa Sanpaolo Var. Rate Perp. (7%)	9,532	0.04		
€20,000,000 Intesa Sanpaolo Var. Rate Perp. (7.75%)	21,386	0.09		
€5,857,000 Intrum Justitia 3.125% 2024	4,960	0.02		
€25,000,000 IQVIA 3.25% 2025	21,944	0.09		
€9,000,000 KBC Groep Var. Rate Perp. (5.625%)	8,162	0.03		
€7,500,000 KPN Var. Rate 2073 (6.875%)	8,089	0.03		
\$10,000,000 KPN Var. Rate 2073 (7%)	7,685	0.03		
€10,607,000 Lincoln Finance 6.875% 2021	9,602	0.04		
\$8,000,000 Lloyds Bank Var. Rate 2024 (12%)	7,155	0.03		
€25,000,000 Lloyds Bank Var. Rate Perp. (6.375%)	23,634	0.10		
£20,000,000 Lloyds Bank Var. Rate Perp. (7%)	20,975	0.09		
£36,000,000 Lloyds Bank Var. Rate Perp. (7.625%)	40,128	0.17		
£37,676,000 Lloyds Bank Var. Rate Perp. (7.875%)	45,400	0.19		
€1,005,249 Magellan Mortgages No.4 FRN 2059	807	0.00		
£7,000,000 National Westminster Bank 6.5% 2021	7,941	0.03		
£30,000,000 Nationwide Building Society Var. Rate Perp. (6.875%)	31,190	0.13		
€11,302,000 Nomad Foods 3.25% 2024	10,033	0.04		
€9,487,000 OI European Group 3.125% 2024	8,431	0.04		
\$10,000,000 Olin 5.125% 2027	6,956	0.03		
\$6,667,000 Paraguay (Republic of) 5.6% 2048	4,826	0.02		
\$6,364,000 Paraguay (Republic of) 6.1% 2044	4,859	0.02		
£25,000,000 Petrobras Global Finance 5.375% 2029	24,625	0.11		
\$10,000,000 Petrobras Global Finance 5.625% 2043	6,071	0.03		
\$10,000,000 Petrobras Global Finance 6% 2028	6,968	0.03		
£3,872,000 Petrobras Global Finance 6.25% 2026	4,131	0.02		
£24,000,000 Petrobras Global Finance 6.625% 2034	25,514	0.11		
\$20,000,000 Petrobras Global Finance 6.85% 2099	13,249	0.06		
\$10,000,000 Petrobras Global Finance 7.375% 2027	7,637	0.03		
€10,000,000 Progroup FRN 2024	8,806	0.04		
\$19,900,000 Royal Bank of Scotland 5.125% 2024	14,371	0.06		
\$35,294,000 Royal Bank of Scotland 6.1% 2023	26,599	0.11		
\$21,000,000 Royal Bank of Scotland 6.125% 2022	15,798	0.07		
€3,365,000 SASU Newco SAB 20 SAS 4.25% 2024 (formerly Louvre Bidco SAS 4.25% 2024)	2,851	0.01		
\$3,000,000 Service Corporation International 5.375% 2024	2,209	0.01		
\$1,091,000 Shea Homes Funding 6.125% 2025	785	0.00		
€13,822,000 Silgan Holdings 3.25% 2025	12,305	0.05		
\$11,868,000 Sirius XM Holdings 5% 2027	7,910	0.03		
\$1,789,000 Société Générale Var. Rate Perp. (7.875%) (Listing Germany)	1,377	0.01		
\$10,000,000 Société Générale Var. Rate Perp. (7.875%) (Listing Luxembourg)	7,698	0.03		
£3,750,000 Société Générale Var. Rate Perp. (8.875%)	3,785	0.02		
€2,500,000 Solvay Finance Var. Rate Perp. (4.199%)	2,270	0.01		

Portfolio statement (continued)

as at Holding	31.03.18 £'000	31.03.18 %	30.09.17 %
'BB' credit rated bonds (continued)			
€10,000,000 Solvay Finance Var. Rate Perp. (5.118%)	9,738	0.04	
€12,000,000 Solvay Finance Var. Rate Perp. (5.425%)	12,200	0.05	
€10,000,000 Solvay Finance Var. Rate Perp. (5.869%)	10,377	0.04	
£5,300,000 Southern Water (Greensands) Financing 8.5% 2019	5,667	0.02	
£4,186,000 Spirit Issuer FRN 2031	4,034	0.02	
\$5,000,000 Standard Chartered Var. Rate Perp. (6.5%)	3,623	0.02	
€4,763,000 Stora Enso 2.5% 2027	4,217	0.02	
€6,645,000 Stora Enso 2.5% 2028	5,735	0.02	
\$15,000,000 Stora Enso 7.25% 2036	13,126	0.06	
€4,795,000 TA Manufacturing 3.625% 2023	4,256	0.02	
\$2,000,000 TEGNA 4.875% 2021 (formerly Gannett 4.875% 2021)	1,437	0.01	
\$2,000,000 TEGNA 5.5% 2024 (formerly Gannett 5.5% 2024)	1,438	0.01	
€11,603,000 Telecom Italia 2.375% 2027	9,946	0.04	
€35,000,000 Telecom Italia 5.25% 2055	34,972	0.15	
\$2,500,000 Telecom Italia 5.303% 2024	1,816	0.01	
€18,600,000 Telefónica (Europe) Var. Rate Perp. (3%) 2099	16,110	0.07	
€10,300,000 Telefónica (Europe) Var. Rate Perp. (4.2%)	9,483	0.04	
€20,000,000 Telefónica (Europe) Var. Rate Perp. (5.875%)	19,921	0.09	
\$5,000,000 Tenet Healthcare 4.375% 2021	3,502	0.01	
\$2,500,000 Tenet Healthcare 4.5% 2021	1,757	0.01	
\$2,000,000 Tenet Healthcare 4.75% 2020	1,433	0.01	
\$5,000,000 Tenet Healthcare 6% 2020	3,666	0.02	
€2,000,000 Tesco 5.125% 2047	2,092	0.01	
£13,138,463 Tesco Property Finance No.2 6.0517% 2039	15,475	0.07	
£29,226,225 Tesco Property Finance No.3 5.744% 2040	33,777	0.14	
£47,068,661 Tesco Property Finance No.4 5.8006% 2040	54,821	0.23	
£26,608,848 Tesco Property Finance No.5 5.6611% 2041	30,510	0.13	
£24,348,715 Tesco Property Finance No.6 5.411% 2044	27,323	0.12	
\$33,333,000 Teva Pharmaceutical Finance 4.1% 2046	17,264	0.07	
\$3,333,000 T-Mobile USA 5.125% 2025	2,374	0.01	
\$5,000,000 T-Mobile USA 6% 2024	3,701	0.02	
\$6,000,000 T-Mobile USA 6.375% 2025	4,463	0.02	
€25,000,000 UBS Var. Rate Perp. (5.75%)	24,381	0.10	
\$5,000,000 UBS Var. Rate Perp. (7%)	3,819	0.02	
\$30,000,000 UBS Var. Rate Perp. (7.125%)	22,135	0.09	
\$8,000,000 United Rentals North America 5.5% 2025	5,814	0.02	
€36,292,000 Unitymedia 3.5% 2027	33,354	0.14	
€50,833,000 Unitymedia 4% 2025	46,912	0.20	
€1,000,000 Unitymedia 4.625% 2026	957	0.00	
\$11,251,000 Unitymedia 5% 2025	8,162	0.03	
€40,000,000 Unitymedia 6.25% 2029	39,471	0.17	
£30,000,000 Veolia Environnement Var. Rate Perp. (4.85%)	30,009	0.13	
\$13,333,000 VideoTron 5.375% 2024	9,814	0.04	
\$30,000,000 Virgin Media Secured Finance 5.5% 2025	20,910	0.09	
£31,140,000 Virgin Media Secured Finance 5.5% 2025	31,871	0.14	
£18,000,000 Virgin Media Secured Finance 5.125% 2025	18,358	0.08	

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Portfolio statement (continued)				
as at Holding	31.03.18 £'000	31.03.18 %	30.09.17 %	
'BB' credit rated bonds (continued)				
£30,248,000 Virgin Media Secured Finance 6.25% 2029	31,977	0.14		
€22,675,000 Wind Tre FRN 2024	18,327	0.08		
\$767,000 Windstream 8.625% 2025	503	0.00		
\$8,500,000 WPX Energy 5.25% 2024	5,958	0.03		
€3,477,000 Ziggo Secured Finance 3.75% 2025	3,076	0.01		
	378,230	1.63	2.47	
'B' credit rated bonds				
\$9,000,000 1011778 BC ULC / New Red Finance 5% 2025	6,085	0.03		
£5,859,000 AMC Entertainment Holdings 6.375% 2024	5,978	0.03		
£4,784,000 Ardagh Packaging Finance 4.75% 2027	4,651	0.02		
€30,000,000 Argentina (Republic of) 1% 2038	18,015	0.08		
€25,000,000 Argentina (Republic of) 5% 2027	21,249	0.09		
\$10,363,000 Argentina (Republic of) 5.875% 2028	6,887	0.03		
£2,992,000 Aston Martin Capital 5.75% 2022	3,128	0.01		
£13,114,000 Barclays Var. Rate Perp. (5.875%)	13,025	0.06		
€5,000,000 Buenos Aires (Province of) 5.375% 2023	4,557	0.02		
\$11,310,000 Buenos Aires (Province of) 7.875% 2027	8,285	0.04		
€8,389,000 Burger King France 6% 2024	7,750	0.03		
€3,500,000 Cabot Financial Luxembourg 6.5% 2021	3,537	0.01		
€10,267,000 Cabot Financial Luxembourg 7.5% 2023	10,721	0.05		
€5,000,000 Cabot Financial Luxembourg 8.375% 2019	5,138	0.02		
€5,000,000 Cabot Financial Luxembourg FRN 2021	4,418	0.02		
€10,000,000 CMF 9% 2022	7,952	0.03		
€2,178,000 Cognita Financing 7.75% 2021	2,245	0.01		
\$6,500,000 Community Health Systems 5.125% 2021	4,305	0.02		
£7,317,000 CPMK Finance 4.25% 2047	7,348	0.03		
\$20,000,000 CRC Escrow 5.25% 2025	13,611	0.06		
\$3,500,000 Crown Americas 4.25% 2026	2,262	0.01		
\$5,164,000 CSC Holdings 10.875% 2025 (formerly Neptune Finco 10.875% 2025)	4,306	0.02		
\$5,000,000 DaVita 5.125% 2024	3,457	0.01		
\$3,392,000 Denbury Resources 9.25% 2022	2,454	0.01		
€4,367,000 Diamond (BC) 5.625% 2025	3,665	0.02		
€2,857,000 eircom Finance 4.25% 2022	2,562	0.01		
\$4,000,000 HCA 7.75% 2022	3,116	0.01		
€7,177,000 Adler Pelzer Holding 4.125% 2024 (formerly HP Pelzer 4.125% 2024)	6,356	0.03		
\$2,273,000 Kenya (Republic of) 6.875% 2024	1,683	0.01		
\$9,333,000 Kindred Healthcare 8% 2020	7,029	0.03		
\$13,667,000 Kindred Healthcare 8.75% 2023	10,196	0.04		
€9,137,000 LSF10 Wolverine Investments 5% 2024	8,058	0.03		
€28,000,000 Matterhorn Telecom 3.875% 2022	24,696	0.11		
\$1,000,000 Pilgrims Pride 5.75% 2025	690	0.00		
\$4,845,539 Reynolds Group 5.75% 2020	3,486	0.01		
€7,000,000 Royal Bank of Scotland 5.5% Perp.	6,213	0.03		
\$5,357,000 Royal Bank of Scotland Var. Rate Perp (7.5%)	3,967	0.02		
\$5,600,000 Royal Bank of Scotland Var. Rate Perp (8%)	4,360	0.02		

Portfolio statement (continued)

as at Holding	31.03.18 £'000	31.03.18 %	30.09.17 %
'B' credit rated bonds (continued)			
\$8,000,000 Royal Bank of Scotland Var.Rate Perp. (8.625%)	6,189	0.03	
€5,541,000 Schmolz+Bickenbach 5.625% 2022	5,070	0.02	
€7,628,000 SFR Group 5.625% 2024 (formerly Numericable Group 5.625% 2024)	6,766	0.03	
\$30,000,000 SFR Group 6.0% 2022 (formerly Numericable Group 6.0% 2022)	20,805	0.09	
€1,626,480 SMCP Group SAS 5.875% 2023 (formerly Bisoho SAS 5.875% 2023)	1,522	0.01	
£5,161,000 Stonegate Pub Company 4.875% 2022	5,088	0.02	
\$5,000,000 Tenet Healthcare Corporation 5.125% 2025	3,403	0.01	
€5,683,000 Vallourec 6.625% 2022	5,176	0.02	
€1,000,000 Veritas 7.5% 2023	911	0.00	
€7,500,000 Virgin Media Finance 4.5% 2025	6,649	0.03	
€21,000,000 Virgin Media Finance 5.125% 2022	20,792	0.09	
£8,500,000 Virgin Media Secured Finance 6.375% 2024	8,920	0.04	
€8,000,000 VRX Escrow 4.5% 2023	6,187	0.03	
\$14,026,000 VTR Finance 6.875% 2024	10,339	0.04	
\$7,879,000 Windstream 6.375% 2023 144A	3,184	0.01	
\$5,000,000 Windstream 6.375% 2023	2,057	0.01	
\$8,000,000 Yum! Brands 6.875% 2037	6,020	0.03	
\$2,571,000 Ziggo Bond Finance 5.875% 2025	1,711	0.01	
	14,778	0.06	0.11
'CCC' credit rated bonds			
\$2,500,000 Calumet Specialty Products 6.5% 2021	1,743	0.01	
\$1,723,000 Carlson Travel 9.5 2024	1,141	0.00	
\$1,500,000 Community Health Systems 6.875% 2022	609	0.00	
\$2,732,000 Denbury Resources 5% 2023	1,738	0.01	
\$10,000,000 Ortho-Clinical Diagnostics 6.625% 2022 (formerly Crimson Merger 6.625% 2022)	6,985	0.03	
€2,903,000 Unilabs Subholding 5.75% 2025	2,562	0.01	
	750,050	3.21	5.06
Bonds with no credit rating			
\$2,363,977 AASET Trust 2017-1 3.967% 2042	1,676	0.01	
€7,500,000 ALME Loan Funding II FRN 2033	6,608	0.03	
€20,000,000 Altarea 2.25% 2024	17,480	0.07	
\$5,715,000 Aquarius Plus Investments 8.25% IL Perp.	4,125	0.02	
€6,208,000 Arbour CLO FRN 2030	5,474	0.02	
€20,000,000 Assicurazioni Generali Var. Rate 2047 (5.5%)	20,083	0.09	
€18,750,000 Assicurazioni Generali Var. Rate Perp. (6.269%)	20,381	0.09	
€4,762,000 ATON 3.875% 2018	4,168	0.02	
€7,175,000 Avoca Clo Xiii DAC FRN 2030	6,316	0.03	
€28,000,000 Banco Sabadell Var. Rate Perp. (6.5%)	25,910	0.11	
€10,000,000 Barings CLO 2017-I FRN 2030	8,807	0.04	
£5,320,000 Bazalgette Finance 2.375% 2027	5,213	0.02	
£500,000 Birmingham Airport 6.25% 2021	559	0.00	
£550,000 British Land 5.264% 2035	700	0.00	
£10,000,000 BUPA Finance 5% 2026	11,118	0.05	
€4,746,000 Catalent Pharma Solutions 4.75% 2024	4,347	0.02	
£1,000,000 Cheltenham & Gloucester 11.75% Perp.	2,217	0.01	
€8,625,000 Cote d'Ivoire 5.125% 2025	7,890	0.03	
£19,114,000 Coventry Building Society 1.875% 2023	18,795	0.08	
€23,801,278 Delamare Finance 5.5457% 2029	26,445	0.11	
£930,000 Delamare Finance 6.067% 2029	1,054	0.00	
£4,410,050 Duncan Funding FRN 2063	4,435	0.02	
€20,000,000 Eirles Two FRN 2020	0	0.00	
€6,937,000 Eurofins Scientific 2.125% 2024	6,193	0.03	

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Portfolio statement (continued)				
as at Holding	31.03.18	31.03.18	30.09.17	
	£'000	%	%	
Bonds with no credit rating (continued)				
€4,000,000 Eurofins Scientific Var. Rate Perp. (4.875%)	3,796	0.02		
£3,909,715 Feldspar 2016-1 FRN 2045	3,926	0.02		
£8,444,000 Finsbury Square FRN 2065	8,465	0.04		
£7,647,716 Finsbury Square FRN 2065 2A	7,668	0.03		
£5,542,122 Finsbury Square FRN 2059	5,554	0.02		
£261,094 Gemgarto 2015-1 FRN 2047	261	0.00		
£15,000,000 Gosforth Funding FRN 2056	15,063	0.06		
£14,846,000 Gosforth Funding FRN 2059	14,940	0.06		
€18,900,000 Groupe Bruxelles Lambert 1.375% 2024	16,655	0.07		
€25,000,000 Hammerson 2% 2022	23,033	0.10		
£15,000,000 Hammerson 3.5% 2025	15,680	0.07		
£500,000 Hammerson 6% 2026	608	0.00		
£2,000,000 Hammerson 7.25% 2028	2,716	0.01		
£2,449,000 Heathrow Finance 3.875% 2027	2,346	0.01		
£9,000,000 Heathrow Finance 5.75% 2025	9,894	0.04		
\$3,710,109 Home Partners of America Trust FRN 2016	2,647	0.01		
€7,000,000 Intesa Sanpaolo Var. Rate Perp. (4.75%)	6,553	0.03		
£15,000,000 John Lewis 4.25% 2034	15,312	0.07		
£12,000,000 John Lewis 6.125% 2025	14,074	0.06		
€10,000,000 Jubilee CLO 2014-XII Var. Rate 2030	8,764	0.04		
ZAR12,405,918 K2016470219 South Africa 13.375% 2018	0	0.00		
\$914,992 K2016470219 South Africa 3% 2022	9	0.00		
£10,504,000 Kenrick No. 3 FRN 2054	10,487	0.04		
€7,900,000 Lagardère 1.625% 2024	6,808	0.03		
£7,453,000 LaSer ABS FRN 2030	7,470	0.03		
€24,000,000 Leeds Building Society 0.5% 2024	20,867	0.09		
£7,744,000 Lendlease Europe 6.125% 2021	8,769	0.04		
\$10,000,000 Liquid Telecom Finance 8.5% 2022	7,459	0.03		
£9,875,461 London Wall Mortgage Capital FRN 2049	9,900	0.04		
£16,038,000 London Wall Mortgage Capital FRN 2050	16,055	0.07		
€3,794,000 MAHLE 2.375% 2022	3,501	0.01		
£3,478,000 Midland Heart Capital 5.087% 2044	4,720	0.02		
£1,576,550 Mitchells & Butlers Finance 5.965% 2025	1,726	0.01		
£2,619,110 Mitchells & Butlers Finance 6.013% 2030	3,056	0.01		
£10,000,000 Mitchells & Butlers Finance FRN 2033	8,548	0.04		
\$9,690,000 Mylan 4.55% 2028	6,872	0.03		
£15,000,000 Newday Partnership Funding FRN 2027	15,084	0.06		
€6,567,000 Oak Hill FRN 2030	5,778	0.02		
£19,054,963 Oat Hill No1 FRN 2046	18,982	0.08		
£12,155,000 Old Mutual 8% 2021	13,734	0.06		
£1,327,947 Orbita Funding FRN 2023	1,332	0.01		
£4,587,000 PCL Funding II FRN 2022	4,612	0.02		
£11,435,000 PCL Funding III FRN 2023	11,471	0.05		
\$6,667,000 Perusahaan Listrik Negara 4.125% 2027	4,543	0.02		
£10,000,000 Places for People Homes 3.625% 2028	10,101	0.04		
£2,513,446 Precise Mortgage Funding FRN 2054	2,511	0.01		
£15,558,000 Precise Mortgage Funding FRN 2055	15,564	0.07		

Portfolio statement (continued)

as at Holding	31.03.18	31.03.18	30.09.17
	£'000	%	%
Bonds with no credit rating (continued)			
£8,663,000 Principality Building Society 2.375% 2023	8,590	0.04	
\$4,949,299 Progress Residential Trust FRN 2033	3,543	0.02	
\$5,394,000 Puma International Financing 5% 2026	3,672	0.02	
\$7,900,000 Puma International Financing 5.125% 2024	5,584	0.02	
€12,000,000 Richemont International (1.5%) 2026	10,502	0.04	
£4,620,000 Sainsbury's Bank Var. Rate 2027 (6%)	4,836	0.02	
\$2,000,000 Seventy Seven Energy 6.5% 2022	0	0.00	
£4,629,000 Skipton Building Society 1.75% 2022	4,571	0.02	
\$1,796,726 SoFi Consumer Loan 3.05% 2025	1,277	0.01	
\$1,719,747 SoFi Consumer Loan 3.09% 2025	1,224	0.01	
€396,515 TDA-14 Mixto FRN 2030	347	0.00	
€515,851 TDA-18 Mixto FRN 2045	448	0.00	
€7,254,000 Teva Pharmaceutical Finance 4.5% 2025	6,359	0.03	
£7,616,569 Together Asset Backed Securitisation FRN 2049	7,654	0.03	
€6,400,000 Vilmorin & Cie 2.375% 2021	5,803	0.03	
\$11,755,000 Vrio Finco 1 LLC / Vrio Finco 2 6.25% 2023	8,159	0.03	
£8,000,000 Westfield Stratford FRN 2024	7,965	0.04	
£3,500,000 Wm Morrison Supermarkets 3.5% 2026	3,684	0.02	
£15,000,000 Wm Morrison Supermarkets 4.625% 2023	16,751	0.07	
£25,000,000 Wm Morrison Supermarkets 4.75% 2029	28,600	0.12	
£5,050,000 Yorkshire Building Society 3.5% 2026	5,346	0.02	
£7,000,000 Yorkshire Building Society Var. Rate 2024 (4.125%)	7,227	0.03	
DEBT DERIVATIVES			
	(51,098)	(0.26)	0.38
Credit default swaps			
	15,850	0.05	0.05
€(10,000,000) BNP Paribas Dec 2021	59	0.00	
€3,000,000 Daimler Jun 2018	(4)	0.01	
€15,000,000 EDF Dec 2021	(284)	0.00	
€10,000,000 EDF Jun 2022	(189)	0.01	
€(5,000,000) Heathrow Funding Dec 2022	89	0.01	
\$(100,000,000) Italy (Republic of) Jun 2021	590	0.00	
\$(50,000,000) Italy (Republic of) Jun 2022	177	0.01	
€5,000,000 Louis Dreyfus Dec 2021	(592)	0.01	
\$(400,000,000) Markit CDX North American Investment Grade Series 29 10 Year Dec 2027	(733)	(0.01)	
€(1,500,000,000) Markit iTraxx Europe Series 27 10 Year Jun 2027	13,660	0.00	
€(100,000,000) Markit iTraxx Europe Series 27 5 Year Jun 2022	910	0.01	
€(350,000,000) Markit iTraxx Europe Series 28 10 Year Dec 2027	1,324	0.00	
€(230,000,000) Markit iTraxx Europe Sub Fin Series 26 5 Year Dec 2021	1,374	0.00	
€(300,000,000) Markit iTraxx Europe Sub Fin Series 27 5 Year Jun 2022	906	0.01	
€(170,000,000) Markit iTraxx Europe Sub Fin Series 28 5 Year Dec 2022	(959)	(0.01)	
€10,000,000 Marks and Spencer Dec 2021	42	0.00	
€2,000,000 Mediobanca Jun 2018	(2)	0.00	
€30,000,000 RWE Jun 2020	(518)	0.00	

M&G Optimal Income Fund

Authorised Corporate Director's Report

Investments

Portfolio statement (continued)				
as at Holding	31.03.18 £'000	31.03.18 %	30.09.17 %	
Interest rate swaps				
£70,000,000 Pay 1.117% Receive VAR Apr 2067	4,655	0.02		
£50,000,000 Pay 1.237% Receive VAR Apr 2067	2,041	0.01		
£50,000,000 Pay 1.242% Receive VAR Apr 2067	1,930	0.01		
£50,000,000 Pay 1.454% Receive VAR May 2047	567	0.01		
£90,000,000 Pay 1.457% Receive VAR Feb 2047	1,182	0.00		
£50,000,000 Pay 1.4735% Receive VAR May 2047	324	0.01		
£50,000,000 Pay 1.478% Receive VAR Mar 2047	402	0.01		
£100,000,000 Pay 1.5075% Receive VAR Jan 2047	(50)	0.00		
£80,000,000 Pay 1.515% Receive VAR Feb 2047	(102)	0.00		
£50,000,000 Pay 1.524% Receive VAR Jan 2047	(229)	0.00		
£50,000,000 Pay 1.5272% Receive VAR Jan 2048	(358)	(0.01)		
£100,000,000 Pay 1.5325% Receive VAR Mar 2047	(457)	0.00		
£100,000,000 Pay 1.537% Receive VAR Jan 2047	(765)	(0.01)		
£50,000,000 Pay 1.5425% Receive VAR Mar 2047	(378)	0.00		
£50,000,000 Pay 1.5425% Receive VAR Jan 2048	(545)	0.00		
£100,000,000 Pay 1.563% Receive VAR Jan 2048	(1,608)	(0.01)		
£100,000,000 Pay 1.605% Receive VAR Jan 2048	(2,656)	(0.01)		
£50,000,000 Pay 1.606% Receive VAR Dec 2046	(1,255)	(0.01)		
£50,000,000 Pay 1.6325% Receive VAR Jul 2047	(1,624)	(0.01)		
£50,000,000 Pay 1.638% Receive VAR Sep 2047	(1,608)	0.00		
£75,000,000 Pay 1.6422% Receive VAR Jan 2048	(2,691)	(0.01)		
£50,000,000 Pay 1.645% Receive VAR Jan 2048	(1,829)	0.00		
\$25,000,000 Pay 1.833% Receive VAR Sep 2046	3,664	0.01		
\$50,000,000 Pay 1.927% Receive VAR Oct 2046	6,466	0.02		
\$50,000,000 Pay 2.401% Receive VAR Nov 2046	2,962	0.01		
\$50,000,000 Pay 2.4495% Receive VAR Apr 2047	2,605	0.01		
\$100,000,000 Pay 2.452% Receive VAR May 2047	5,229	0.02		
\$50,000,000 Pay 2.4665% Receive VAR Apr 2047	2,478	0.01		
\$100,000,000 Pay 2.5475% Receive VAR Feb 2047	4,203	0.02		
\$200,000,000 Pay 2.569% Receive VAR Jan 2047	7,716	0.02		
\$150,000,000 Pay 2.628% Receive VAR Feb 2047	4,500	0.00		
\$200,000,000 Pay 2.668% Receive VAR Feb 2047	4,829	0.02		
\$50,000,000 Pay 2.668% Receive VAR Jan 2047	1,203	0.01		
\$200,000,000 Pay 2.716% Receive VAR Jan 2047	3,367	0.01		
Interest rate futures				
(101) 10 Year Japan Government Bond Jun 2018	(74)	0.00		
(5,286) Euro Bobl Jun 2018	(3,538)	(0.02)		
(11,774) Euro Bund Jun 2018	(21,399)	(0.09)		
(836) Euro Buxl Jun 2018	(3,088)	(0.01)		
(3,091) Euro Schatz Jun 2018	(334)	0.00		
(12,000) UK Long Gilt Bond Jun 2018	(25,790)	(0.11)		
(13,090) US Ultra Long Treasury Bond Jun 2018	(56,893)	(0.24)		
CURRENCY				
Forward currency contracts				
€(10,974,224,135) Sold for £9,714,874,895 (expires 04.04.18)	97,453	0.42		
€(10,974,224,135) Sold for £9,631,088,843 (expires 02.05.18)	6,041	0.03		
¥(15,300,791,840) Sold for £104,873,284 (expires 04.04.18)	2,763	0.01		
CHF6,323,114 Bought for £4,773,822 (expires 04.04.18)	(72)	0.00		
CHF(118,120,236) Sold for £91,239,370 (expires 04.04.18)	3,417	0.01		
\$54,129,444 Bought for £38,306,381 (expires 04.04.18)	188	0.00		
\$41,647,108 Bought for £29,981,792 (expires 30.05.18)	(430)	0.00		

Portfolio statement (continued)

as at Holding	31.03.18 £'000	31.03.18 %	30.09.17 %
Forward currency contracts (continued)			
\$(2,449,379,103) Sold for £1,799,176,687 (expires 04.04.18)	57,271	0.25	
\$(3,235,381,977) Sold for £2,280,134,664 (expires 02.05.18)	(18,048)	(0.08)	
\$(2,275,452,591) Sold for £1,640,623,456 (expires 30.05.18)	26,001	0.11	
Portfolio of investments	22,504,857	96.36	97.54
CASH EQUIVALENTS			
'AAA' rated money market funds ^[b]	231,139	0.99	1.19
231,139,000 Northern Trust Global Fund - Sterling	231,139	0.99	
SHARE CLASS HEDGING			
Forward currency contracts for share class hedging			
€2,787,145,434 Bought for £2,470,272,082 (expires 11.04.18)	(27,242)	(0.12)	
€1,523,980,591 Bought for £1,334,257,199 (expires 18.04.18)	1,831	0.01	
€2,705,396,756 Bought for £2,381,152,249 (expires 26.04.18)	(8,764)	(0.04)	
€13,114,963,872 Bought for £11,509,813,164 (expires 02.05.18)	(7,208)	(0.03)	
€(4,613,257) Sold for £4,088,771 (expires 11.04.18)	45	0.00	
€(20,678,973) Sold for £18,127,850 (expires 18.04.18)	(2)	0.00	
€(15,694,508) Sold for £13,811,183 (expires 26.04.18)	49	0.00	
€(132,198,658) Sold for £115,921,198 (expires 02.05.18)	(25)	0.00	
CHF269,776,944 Bought for £200,741,033 (expires 02.05.18)	56	0.00	
CHF(9,102,983) Sold for £6,771,437 (expires 02.05.18)	(4)	0.00	
\$3,059,196,838 Bought for £2,152,726,417 (expires 02.05.18)	20,307	0.09	
SGD95,693,865 Bought for £51,695,468 (expires 02.05.18)	154	0.00	
SGD(1,038,456) Sold for £560,739 (expires 02.05.18)	(2)	0.00	
\$(472,957,592) Sold for £335,587,615 (expires 02.05.18)	(367)	0.00	
Total portfolio	22,714,824	97.26	96.89
Net other assets / (liabilities)	639,028	2.74	3.11
Net assets attributable to shareholders	23,353,852	100.00	100.00

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

[a] Suspended.

[b] Uncommitted surplus cash is placed into 'AAA' rated money market funds with the aim of reducing counterparty risk.

Portfolio transactions

for the six months to 31 March	2018 £'000	2017 £'000
Portfolio transactions		
Total purchases	7,706,265	5,090,534
Total sales	4,553,759	3,278,988

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

M&G Optimal Income Fund

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.

The following chart and tables show the performance for two of the fund's share classes – Sterling Class 'A' (Accumulation) shares and Sterling Class 'I' (Accumulation) shares.

We show performance for these two share classes because:

- The performance of the Sterling Class 'A' (Accumulation) share is what most individuals investing directly with M&G have received. It has the highest ongoing charge of all the sterling share classes. Performance is shown after deduction of this charge. All UK investors in the fund therefore received this performance or better.
- The performance of the Sterling Class 'I' (Accumulation) share is the most appropriate to compare with the average performance of the fund's comparative sector. It is the share class used by the Investment Association in the calculation of the comparative sector's average performance. This share class is available for direct investment with M&G subject to minimum investment criteria, or via third parties who may charge additional fees. The performance shown takes the deduction of the ongoing charge for this share class into account but it does not take account of charges applied by any other party through which you may have invested.

The fund is available for investment in different share classes, each with varying levels of charges and minimum investments; please refer to the Prospectus for M&G Optimal Income Fund, which is available free of charge either from our website at www.mandg.co.uk/prospectuses or by calling M&G Customer Relations.

Fund level performance

Fund net asset value			
as at	31.03.18 £'000	30.09.17 £'000	30.09.16 £'000
Fund net asset value (NAV)	23,353,852	20,637,023	15,426,945

Performance since launch

To give an indication of how the fund has performed since launch, the chart below shows total return of Sterling Class 'A' (Accumulation) shares and Sterling Class 'I' (Accumulation) shares.



M&G Optimal Income Fund

Financial highlights

Fund performance

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.

Long-term performance by share class ^[a]				
	Six months 02.10.17 % ^[b]	Three years 02.04.15 % p.a.	Five years 03.04.13 % p.a.	Since launch % p.a.
Euro ^[c]				
Class 'A-H'	0.0	+2.6	+3.6	+6.6 ^[d]
Class 'B-H'	-0.3	n/a	n/a	+3.4 ^[e]
Class 'C-H'	+0.2	+3.1	+4.0	+7.2 ^[d]
Singapore dollar ^[c]				
Class 'A-H'	+0.9	+4.2	n/a	+4.1 ^[f]
Class 'A-H M'	+0.9	+4.2	n/a	+4.1 ^[f]
Class 'C-H'	+1.2	+4.7	n/a	+4.6 ^[f]
Sterling ^[g]				
Class 'A'	+0.5	+3.4	+4.1	+6.8 ^[h]
Class 'I'	+0.8	+3.8	+4.5	+7.2 ^[h]
Class 'R'	+0.6	+3.6	+4.3	+5.2 ^[i]
Class 'X'	+0.5	+3.3	+3.9	+6.6 ^[h]
Swiss franc ^[c]				
Class 'A-H'	-0.3	+2.0	+3.1	+3.9 ^[j]
Class 'C-H'	0.0	+2.5	+3.6	+4.4 ^[j]
US dollar ^[c]				
Class 'A-H'	+1.2	+4.0	+4.5	+6.0 ^[k]
Class 'A-H M'	+1.2	+4.1	n/a	+4.0 ^[f]
Class 'C-H'	+1.5	+4.5	+5.0	+6.5 ^[k]

^[a] On 2 December 2008 the M&G Optimal Income Fund de-merged from M&G Investment Funds (6) to become the M&G Optimal Income Fund.

^[b] Absolute basis.

^[c] Price to price with gross income reinvested.

^[d] 20 April 2007, the launch date of the share class.

^[e] 11 September 2015, the launch date of the share class.

^[f] 16 January 2015, the launch date of the share class.

^[g] Price to price with income reinvested.

^[h] 8 December 2006, the launch date of the predecessor OEIC sub-fund.

^[i] 3 August 2012, the launch date of the share class.

^[j] 28 September 2012, the launch date of the share class.

^[k] 1 October 2010, the launch date of the share class.

Operating charges and portfolio transaction costs

We explain below the payments made to meet the ongoing costs of investing and managing the fund, comprising operating charges and portfolio transaction costs.

Operating charges

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

- **Investment management:** Charge paid to M&G for investment management of the fund (also known as Annual Management Charge).
- **Administration:** Charge paid to M&G for administration services in addition to investment management – any surplus from this charge will be retained by M&G.
- **Share class hedging:** Charge paid to M&G for currency hedging services to minimise exchange rate risk for the share class.
- **Oversight and other independent services:** Charges paid to providers independent of M&G for services which include depositary, custody and audit.
- **Ongoing charges from underlying funds:** Ongoing charges on holdings in underlying funds that are not rebated.

The operating charges paid by each share class of the fund are shown in the following performance tables. Operating 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 the same as the ongoing charges shown in the Key Investor Information Document, other than where 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.

For this fund there is no difference between operating charges and ongoing charges figures, unless disclosed under the specific share class performance table.

M&G Optimal Income Fund

Financial highlights

Fund performance

Operating charges and portfolio transaction costs

Portfolio transaction costs

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

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

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

To protect existing investors, portfolio transaction costs incurred as a result of investors buying and selling shares in the fund are recovered from those investors through a 'dilution adjustment' to the price they pay or receive. The table below shows direct portfolio transaction costs paid by the fund before and after that part of the dilution adjustment relating to direct portfolio transaction costs. To give an indication of the indirect portfolio dealing costs the table also shows the average portfolio dealing spread.

Further information on this process is in the Prospectus, which is available free of charge on request either from our website at www.mandg.co.uk/prospectuses or by calling M&G Customer Relations.

Portfolio transaction costs				
	Six months to 31.03.18	Year to 30.09.17	Year to 30.09.16	Average ^[a]
Direct portfolio transaction costs ^[b]	%	%	%	%
Broker commission	0.00	0.01	0.01	0.01
Taxes	0.02	0.00	0.00	0.01
Costs before dilution adjustments	0.02	0.01	0.01	0.02
Dilution adjustments ^[c]	0.00	0.00	(0.01)	0.00
Total direct portfolio transaction costs	0.02	0.01	0.00	0.02
as at	31.03.18	30.09.17	30.09.16	Average ^[a]
Indirect portfolio transaction costs	%	%	%	%
Average portfolio dealing spread	0.51	0.56	0.72	0.60

^[a] Average of first three columns.

^[b] As a percentage of average net asset value.

^[c] In respect of direct portfolio transaction costs. Please see the section above this table for an explanation of dilution adjustments.

Specific share class performance

The following 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). 'Dilution adjustments' are only in respect of direct portfolio transaction costs.

Euro Class 'A-H' Income share performance

The share class was launched on 12 July 2013.

	Six months to 31.03.18	Year to 30.09.17	Year to 30.09.16
Change in NAV per share	Euro ¢	Euro ¢	Euro ¢
Opening NAV	1,788.31	1,759.17	1,707.94
Return before operating charges and after direct portfolio transaction costs	11.31	113.95	121.87
Operating charges	(12.75)	(25.53)	(24.75)
Return after operating charges	(1.44)	88.42	97.12
Distributions	(22.20)	(59.28)	(45.89)
Closing NAV	1,764.67	1,788.31	1,759.17
Direct portfolio transaction costs	Euro ¢	Euro ¢	Euro ¢
Costs before dilution adjustments	0.18	0.11	0.18
Dilution adjustments ^[a]	(0.01)	(0.02)	(0.12)
Total direct portfolio transaction costs	0.17	0.09	0.06
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.02	0.01	0.00
Operating charges	1.43	1.42	1.42
Return after operating charges	-0.08	+5.03	+5.69
Distribution yield ^[c]	2.68	2.65	3.46
Effect on yield of charges offset against capital	1.42	1.42	1.40
Other information			
Closing NAV (£'000)	1,185,245	943,978	632,664
Closing NAV percentage of total fund NAV (%)	5.08	4.57	4.10
Number of shares	76,640,817	59,803,306	41,757,012
Highest share price (Euro ¢)	1,824.82	1,824.50	1,804.07
Lowest share price (Euro ¢)	1,783.31	1,748.54	1,659.55

M&G Optimal Income Fund

Financial highlights

Specific share class performance

Euro Class 'A-H' Accumulation share performance

The share class was launched on 20 April 2007.

	Six months to 31.03.18 Euro ¢	Year to 30.09.17 Euro ¢	Year to 30.09.16 Euro ¢
Change in NAV per share			
Opening NAV	2,006.73	1,911.10	1,806.43
Return before operating charges and after direct portfolio transaction costs	12.50	123.60	130.95
Operating charges	(14.31)	(27.97)	(26.28)
Return after operating charges	(1.81)	95.63	104.67
Distributions	(11.06)	(37.08)	(44.64)
Retained distributions	11.06	37.08	44.64
Closing NAV	2,004.92	2,006.73	1,911.10
Direct portfolio transaction costs	Euro ¢	Euro ¢	Euro ¢
Costs before dilution adjustments	0.20	0.12	0.19
Dilution adjustments ^[a]	(0.02)	(0.02)	(0.13)
Total direct portfolio transaction costs	0.18	0.10	0.06
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.02	0.01	0.00
Operating charges	1.43	1.42	1.43
Return after operating charges	-0.09	+5.00	+5.79
Distribution yield	1.26	1.24	2.06
Effect on yield of charges offset against capital	0.00	0.00	0.00
Other information			
Closing NAV (£'000)	11,255,062	10,412,614	7,574,320
Closing NAV percentage of total fund NAV (%)	48.19	50.46	49.10
Number of shares	640,567,743	587,864,064	460,177,565
Highest share price (Euro ¢)	2,047.48	2,016.79	1,930.16
Lowest share price (Euro ¢)	2,000.88	1,898.80	1,754.78

Euro Class 'B-H' Income share performance

The share class was launched on 11 September 2015.

	Six months to 31.03.18 Euro ¢	Year to 30.09.17 Euro ¢	Year to 30.09.16 Euro ¢
Change in NAV per share			
Opening NAV	1,019.30	1,007.55	978.76
Return before operating charges and after direct portfolio transaction costs	6.19	65.36	71.18
Operating charges	(9.78)	(19.76)	(19.81)
Return after operating charges	(3.59)	45.60	51.37
Distributions	(12.62)	(33.85)	(22.58)
Closing NAV	1,003.09	1,019.30	1,007.55
Direct portfolio transaction costs	Euro ¢	Euro ¢	Euro ¢
Costs before dilution adjustments	0.10	0.06	0.11
Dilution adjustments ^[a]	(0.01)	(0.01)	(0.07)
Total direct portfolio transaction costs	0.09	0.05	0.04
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.02	0.01	0.00
Operating charges	1.93	1.92	1.92
Return after operating charges	-0.35	+4.53	+5.25
Distribution yield ^[c]	2.68	2.66	3.46
Effect on yield of charges offset against capital	1.92	1.92	1.90
Other information			
Closing NAV (£'000)	76,298	42,741	7,814
Closing NAV percentage of total fund NAV (%)	0.33	0.21	0.05
Number of shares	8,679,454	4,750,594	900,419
Highest share price (Euro ¢)	1,038.20	1,040.52	1,031.89
Lowest share price (Euro ¢)	1,013.73	1,000.81	949.77

Euro Class 'B-H' Accumulation share performance

The share class was launched on 11 September 2015.

	31.03.18 Euro ¢	30.09.17 Euro ¢	30.09.16 Euro ¢
Change in NAV per share			
Opening NAV	1,085.82	1,039.47	987.73
Return before operating charges and after direct portfolio transaction costs	6.71	67.00	72.13
Operating charges	(10.43)	(20.65)	(20.39)
Return after operating charges	(3.72)	46.35	51.74
Distributions	(3.35)	(14.87)	(19.71)
Retained distributions	3.35	14.87	19.71
Closing NAV	1,082.10	1,085.82	1,039.47
Direct portfolio transaction costs	Euro ¢	Euro ¢	Euro ¢
Costs before dilution adjustments	0.11	0.06	0.11
Dilution adjustments ^[a]	(0.01)	(0.01)	(0.07)
Total direct portfolio transaction costs	0.10	0.05	0.04
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.02	0.01	0.00
Operating charges	1.93	1.92	1.92
Return after operating charges	-0.34	+4.46	+5.24
Distribution yield	0.75	0.74	1.59
Effect on yield of charges offset against capital	0.00	0.00	0.00
Other information			
Closing NAV (£'000)	242,982	128,396	19,007
Closing NAV percentage of total fund NAV (%)	1.04	0.62	0.12
Number of shares	25,622,505	13,396,798	2,123,070
Highest share price (Euro ¢)	1,105.95	1,091.83	1,050.39
Lowest share price (Euro ¢)	1,079.97	1,031.55	958.51

Euro Class 'C-H' Income share performance

The share class was launched on 8 August 2014.

	Six months to 31.03.18 Euro ¢	Year to 30.09.17 Euro ¢	Year to 30.09.16 Euro ¢
Change in NAV per share			
Opening NAV	1,913.30	1,873.49	1,818.35
Return before operating charges and after direct portfolio transaction costs	12.07	120.81	128.75
Operating charges	(8.88)	(17.70)	(17.13)
Return after operating charges	3.19	103.11	111.62
Distributions	(23.82)	(63.30)	(56.48)
Closing NAV	1,892.67	1,913.30	1,873.49
Direct portfolio transaction costs	Euro ¢	Euro ¢	Euro ¢
Costs before dilution adjustments	0.19	0.12	0.19
Dilution adjustments ^[a]	(0.02)	(0.02)	(0.13)
Total direct portfolio transaction costs	0.17	0.10	0.06
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.02	0.01	0.00
Operating charges	0.93	0.92	0.92
Return after operating charges	+0.17	+5.50	+6.14
Distribution yield ^[c]	2.69	2.65	3.47
Effect on yield of charges offset against capital	0.92	0.92	0.90
Other information			
Closing NAV (£'000)	118,689	76,665	46,043
Closing NAV percentage of total fund NAV (%)	0.51	0.37	0.30
Number of shares	7,155,687	4,539,657	2,853,464
Highest share price (Euro ¢)	1,955.57	1,951.99	1,923.83
Lowest share price (Euro ¢)	1,912.62	1,863.02	1,770.37

M&G Optimal Income Fund

Financial highlights

Specific share class performance

Euro Class 'C-H' Accumulation share performance

The share class was launched on 20 April 2007.

Change in NAV per share	Six months to 31.03.18 Euro €	Year to 30.09.17 Euro €	Year to 30.09.16 Euro €
Opening NAV	2,119.80	2,009.92	1,893.03
Return before operating charges and after direct portfolio transaction costs	12.83	129.04	134.79
Operating charges	(9.83)	(19.16)	(17.90)
Return after operating charges	3.00	109.88	116.89
Distributions	(16.87)	(49.48)	(56.11)
Retained distributions	16.87	49.48	56.11
Closing NAV	2,122.80	2,119.80	2,009.92
Direct portfolio transaction costs	Euro €	Euro €	Euro €
Costs before dilution adjustments	0.21	0.12	0.20
Dilution adjustments ^[a]	(0.02)	(0.02)	(0.13)
Total direct portfolio transaction costs	0.19	0.10	0.07
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.02	0.01	0.00
Operating charges	0.93	0.92	0.93
Return after operating charges	+0.14	+5.47	+6.17
Distribution yield	1.76	1.74	2.56
Effect on yield of charges offset against capital	0.00	0.00	0.00
Other information			
Closing NAV (£'000)	4,501,654	2,966,470	1,785,131
Closing NAV percentage of total fund NAV (%)	19.28	14.37	11.57
Number of shares	241,978,498	158,544,651	103,122,734
Highest share price (Euro €)	2,166.38	2,130.49	2,029.79
Lowest share price (Euro €)	2,118.48	1,997.26	1,842.59

Singapore dollar Class 'A-H' Accumulation share performance

The share class was launched on 16 January 2015.

Change in NAV per share	Six months to 31.03.18 Singapore €	Year to 30.09.17 Singapore €	Year to 30.09.16 Singapore €
Opening NAV	1,122.87	1,053.49	981.11
Return before operating charges and after direct portfolio transaction costs	17.52	84.90	86.66
Operating charges	(8.05)	(15.52)	(14.28)
Return after operating charges	9.47	69.38	72.38
Distributions	(6.30)	(20.69)	(24.18)
Retained distributions	6.30	20.69	24.18
Closing NAV	1,132.34	1,122.87	1,053.49
Direct portfolio transaction costs	Singapore €	Singapore €	Singapore €
Costs before dilution adjustments	0.11	0.07	0.10
Dilution adjustments ^[a]	(0.01)	(0.01)	(0.07)
Total direct portfolio transaction costs	0.10	0.06	0.03
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.02	0.01	0.00
Operating charges	1.43	1.42	1.42
Return after operating charges	+0.84	+6.59	+7.38
Distribution yield	1.26	1.24	2.05
Effect on yield of charges offset against capital	0.00	0.00	0.00
Other information			
Closing NAV (£'000)	10,077	7,287	4,220
Closing NAV percentage of total fund NAV (%)	0.04	0.04	0.03
Number of shares	1,641,469	1,178,959	708,563
Highest share price (Singapore €)	1,152.45	1,128.50	1,063.33
Lowest share price (Singapore €)	1,128.52	1,048.47	959.86

Singapore dollar Class 'A-H M' Income share performance

The share class was launched on 16 January 2015.

Change in NAV per share	Six months to 31.03.18 Singapore €	Year to 30.09.17 Singapore €	Year to 30.09.16 Singapore €
Opening NAV	1,043.57	1,012.82	967.62
Return before operating charges and after direct portfolio transaction costs	16.48	79.35	85.35
Operating charges	(7.44)	(14.59)	(14.08)
Return after operating charges	9.04	64.76	71.27
Distributions	(13.26)	(34.01)	(26.07)
Closing NAV	1,039.35	1,043.57	1,012.82
Direct portfolio transaction costs	Singapore €	Singapore €	Singapore €
Costs before dilution adjustments	0.10	0.06	0.10
Dilution adjustments ^[a]	(0.01)	(0.01)	(0.07)
Total direct portfolio transaction costs	0.09	0.05	0.03
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.02	0.01	0.00
Operating charges	1.43	1.42	1.42
Return after operating charges	+0.87	+6.39	+7.37
Distribution yield ^[c]	2.68	2.64	3.44
Effect on yield of charges offset against capital	1.42	1.42	1.40
Other information			
Closing NAV (£'000)	39,494	31,400	8,506
Closing NAV percentage of total fund NAV (%)	0.17	0.15	0.05
Number of shares	7,009,169	5,466,243	1,485,519
Highest share price (Singapore €)	1,064.42	1,051.73	1,025.91
Lowest share price (Singapore €)	1,038.75	1,003.37	939.62

Singapore dollar Class 'C-H' Accumulation share performance

The share class was launched on 16 January 2015.

Change in NAV per share	Six months to 31.03.18 Singapore €	Year to 30.09.17 Singapore €	Year to 30.09.16 Singapore €
Opening NAV	1,137.78	1,062.74	984.33
Return before operating charges and after direct portfolio transaction costs	17.70	85.22	87.45
Operating charges	(5.27)	(10.18)	(9.04)
Return after operating charges	12.43	75.04	78.41
Distributions	(9.18)	(26.43)	(29.41)
Retained distributions	9.18	26.43	29.41
Closing NAV	1,150.21	1,137.78	1,062.74
Direct portfolio transaction costs	Singapore €	Singapore €	Singapore €
Costs before dilution adjustments	0.11	0.07	0.10
Dilution adjustments ^[a]	(0.01)	(0.01)	(0.07)
Total direct portfolio transaction costs	0.10	0.06	0.03
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.02	0.01	0.00
Operating charges	0.93	0.92	0.93
Return after operating charges	+1.09	+7.06	+7.97
Distribution yield	1.76	1.74	2.54
Effect on yield of charges offset against capital	0.00	0.00	0.00
Other information			
Closing NAV (£'000)	1,231	287	40
Closing NAV percentage of total fund NAV (%)	0.01	0.00	0.00
Number of shares	197,448	45,859	6,597
Highest share price (Singapore €)	1,169.88	1,143.53	1,072.38
Lowest share price (Singapore €)	1,143.57	1,058.06	964.72

M&G Optimal Income Fund

Financial highlights

Specific share class performance

Sterling Class 'A' Income share performance

The share class was launched on 8 December 2006.

	Six months to 31.03.18 UK p	Year to 30.09.17 UK p	Year to 30.09.16 UK p
Change in NAV per share			
Opening NAV	149.42	145.75	140.09
Return before operating charges and after direct portfolio transaction costs	1.70	10.70	11.56
Operating charges	(1.05)	(2.09)	(2.01)
Return after operating charges	0.65	8.61	9.55
Distributions	(1.86)	(4.94)	(3.89)
Closing NAV	148.21	149.42	145.75
Direct portfolio transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.01	0.01	0.01
Dilution adjustments ^[a]	0.00	0.00	(0.01)
Total direct portfolio transaction costs	0.01	0.01	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.02	0.01	0.00
Operating charges	1.41	1.40	1.41
Return after operating charges	+0.44	+5.91	+6.82
Distribution yield ^[c]	2.67	2.66	3.51
Effect on yield of charges offset against capital	1.40	1.40	1.40
Other information			
Closing NAV (£'000)	207,236	232,904	226,156
Closing NAV percentage of total fund NAV (%)	0.88	1.13	1.47
Number of shares	139,821,434	155,877,179	155,166,606
Highest share price (UK p)	152.96	152.46	149.02
Lowest share price (UK p)	149.74	145.05	136.13

Sterling Class 'A' Accumulation share performance

The share class was launched on 8 December 2006.

	Six months to 31.03.18 UK p	Year to 30.09.17 UK p	Year to 30.09.16 UK p
Change in NAV per share			
Opening NAV	208.53	196.82	185.07
Return before operating charges and after direct portfolio transaction costs	2.39	14.56	15.36
Operating charges	(1.47)	(2.85)	(2.67)
Return after operating charges	0.92	11.71	12.69
Distributions	(1.17)	(3.89)	(4.70)
Retained distributions	1.17	3.89	3.76
Closing NAV	209.45	208.53	196.82
Direct portfolio transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.02	0.01	0.02
Dilution adjustments ^[a]	0.00	0.00	(0.01)
Total direct portfolio transaction costs	0.02	0.01	0.01
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.02	0.01	0.00
Operating charges	1.41	1.40	1.41
Return after operating charges	+0.44	+5.95	+6.86
Distribution yield	1.27	1.26	2.10
Effect on yield of charges offset against capital	0.00	0.00	0.00
Other information			
Closing NAV (£'000)	540,099	567,587	650,497
Closing NAV percentage of total fund NAV (%)	2.31	2.75	4.22
Number of shares	257,869,460	272,182,254	330,507,238
Highest share price (UK p)	213.47	209.59	198.72
Lowest share price (UK p)	208.97	195.86	179.84

Sterling Class 'I' Income share performance

The share class was launched on 8 December 2006.

	Six months to 31.03.18 UK p	Year to 30.09.17 UK p	Year to 30.09.16 UK p
Change in NAV per share			
Opening NAV	150.29	145.86	140.07
Return before operating charges and after direct portfolio transaction costs	1.73	10.73	11.57
Operating charges	(0.69)	(1.35)	(1.30)
Return after operating charges	1.04	9.38	10.27
Distributions	(1.88)	(4.95)	(4.48)
Closing NAV	149.45	150.29	145.86
Direct portfolio transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.01	0.01	0.01
Dilution adjustments ^[a]	0.00	0.00	(0.01)
Total direct portfolio transaction costs	0.01	0.01	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.02	0.01	0.00
Operating charges	0.91	0.90	0.91
Return after operating charges	+0.69	+6.43	+7.33
Distribution yield ^[c]	2.67	2.66	3.50
Effect on yield of charges offset against capital	0.90	0.90	0.90
Other information			
Closing NAV (£'000)	1,523,528	1,443,654	1,366,215
Closing NAV percentage of total fund NAV (%)	6.52	7.00	8.86
Number of shares	1,019,403,575	960,593,216	936,630,031
Highest share price (UK p)	154.11	153.35	149.29
Lowest share price (UK p)	150.98	145.27	136.31

Sterling Class 'I' Accumulation share performance

The share class was launched on 8 December 2006.

	Six months to 31.03.18 UK p	Year to 30.09.17 UK p	Year to 30.09.16 UK p
Change in NAV per share			
Opening NAV	217.46	204.22	191.26
Return before operating charges and after direct portfolio transaction costs	2.48	15.15	15.92
Operating charges	(0.99)	(1.91)	(1.79)
Return after operating charges	1.49	13.24	14.13
Distributions	(1.76)	(5.09)	(5.84)
Retained distributions	1.76	5.09	4.67
Closing NAV	218.95	217.46	204.22
Direct portfolio transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.02	0.01	0.02
Dilution adjustments ^[a]	0.00	0.00	(0.01)
Total direct portfolio transaction costs	0.02	0.01	0.01
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.02	0.01	0.00
Operating charges	0.91	0.91	0.91
Return after operating charges	+0.69	+6.48	+7.39
Distribution yield	1.76	1.76	2.60
Effect on yield of charges offset against capital	0.00	0.00	0.00
Other information			
Closing NAV (£'000)	1,491,224	1,448,476	1,400,480
Closing NAV percentage of total fund NAV (%)	6.39	7.02	9.08
Number of shares	681,073,356	666,103,023	685,772,367
Highest share price (UK p)	222.98	218.55	206.15
Lowest share price (UK p)	218.45	203.38	186.13

M&G Optimal Income Fund

Financial highlights

Specific share class performance

Sterling Class 'R' Income share performance

The share class was launched on 3 August 2012.

Change in NAV per share	Six months to 31.03.18 UK p	Year to 30.09.17 UK p	Year to 30.09.16 UK p
Opening NAV	116.47	113.32	108.87
Return before operating charges and after direct portfolio transaction costs	1.34	8.33	8.99
Operating charges	(0.68)	(1.34)	(1.29)
Return after operating charges	0.66	6.99	7.70
Distributions	(1.45)	(3.84)	(3.25)
Closing NAV	115.68	116.47	113.32
Direct portfolio transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.01	0.01	0.01
Dilution adjustments ^[a]	0.00	0.00	(0.01)
Total direct portfolio transaction costs	0.01	0.01	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.02	0.01	0.00
Operating charges	1.16	1.15	1.16
Return after operating charges	+0.57	+6.17	+7.07
Distribution yield ^[c]	2.67	2.66	3.50
Effect on yield of charges offset against capital	1.15	1.15	1.15
Other information			
Closing NAV (£'000)	4,720	3,357	3,697
Closing NAV percentage of total fund NAV (%)	0.02	0.02	0.02
Number of shares	4,080,520	2,882,478	3,262,632
Highest share price (UK p)	119.33	118.84	115.92
Lowest share price (UK p)	116.86	112.82	105.88

Sterling Class 'R' Accumulation share performance

The share class was launched on 3 August 2012.

Change in NAV per share	Six months to 31.03.18 UK p	Year to 30.09.17 UK p	Year to 30.09.16 UK p
Opening NAV	131.53	123.83	116.20
Return before operating charges and after direct portfolio transaction costs	1.50	9.18	9.66
Operating charges	(0.76)	(1.48)	(1.38)
Return after operating charges	0.74	7.70	8.28
Distributions	(0.90)	(2.77)	(3.25)
Retained distributions	0.90	2.77	2.60
Closing NAV	132.27	131.53	123.83
Direct portfolio transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.01	0.01	0.01
Dilution adjustments ^[a]	0.00	0.00	(0.01)
Total direct portfolio transaction costs	0.01	0.01	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.02	0.01	0.00
Operating charges	1.16	1.15	1.16
Return after operating charges	+0.56	+6.22	+7.13
Distribution yield	1.52	1.51	2.35
Effect on yield of charges offset against capital	0.00	0.00	0.00
Other information			
Closing NAV (£'000)	12,761	8,003	6,994
Closing NAV percentage of total fund NAV (%)	0.05	0.04	0.04
Number of shares	9,647,438	6,084,256	5,647,628
Highest share price (UK p)	134.76	132.19	125.02
Lowest share price (UK p)	131.97	123.28	113.00

Sterling Class 'X' Income share performance

The share class was launched on 8 December 2006.

Change in NAV per share	Six months to 31.03.18 UK p	Year to 30.09.17 UK p	Year to 30.09.16 UK p
Opening NAV	149.18	145.60	140.00
Return before operating charges and after direct portfolio transaction costs	1.71	10.68	11.56
Operating charges	(1.05)	(2.17)	(2.37)
Return after operating charges	0.66	8.51	9.19
Distributions	(1.86)	(4.93)	(3.59)
Closing NAV	147.98	149.18	145.60
Direct portfolio transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.01	0.01	0.01
Dilution adjustments ^[a]	0.00	0.00	(0.01)
Total direct portfolio transaction costs	0.01	0.01	0.00
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.02	0.01	0.00
Operating charges	1.41	1.46*	1.66
Return after operating charges	+0.44	+5.84	+6.56
Distribution yield ^[c]	2.66	2.66	3.50
Effect on yield of charges offset against capital	1.40	1.40	1.65
Other information			
Closing NAV (£'000)	60,478	68,128	78,484
Closing NAV percentage of total fund NAV (%)	0.26	0.33	0.51
Number of shares	40,868,609	45,668,067	53,905,220
Highest share price (UK p)	152.72	152.22	148.78
Lowest share price (UK p)	149.50	144.85	135.95

Sterling Class 'X' Accumulation share performance

The share class was launched on 8 December 2006.

Change in NAV per share	Six months to 31.03.18 UK p	Year to 30.09.17 UK p	Year to 30.09.16 UK p
Opening NAV	204.25	192.88	181.72
Return before operating charges and after direct portfolio transaction costs	2.34	14.27	15.08
Operating charges	(1.44)	(2.90)	(3.09)
Return after operating charges	0.90	11.37	11.99
Distributions	(1.15)	(3.71)	(4.14)
Retained distributions	1.15	3.71	3.31
Closing NAV	205.15	204.25	192.88
Direct portfolio transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.02	0.01	0.02
Dilution adjustments ^[a]	0.00	0.00	(0.01)
Total direct portfolio transaction costs	0.02	0.01	0.01
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.02	0.01	0.00
Operating charges	1.41	1.46*	1.66
Return after operating charges	+0.44	+5.89	+6.60
Distribution yield	1.21	1.17	1.86
Effect on yield of charges offset against capital	0.00	0.00	0.00
Other information			
Closing NAV (£'000)	59,735	63,513	75,557
Closing NAV percentage of total fund NAV (%)	0.26	0.31	0.49
Number of shares	29,117,657	31,095,408	39,173,748
Highest share price (UK p)	209.09	205.28	194.77
Lowest share price (UK p)	204.69	191.88	176.46

* As the management charge has been discounted during the period, 1.41% is a more reliable estimate of the ongoing charge for the period to 30.09.17.

M&G Optimal Income Fund

Financial highlights

Specific share class performance

Swiss franc Class 'A-H' Income share performance

The share class was launched on 16 January 2015.

	Six months to 31.03.18 Swiss ¢	Year to 30.09.17 Swiss ¢	Year to 30.09.16 Swiss ¢
Change in NAV per share			
Opening NAV	1,135.33	1,121.90	1,096.99
Return before operating charges and after direct portfolio transaction costs	4.23	67.26	69.69
Operating charges	(8.09)	(16.15)	(15.58)
Return after operating charges	(3.86)	51.11	54.11
Distributions	(14.17)	(37.68)	(29.20)
Closing NAV	1,117.30	1,135.33	1,121.90
Direct portfolio transaction costs	Swiss ¢	Swiss ¢	Swiss ¢
Costs before dilution adjustments	0.11	0.07	0.11
Dilution adjustments ^[a]	(0.01)	(0.01)	(0.08)
Total direct portfolio transaction costs	0.10	0.06	0.03
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.02	0.01	0.00
Operating charges	1.43	1.42	1.43
Return after operating charges	-0.34	+4.56	+4.93
Distribution yield ^[c]	2.70	2.65	3.44
Effect on yield of charges offset against capital	1.42	1.42	1.40
Other information			
Closing NAV (£'000)	4,341	4,002	893
Closing NAV percentage of total fund NAV (%)	0.02	0.02	0.01
Number of shares	522,590	457,076	100,508
Highest share price (Swiss ¢)	1,156.45	1,159.08	1,150.71
Lowest share price (Swiss ¢)	1,129.25	1,114.32	1,062.38

Swiss franc Class 'A-H' Accumulation share performance

The share class was launched on 28 September 2012.

	Six months to 31.03.18 Swiss ¢	Year to 30.09.17 Swiss ¢	Year to 30.09.16 Swiss ¢
Change in NAV per share			
Opening NAV	1,228.94	1,175.12	1,119.62
Return before operating charges and after direct portfolio transaction costs	4.74	70.94	71.54
Operating charges	(8.76)	(17.12)	(16.04)
Return after operating charges	(4.02)	53.82	55.50
Distributions	(6.85)	(22.81)	(27.09)
Retained distributions	6.85	22.81	27.09
Closing NAV	1,224.92	1,228.94	1,175.12
Direct portfolio transaction costs	Swiss ¢	Swiss ¢	Swiss ¢
Costs before dilution adjustments	0.12	0.07	0.11
Dilution adjustments ^[a]	(0.01)	(0.01)	(0.08)
Total direct portfolio transaction costs	0.11	0.06	0.03
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.02	0.01	0.00
Operating charges	1.43	1.42	1.43
Return after operating charges	-0.33	+4.58	+4.96
Distribution yield	1.27	1.24	2.05
Effect on yield of charges offset against capital	0.00	0.00	0.00
Other information			
Closing NAV (£'000)	50,602	52,405	45,526
Closing NAV percentage of total fund NAV (%)	0.22	0.25	0.30
Number of shares	5,556,252	5,529,819	4,893,433
Highest share price (Swiss ¢)	1,252.26	1,235.85	1,187.49
Lowest share price (Swiss ¢)	1,222.51	1,166.57	1,084.10

Swiss franc Class 'C-H' Income share performance

The share class was launched on 16 January 2015.

	Six months to 31.03.18 Swiss ¢	Year to 30.09.17 Swiss ¢	Year to 30.09.16 Swiss ¢
Change in NAV per share			
Opening NAV	1,153.01	1,133.50	1,106.76
Return before operating charges and after direct portfolio transaction costs	4.36	68.33	71.46
Operating charges	(5.35)	(10.65)	(10.51)
Return after operating charges	(0.99)	57.68	60.95
Distributions	(14.39)	(38.17)	(34.21)
Closing NAV	1,137.63	1,153.01	1,133.50
Direct portfolio transaction costs	Swiss ¢	Swiss ¢	Swiss ¢
Costs before dilution adjustments	0.11	0.07	0.12
Dilution adjustments ^[a]	(0.01)	(0.01)	(0.08)
Total direct portfolio transaction costs	0.10	0.06	0.04
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.02	0.01	0.00
Operating charges	0.93	0.92	0.92
Return after operating charges	-0.09	+5.09	+5.51
Distribution yield ^[c]	2.71	2.64	3.45
Effect on yield of charges offset against capital	0.92	0.92	0.90
Other information			
Closing NAV (£'000)	17,497	14,127	6,010
Closing NAV percentage of total fund NAV (%)	0.07	0.07	0.04
Number of shares	2,068,669	1,588,893	669,753
Highest share price (Swiss ¢)	1,176.77	1,176.45	1,164.20
Lowest share price (Swiss ¢)	1,149.72	1,126.72	1,073.85

Swiss franc Class 'C-H' Accumulation share performance

The share class was launched on 28 September 2012.

	Six months to 31.03.18 Swiss ¢	Year to 30.09.17 Swiss ¢	Year to 30.09.16 Swiss ¢
Change in NAV per share			
Opening NAV	1,259.03	1,198.39	1,135.82
Return before operating charges and after direct portfolio transaction costs	4.82	72.02	73.47
Operating charges	(5.83)	(11.38)	(10.90)
Return after operating charges	(1.01)	60.64	62.57
Distributions	(10.10)	(29.44)	(33.54)
Retained distributions	10.10	29.44	33.54
Closing NAV	1,258.02	1,259.03	1,198.39
Direct portfolio transaction costs	Swiss ¢	Swiss ¢	Swiss ¢
Costs before dilution adjustments	0.12	0.07	0.12
Dilution adjustments ^[a]	(0.01)	(0.01)	(0.08)
Total direct portfolio transaction costs	0.11	0.06	0.04
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.02	0.01	0.00
Operating charges	0.93	0.92	0.92
Return after operating charges	-0.08	+5.06	+5.51
Distribution yield	1.78	1.73	2.55
Effect on yield of charges offset against capital	0.00	0.00	0.00
Other information			
Closing NAV (£'000)	120,722	105,038	72,848
Closing NAV percentage of total fund NAV (%)	0.52	0.51	0.47
Number of shares	12,906,780	10,818,636	7,678,121
Highest share price (Swiss ¢)	1,284.73	1,265.42	1,210.70
Lowest share price (Swiss ¢)	1,255.49	1,190.42	1,102.21

M&G Optimal Income Fund

Financial highlights

Specific share class performance

US dollar Class 'A-H' Income share performance

The share class was launched on 8 August 2014.

Change in NAV per share	Six months to 31.03.18 US ¢	Year to 30.09.17 US ¢	Year to 30.09.16 US ¢
Opening NAV	1,391.99	1,343.54	1,293.09
Return before operating charges and after direct portfolio transaction costs	26.28	113.42	103.41
Operating charges	(9.98)	(19.64)	(18.67)
Return after operating charges	16.30	93.78	84.74
Distributions	(17.78)	(45.33)	(34.29)
Closing NAV	1,390.51	1,391.99	1,343.54
Direct portfolio transaction costs	US ¢	US ¢	US ¢
Costs before dilution adjustments	0.14	0.08	0.13
Dilution adjustments ^[a]	(0.01)	(0.01)	(0.09)
Total direct portfolio transaction costs	0.13	0.07	0.04
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.02	0.01	0.00
Operating charges	1.43	1.42	1.43
Return after operating charges	+1.17	+6.98	+6.55
Distribution yield ^[c]	2.69	2.63	3.44
Effect on yield of charges offset against capital	1.42	1.42	1.40
Other information			
Closing NAV (£'000)	67,216	57,650	60,931
Closing NAV percentage of total fund NAV (%)	0.29	0.28	0.39
Number of shares	6,797,194	5,543,011	5,879,099
Highest share price (US ¢)	1,432.01	1,420.52	1,375.33
Lowest share price (US ¢)	1,399.14	1,339.09	1,259.05

US dollar Class 'A-H' Accumulation share performance

The share class was launched on 1 October 2010.

Change in NAV per share	Six months to 31.03.18 US ¢	Year to 30.09.17 US ¢	Year to 30.09.16 US ¢
Opening NAV	1,517.72	1,418.75	1,331.90
Return before operating charges and after direct portfolio transaction costs	28.81	119.86	106.24
Operating charges	(10.90)	(20.89)	(19.39)
Return after operating charges	17.91	98.97	86.85
Distributions	(8.77)	(27.42)	(32.13)
Retained distributions	8.77	27.42	32.13
Closing NAV	1,535.63	1,517.72	1,418.75
Direct portfolio transaction costs	US ¢	US ¢	US ¢
Costs before dilution adjustments	0.15	0.09	0.14
Dilution adjustments ^[a]	(0.01)	(0.02)	(0.09)
Total direct portfolio transaction costs	0.14	0.07	0.05
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.02	0.01	0.00
Operating charges	1.43	1.42	1.42
Return after operating charges	+1.18	+6.98	+6.52
Distribution yield	1.26	1.23	2.05
Effect on yield of charges offset against capital	0.00	0.00	0.00
Other information			
Closing NAV (£'000)	1,266,404	1,515,369	1,067,522
Closing NAV percentage of total fund NAV (%)	5.42	7.34	6.92
Number of shares	115,962,636	133,633,312	97,542,216
Highest share price (US ¢)	1,561.36	1,525.67	1,431.21
Lowest share price (US ¢)	1,525.58	1,413.13	1,296.56

US dollar Class 'A-H M' Income share performance

The share class was launched on 16 January 2015.

Change in NAV per share	Six months to 31.03.18 US ¢	Year to 30.09.17 US ¢	Year to 30.09.16 US ¢
Opening NAV	1,037.39	1,001.57	964.15
Return before operating charges and after direct portfolio transaction costs	19.41	83.59	76.70
Operating charges	(7.37)	(14.41)	(13.85)
Return after operating charges	12.04	69.18	62.85
Distributions	(13.31)	(33.36)	(25.43)
Closing NAV	1,036.12	1,037.39	1,001.57
Direct portfolio transaction costs	US ¢	US ¢	US ¢
Costs before dilution adjustments	0.10	0.06	0.10
Dilution adjustments ^[a]	(0.01)	(0.01)	(0.07)
Total direct portfolio transaction costs	0.09	0.05	0.03
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.02	0.01	0.00
Operating charges	1.43	1.42	1.43
Return after operating charges	+1.16	+6.91	+6.52
Distribution yield ^[c]	2.68	2.62	3.44
Effect on yield of charges offset against capital	1.42	1.42	1.40
Other information			
Closing NAV (£'000)	100,320	77,397	17,620
Closing NAV percentage of total fund NAV (%)	0.43	0.37	0.11
Number of shares	13,614,604	9,985,406	2,280,655
Highest share price (US ¢)	1,059.91	1,044.51	1,013.99
Lowest share price (US ¢)	1,035.32	994.21	932.10

US dollar Class 'C-H' Income share performance

The share class was launched on 8 August 2014.

Change in NAV per share	Six months to 31.03.18 US ¢	Year to 30.09.17 US ¢	Year to 30.09.16 US ¢
Opening NAV	1,425.90	1,369.72	1,316.85
Return before operating charges and after direct portfolio transaction costs	27.14	115.56	105.94
Operating charges	(6.64)	(13.01)	(12.46)
Return after operating charges	20.50	102.55	93.48
Distributions	(18.24)	(46.37)	(40.61)
Closing NAV	1,428.16	1,425.90	1,369.72
Direct portfolio transaction costs	US ¢	US ¢	US ¢
Costs before dilution adjustments	0.14	0.08	0.14
Dilution adjustments ^[a]	(0.01)	(0.01)	(0.09)
Total direct portfolio transaction costs	0.13	0.07	0.05
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.02	0.01	0.00
Operating charges	0.93	0.92	0.92
Return after operating charges	+1.44	+7.49	+7.10
Distribution yield ^[c]	2.69	2.62	3.45
Effect on yield of charges offset against capital	0.92	0.92	0.90
Other information			
Closing NAV (£'000)	83,889	65,331	31,837
Closing NAV percentage of total fund NAV (%)	0.35	0.32	0.21
Number of shares	8,259,556	6,132,234	3,013,204
Highest share price (US ¢)	1,469.34	1,455.08	1,404.04
Lowest share price (US ¢)	1,433.42	1,365.89	1,284.61

M&G Optimal Income Fund

Financial highlights

Specific share class performance

US dollar Class 'C-H' Accumulation share performance

The share class was launched on 1 October 2010.

	Six months to 31.03.18 US ¢	Year to 30.09.17 US ¢	Year to 30.09.16 US ¢
Change in NAV per share			
Opening NAV	1,571.98	1,463.05	1,366.78
Return before operating charges and after direct portfolio transaction costs	29.47	122.94	109.24
Operating charges	(7.34)	(14.01)	(12.97)
Return after operating charges	22.13	108.93	96.27
Distributions	(12.97)	(35.92)	(40.03)
Retained distributions	12.97	35.92	40.03
Closing NAV	1,594.11	1,571.98	1,463.05
Direct portfolio transaction costs	US ¢	US ¢	US ¢
Costs before dilution adjustments	0.16	0.09	0.14
Dilution adjustments ^[a]	(0.01)	(0.02)	(0.10)
Total direct portfolio transaction costs	0.15	0.07	0.04
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.02	0.01	0.00
Operating charges	0.93	0.92	0.92
Return after operating charges	+1.41	+7.45	+7.04
Distribution yield	1.76	1.72	2.54
Effect on yield of charges offset against capital	0.00	0.00	0.00
Other information			
Closing NAV (£'000)	312,348	300,244	237,933
Closing NAV percentage of total fund NAV (%)	1.34	1.45	1.54
Number of shares	27,552,067	25,563,132	21,082,338
Highest share price (US ¢)	1,619.49	1,579.91	1,475.46
Lowest share price (US ¢)	1,579.94	1,458.01	1,332.73

^[a] In respect of direct portfolio transaction costs.

^[b] As a percentage of average net asset value.

^[c] Following the change in charging structure, you may see variances between the comparative and current year figures.

M&G Optimal Income Fund

Financial statements and notes

Financial statements

Statement of total return

for the six months to 31 March	2018		2017	
	£'000	£'000	£'000	£'000
Income				
Net capital gains / (losses)		(368,271)		169,070
Revenue	283,865		301,093	
Expenses	(140,592)		(103,001)	
Net revenue / (expense) before taxation	143,273		198,092	
Taxation	(1,216)		(2,424)	
Net revenue / (expense) after taxation		142,057		195,668
Total return before distributions		(226,214)		364,738
Distributions		(156,876)		(204,552)
Change in net assets attributable to shareholders from investment activities		(383,090)		160,186

Statement of change in net assets attributable to shareholders

for the six months to 31 March	2018		2017	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		20,637,023		15,426,945
Amounts received on issue of shares	4,464,840		2,209,528	
Amounts paid on cancellation of shares	(1,498,440)		(627,467)	
		2,966,400		1,582,061
Dilution adjustments		8,428		6,126
Change in net assets attributable to shareholders from investment activities (see above)		(383,090)		160,186
Retained distributions on Accumulation shares		125,083		170,112
Unclaimed distributions		8		2
Closing net assets attributable to shareholders		23,353,852		17,345,432

The opening net assets attributable to shareholders for 2018 differs to the closing position in 2017 by the change in net assets attributable to shareholders for the second half of the comparative financial year.

Balance sheet

as at	31 March 2018	30 September 2017
	£'000	£'000
Assets		
Fixed assets		
Investments	22,907,540	20,440,704
Current assets		
Debtors	10,034,788	895,692
Cash and bank balances	669,314	553,992
Total assets	33,611,642	21,890,388
Liabilities		
Investment liabilities	(192,716)	(444,594)
Creditors		
Bank overdrafts	(210,069)	0
Overdrawn positions at futures clearing houses and collateral manager	(50)	(3,747)
Distribution payable	(42,678)	(45,360)
Other creditors	(9,812,277)	(759,664)
Total liabilities	(10,257,790)	(1,253,365)
Net assets attributable to shareholders	23,353,852	20,637,023

Notes to the financial statements

Accounting policies

The interim financial statements have been prepared on the same basis as the audited annual financial statements for the year ended 30 September 2017. They are prepared under the historical cost convention, as modified by the revaluation of investments, and in accordance with the Statement of Recommended Practice (SORP) for Authorised Funds issued by the Investment Association in May 2014.

Distribution policy

In determining the amount available for distribution to Income shares, the annual management charge, administration charge and share class hedging charge are offset against capital, increasing the amount available for distribution whilst restraining capital performance to an equivalent extent.

M&G Optimal Income Fund

Other regulatory disclosures

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 'Performance and charges'.

Accumulation shares: A type of share where distributions are automatically reinvested and reflected in the value of the shares.

Accumulation units: A type of unit where distributions are automatically reinvested and reflected in the value of the units.

Asset: Anything having commercial or exchange value that is owned by a business, institution or individual.

Asset allocation: Apportioning a portfolio's assets according to risk tolerance and investment goals.

Asset class: Category of assets, such as cash, company shares, fixed income securities and their sub-categories, as well as tangible assets such as real estate.

Bond: A loan in the form of a security, usually issued by a government or company, which normally pays a fixed rate of interest over a given time period, at the end of which the initial amount borrowed is repaid.

Bond issue: A set of fixed income securities offered for sale to the public by a company or government. If the bonds are sold for the first time, it is called a 'new issue'.

Bottom-up selection: Selecting stocks based on the attractiveness of a company.

Bunds: Fixed income securities issued by the German government.

Capital: Refers to the financial assets, or resources, that a company has to fund its business operations.

Capital growth: Occurs when the current value of an investment is greater than the initial amount invested.

Capital return: The term for the gain or loss derived from an investment over a particular period. Capital return includes capital gain or loss only and excludes income (in the form of interest or dividend payments).

Cash equivalents: Deposits or investments with similar characteristics to cash.

Comparative sector: A group of funds with similar investment objectives and/or types of investment, as classified by bodies such as the Investment Association (IA) or Morningstar™. Sector definitions are mostly based on the main assets a fund should invest in, and may also have a geographic focus. Sectors can be the basis for comparing the different characteristics of similar funds, such as their performance or charging structure.

Consumer Prices Index (CPI): An index used to measure inflation, which is the rate of change in prices for a basket of goods and services. The contents of the basket are meant to be representative of products and services we typically spend our money on.

Convertible bonds: Fixed income securities that can be exchanged for predetermined amounts of company shares at certain times during their life.

Corporate bonds: Fixed income securities issued by a company. They are also known as bonds and can offer higher interest payments than bonds issued by governments as they are often considered more risky.

Coupon: The interest paid by the government or company that has raised a loan by selling bonds.

Credit: The borrowing capacity of an individual, company or government. More narrowly, the term is often used as a synonym for fixed income securities issued by companies.

Credit default swaps (CDS): Are a type of derivative, namely financial instruments whose value, and price, are dependent on one or more underlying assets. CDS are insurance-like contracts that allow investors to transfer the risk of a fixed income security defaulting to another investor.

Credit rating: An independent assessment of a borrower's ability to repay its debts. A high rating indicates that the credit rating agency considers the issuer to be at low risk of default; likewise, a low rating indicates high risk of default. Standard & Poor's, Fitch and Moody's are the three most prominent credit rating agencies. Default means that a company or government is unable to meet interest payments or repay the initial investment amount at the end of a security's life.

Credit rating agency: A company that analyses the financial strength of issuers of fixed income securities and attaches a rating to their debt. Examples include Standard & Poor's and Moody's.

Credit risk: Risk that a financial obligation will not be paid and a loss will result for the lender.

Credit selection: The process of evaluating a fixed income security, also called a bond, in order to ascertain the ability of the borrower to meet its debt obligations. This research seeks to identify the appropriate level of default risk associated with investing in that particular bond.

Credit spread: The difference between the yield of a corporate bond, a fixed income security issued by a company, and a government bond of the same life span. Yield refers to the income received from an investment and is expressed as a percentage of the investment's current market value.

Default: When a borrower does not maintain interest payments or repay the amount borrowed when due.

Default risk: Risk that a debtholder will not receive interest and full repayment of the loan when due.

Derivatives: Financial instruments whose value, and price, are dependent on one or more underlying assets. Derivatives can be used to gain exposure to, or to help protect against, expected changes in the value of the underlying investments. Derivatives may be traded on a regulated exchange or traded over the counter.

Developed economy/market: Well-established economies with a high degree of industrialisation, standard of living and security.

Dilution adjustments: The dilution adjustment is used to protect ongoing investors against the transaction charges incurred in investing or divesting in respect of creations and cancellations. The dilution adjustment is made up of the direct and indirect transaction charges. In the financial statements the direct transaction charges as a percentage of average NAV will be disclosed. This percentage will take account of those direct transaction charges that have been recovered through the dilution adjustment leaving a percentage that just represents the costs incurred in portfolio management.

Distribution: Distributions represent a share in the income of the fund and are paid out to Income shareholders or reinvested for Accumulation shareholders at set times of the year (monthly, quarterly, half-yearly or annually). They may either be in the form of interest distributions or dividend distributions.

Distribution yield: Expresses the amount that is expected to be distributed by the fund over the next 12 months as a percentage of the share price as at a certain date. It is based on the expected gross income less the ongoing charges.

Diversification: The practice of investing in a variety of assets. This is a risk management technique where, in a well-diversified portfolio, any loss from an individual holding should be offset by gains in other holdings, thereby lessening the impact on the overall portfolio.

Dividend: Dividends represent a share in the profits of a company and are paid out to the company's shareholders at set times of the year.

Duration: A measure of the sensitivity of a fixed income security, also called a bond, or bond fund to changes in interest rates. The longer a bond or bond fund's duration, the more sensitive it is to interest rate movements.

Duration risk: The longer a fixed income security, also called a bond, or bond fund's duration, the more sensitive and therefore at risk it is to changes in interest rates.

Emerging economy or market: Economies in the process of rapid growth and increasing industrialisation. Investments in emerging markets are generally considered to be riskier than those in developed markets.

Equities: Shares of ownership in a company.

Exchange traded: Usually refers to investments traded on an exchange, such as company shares on a stock exchange.

Ex-dividend, ex-distribution or XD date: The date on which declared distributions officially belong to underlying investors.

Exposure: The proportion of a fund invested in a particular share/fixed income security, sector/region, usually expressed as a percentage of the overall portfolio.

Fixed income security: A loan in the form of a security, usually issued by a government or company, which normally pays a fixed rate of interest over a given time period, at the end of which the initial amount borrowed is repaid. Also referred to as a bond.

Floating rate notes (FRNs): Securities whose interest (income) payments are periodically adjusted depending on the change in a reference interest rate.

Foreign exchange: The exchange of one currency for another, or the conversion of one currency into another currency. Foreign exchange also refers to the global market where currencies are traded virtually around the clock. The term foreign exchange is usually abbreviated as 'forex' and occasionally as 'FX'.

Foreign exchange (FX) strategy: Currencies can be an asset class in its own right, along with company shares, fixed income securities, property and cash. Foreign exchange strategy can therefore be a source of investment returns.

Forward contract: A contract between two parties to buy or sell a particular commodity or financial instrument at a pre-determined price at a future date. Examples include forward currency contracts.

Fundamentals (company): A basic principle, rule, law, or the like, that serves as the groundwork of a system. A company's fundamentals pertain specifically to that company, and are factors such as its business model, earnings, balance sheet and debt.

Fundamentals (economic): A basic principle, rule, law, or the like, that serves as the groundwork of a system. Economic fundamentals are factors such as inflation, employment, economic growth.

Futures: A futures contract is a contract between two parties to buy or sell a particular commodity or financial instrument at a pre-determined price at a future date. Futures are traded on a regulated exchange.

Gilts: Fixed income securities issued by the UK government.

Government bonds: Fixed income securities issued by governments, that normally pay a fixed rate of interest over a given time period, at the end of which the initial investment is repaid.

Hedging: A method of reducing unnecessary or unintended risk.

High water mark (HWM): The highest level that a fund's NAV (net asset value) has reached at the end of any 12-month accounting period.

High yield bonds: Fixed income securities issued by companies with a low credit rating from a recognised credit rating agency. They are considered to be at higher risk of default than better quality, ie higher-rated fixed income securities but have the potential for higher rewards. Default means that a company or government is unable to meet interest payments or repay the initial investment amount at the end of a security's life.

Historic yield: The historic yield reflects distributions declared over the past 12 months as a percentage of the share price, as at the date shown.

Income yield: Refers to the income received from an investment and is usually expressed annually as a percentage based on the investment's cost, its current market value or face value.

Index: An index represents a particular market or a portion of it, serving as a performance indicator for that market.

Income shares: A type of share where distributions are paid out as cash on the payment date.

Income units: A type of unit where distributions are paid out as cash on the payment date.

Index tracking: A fund management strategy that aims to match the returns from a particular index.

Index-linked bonds: Fixed income securities where both the value of the loan and the interest payments are adjusted in line with inflation over the life of the security. Also referred to as inflation-linked bonds.

Inflation: The rate of increase in the cost of living. Inflation is usually quoted as an annual percentage, comparing the average price this month with the same month a year earlier.

Inflation risk: The risk that inflation will reduce the return of an investment in real terms.

Initial public offering (IPO): The first sale of shares by a private company to the public.

Interest rate risk: The risk that a fixed income investment will lose value if interest rates rise.

Interest rate swap: An agreement between two parties to swap a fixed interest payment with a variable interest payment over a specified period of time.

Investment Association (IA): The UK trade body that represents fund managers. It works with investment managers, liaising with government on matters of taxation and regulation, and also aims to help investors understand the industry and the investment options available to them.

Glossary

Issuer: An entity that sells securities, such as fixed income securities and company shares.

Investment grade bonds: Fixed income securities issued by a company with a medium or high credit rating from a recognised credit rating agency. They are considered to be at lower risk from default than those issued by companies with lower credit ratings. Default means that a company or government is unable to meet interest payments or repay the initial investment amount at the end of a security's life.

Issuer: An entity that sells securities, such as fixed income securities and company shares.

Leverage: When referring to a company, leverage is the level of a company's debt in relation to its assets. A company with significantly more debt than capital is considered to be leveraged. It can also refer to a fund that borrows money or uses derivatives to magnify an investment position.

Liquidity: A company is considered highly liquid if it has plenty of cash at its disposal. A company's shares are considered highly liquid if they can be easily bought or sold since large amounts are regularly traded.

Long position: Refers to ownership of a security held in the expectation that the security will rise in value.

Macroeconomic: Refers to the performance and behaviour of an economy at the regional or national level. Macroeconomic factors such as economic output, unemployment, inflation and investment are key indicators of economic performance. Sometimes abbreviated to 'macro'.

Maturity: The length of time until the initial investment amount of a fixed income security is due to be repaid to the holder of the security.

Modified duration: A measure of the sensitivity of a fixed income security, called a bond, or bond fund to changes in interest rates. The longer a bond or bond fund's duration, the more sensitive it is to interest rate movements.

Monetary easing: When central banks lower interest rates or buy securities on the open market to increase the money in circulation.

Monetary policy: A central bank's regulation of money in circulation and interest rates.

Monetary tightening: When central banks raise interest rates or sell securities on the open market to decrease the money in circulation.

Morningstar™: A provider of independent investment research, including performance statistics and independent fund ratings.

Near cash: Deposits or investments with similar characteristics to cash.

Net asset value (NAV): A fund's net asset value is calculated by taking the current value of the fund's assets and subtracting its liabilities.

Open-ended investment company (OEIC): A type of managed fund, whose value is directly linked to the value of the fund's underlying investments.

Options: Financial contracts that offer the right, but not the obligation, to buy or sell an asset at a given price on or before a given date in the future.

Over-the-counter (OTC): Whereby financial assets are traded directly between two parties. This is in contrast to exchange trading, which is carried out through exchanges set up specifically for the purpose of trading. OTC is also known as off-exchange trading.

Overweight: If a fund is 'overweight' a stock, it holds a larger proportion of that stock than the comparable index or sector.

Payment date: The date on which distributions will be paid by the fund to investors, usually the last business day of the month.

Physical assets: An item of value that has tangible existence, for example, cash, equipment, inventory or real estate. Physical assets can also refer to securities, such as company shares or fixed income securities.

Portfolio transaction cost: The cost of trading, such as brokerage, clearing, exchange fees and bid-offer spread as well as taxes such as stamp duty.

Preference shares: Preference shares are a loan to a company that may be traded in the same way as ordinary shares, but generally have a higher yield and pay dividends on fixed dates. Preference shares have varying characteristics as to the treatment of the principal and the dividend payment, which includes ranking them above ordinary shares when it comes to dividend payments.

Principal: The face value of a fixed income security, which is the amount due back to the investor by the borrower when the security reaches the end of its life.

Private placement: An offer of sale of securities to a relatively small number of investors selected by the company, generally investment banks, mutual funds, insurance companies or pension funds.

Property Expense Ratio (PER): Property expenses are the operating expenses that relate to the management of the property assets in the portfolio. These include: insurance and rates, rent review and lease renewal costs and maintenance and repairs, but not improvements. They depend on the level of activity taking place within the fund. The Property Expense Ratio is the ratio of property expenses to the fund's net asset value.

Real yield: The return of an investment, adjusted for changes in prices in an economy.

Retail Prices Index (RPI): A UK inflation index that measures the rate of change in prices for a basket of goods and services in the UK, including mortgage payments and council tax.

Risk: The chance that an investment's return will be different to what is expected. Risk includes the possibility of losing some or all of the original investment.

Risk management: The term used to describe the activities the fund manager undertakes to limit the risk of a loss in a fund.

Risk premium: The difference between the return from a risk-free asset, such as a high-quality government bond or cash, and the return from an investment in any other asset. The risk premium can be considered the 'price' or 'pay-off' for taking on increased risk. A higher risk premium implies higher risk.

Risk-free asset: An asset that notionally carries no risk of non-payment by the borrower such as a high-quality fixed income security issued by a government or cash.

Risk/reward ratio: A ratio comparing the expected returns of an investment with the amount of risk undertaken.

Glossary

Safe-haven assets: Refers to assets that investors perceive to be relatively safe from suffering a loss in times of market turmoil.

Security: Financial term for a paper asset – usually a share in a company or a fixed income security also known as a bond.

Share class: Each M&G fund has different share classes, such as A, R and I. Each has a different level of charges and minimum investment. Details on charges and minimum investments can be found in the Key Investor Information Documents.

Share class hedging: Activities undertaken in respect of hedged shares to mitigate the impact on performance of exchange rate movements between the fund's currency exposure and the investor's chosen currency.

Short position: A way for a fund manager to express his or her view that the market might fall in value.

Short selling: This often refers to the practice whereby an investor sells an asset they do not own. The investor borrows the asset from someone who does own it and pays a fee. The investor must eventually return the borrowed asset by buying it in the open market. If the asset has fallen in price, the investor buys it for less than they sold it for, thus making a profit. The contrary may also occur.

Short-dated corporate bonds: Fixed income securities issued by companies and repaid over relatively short periods.

Short-dated government bonds: Fixed income securities issued by governments and repaid over relatively short periods.

Sovereign debt: Debt of a government. Also referred to as government bonds.

Sub-investment grade bonds: Fixed income securities issued by a company with a low rating from a recognised credit rating agency. They are considered to be at higher risk from default than those issued by companies with higher credit ratings. Default means that a company or government is unable to meet interest payments or repay the initial investment amount at the end of a security's life.

Top-down investing: An investment approach that analyses economic factors, ie surveys the 'big picture', before selecting which companies to invest in. The top-down investor will look at which industries are likely to generate the best returns in certain economic conditions and limit the search to that area.

Total return: The term for the gain or loss derived from an investment over a particular period. Total return includes income (in the form of interest or dividend payments) and capital gains.

Treasuries: Fixed income securities issued by the US government.

Triple A or AAA rated: The highest possible rating a fixed income security, also called a bond, can be assigned by credit rating agencies. Bonds that are rated AAA are perceived to have the lowest risk of default. Default means that a company or government is unable to meet interest payments or repay the initial investment amount at the end of a security's life.

UCITS: Stands for Undertakings for Collective Investment in Transferable Securities. This is the European regulatory framework for an investment vehicle that can be marketed across the European Union and is designed to enhance the single market in financial assets while maintaining high levels of investor protection.

Unconstrained: The term used to describe the mandate of a fund whereby the manager has the freedom to invest according to his or her own strategy, not being obliged to allocate capital according to the weightings of any index, for example.

Underlying value: The fundamental value of a company, reflecting both tangible and intangible assets, rather than the current market value.

Underlying yield: Refers to the income received by a managed fund, and is usually expressed annually as a percentage based on the fund's current value.

Underweight: If a portfolio is 'underweight' a stock, it holds a smaller proportion of that stock than the comparable index or sector.

Unit trust: A type of managed fund, whose value is directly linked to the value of the fund's underlying investments.

Unit/share type: Type of units/shares held by investors in a trust or fund (unit/share types differ by features such as whether income is to be paid out as cash or reinvested on the payment date).

Valuation: The worth of an asset or company based on its current price.

Volatile: When the value of a particular share, market or sector swings up and down fairly frequently and/or significantly, it is considered volatile.

Volatility: The degree to which a given security, fund, or index rapidly changes. It is calculated as the degree of deviation from the norm for that type of investment over a given time period. The higher the volatility, the riskier the security tends to be.

Warrant: A security issued by a company that gives the holder the right to buy shares in that company at a specified price and within a certain timeframe.

Yield: This refers to either the interest received from a fixed income security or to the dividends received from a share. It is usually expressed as a percentage based on the investment's costs, its current market value or its face value. Dividends represent a share in the profits of the company and are paid out to a company's shareholders at set times of the year.

Yield (equity): Refers to the dividends received by a holder of company shares and is usually expressed annually as a percentage based on the investment's cost, its current market value or face value. Dividends represent a share in the profits of the company and are paid out to a company's shareholders at set times of the year.

Yield (bonds): This refers to the interest received from a fixed income security and is usually expressed annually as a percentage based on the investment's cost, its current market value or its face value.

Yield (income): Refers to the income received from an investment and is usually expressed annually as a percentage based on the investment's cost, its current market value or face value.

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Notes

