



M&G Optimal Income Fund

Interim Long Report and unaudited Financial Statements
for the six months ended 31 March 2019

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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 2019.

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,
10 Fenchurch Avenue, London EC3M 5AG, UK
Telephone: 0800 390 390 (UK only)

(Authorised and regulated by the Financial Conduct Authority. M&G Securities Limited is a member of the Investment Association and of the Tax Incentivised Savings Association.)

Directors of the ACD

M Ammon, G N Cotton, C Dobson (non executive director),
N M Donnelly, P R Jelfs, M McGrade (non executive director),
L J Mumford

Investment manager

M&G Investment Management Limited,
10 Fenchurch Avenue, London EC3M 5AG, UK
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)

Depository

NatWest Trustee & Depository Services Limited, Drummond House,
1 Redheughs Avenue, Edinburgh EH12 9RH, UK
(Authorised and regulated by the Financial Conduct Authority)

Independent auditor

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

Important information

Following the successful extraordinary resolution at the shareholder meeting held on 4 October 2018, the non-sterling share classes of the M&G Optimal Income Fund merged into the equivalent share classes of the M&G (Lux) Optimal Income Fund (a sub-fund of M&G (Lux) Investment Funds 1) on 8 March 2019.

Please note that on 18 January 2019, the Sterling Class 'J' shares launched.

For further details of the mergers, please refer to www.mandg.com/brexitmergerdocumentation.

Investor information

The Prospectus, Instrument of Incorporation, Key Investor Information Documents, Costs and charges illustration, the latest Annual or Interim Investment Report and Financial Statements as well as a list of purchases and sales are available free of charge on request from the following addresses. The Instrument of Incorporation can also be inspected at our offices or at the office of the Depository.

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.

M&G Optimal Income Fund

Authorised Corporate Director's Report

Investor information

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:

Eurobank Ergasias S.A.,
8, Othonos Street, 10557 Athens, Greece

Irish facilities agent:

Société Générale S.A., Dublin Branch,
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 operationnel, 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

Spanish representative:

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

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 N COTTON
L J MUMFORD } Directors

15 May 2019

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 1 April 2019, for the six months ended 31 March 2019

Performance against objective

Between 1 October 2018 (the start of the review period) and 1 April 2019, the M&G Optimal Income Fund delivered a small positive total return (the combination of income and growth of capital) across all of its sterling class shares.

On 8 March 2019, the fund's non-sterling share classes merged into the M&G (Lux) Optimal Income Fund, a Luxembourg-authorized SICAV which launched on 5 September 2018. The M&G Optimal Income Fund's euro and Swiss franc shares produced broadly flat returns between 1 October 2018 and 8 March 2019, while its Singapore and US dollar share classes delivered positive returns over the same period*.

The fund's holdings are split between high-quality, or investment grade, corporate bonds, high-yielding corporate bonds and government bonds, which 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. The initial amount borrowed by the entity is usually repaid at the end of the loan's life. 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 debt 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.

M&G Optimal Income Fund

Authorised Corporate Director's Report

Investment review

Investment performance

Volatility returned to financial markets in 2018, as a result of a range of factors that included higher interest rates and inflation, political uncertainty and global trade tensions.

The US Federal Reserve (Fed) raised interest rates in December, making it a total of nine times US rates have risen since the great financial crisis about a decade ago. In the UK, much uncertainty remained about the eventual terms of the country's Brexit deal with the European Union (EU). This contributed to periods of adverse sentiment towards UK bonds. Investors in Europe became concerned in the latter stages of 2018 about Italian proposals to increase the country's budget deficit. The plans, which met with opposition from the EU, were drafted after an anti-establishment party gained a strong presence in Italy's new coalition government.

Investor sentiment towards corporate bonds – and international stockmarkets – was increasingly affected by concerns of a trade war developing between the US and China. In addition, during the latter months of 2018, global economic growth forecasts began to moderate, which contributed to some weaker confidence in the outlook for corporate bonds and emerging markets.

The mood then changed once again in early 2019, as investors took comfort from the Fed's statements that the central bank would moderate its strategy of raising interest rates. This resulted in a strong start to the year for corporate bonds – and took corporate bond returns for the six-month period back into positive territory.

At the very end of the reporting period, the UK's exit from the EU was delayed. This did not have a significant impact on sterling-denominated investment grade corporate bonds, which delivered positive returns over the six-month period, as did those denominated in euros and US dollars. Government bonds also generally delivered positive returns.

In these circumstances, the fund's performance was driven by its significant exposure to investment grade corporate bonds, and in particular, by its sizeable allocation to the US dollar-denominated segment of the market. After a strong start to 2019 for stockmarkets, the fund's small allocation to equities (company shares) also helped returns. However, its relative lack of sensitivity to changes in interest rates (known as duration) constrained relative performance, as the overall direction of government bond yields over the six months was downwards.

Investment activities

We adjust the fund's positioning to reflect changes in our outlook regarding interest rates, credit risk and changes in relative value among the different fixed income asset classes. Throughout the review period, we continued to find most value in investment grade corporate bonds and, as a result, held proportionately more of these than bonds issued by governments or riskier, so-called 'high yield', companies.

Within investment grade corporate bonds, we were active in the primary market, where we were able to buy bonds that came with an attractive new issue premium, as well as in the secondary market, where we undertook a number of relative value trades. For example, in January we sold bonds from telecoms firm Orange that were denominated in sterling, to buy bonds from the same company issued in euros.

We can invest a portion of the fund (up to 20%) in equities if we believe a company's shares present a more attractive investment opportunity relative to its bonds. We did not make any material changes to our equity exposure, which ended the review period at around 4.7%.

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 typically 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 interest rates will likely rise further in the medium term.

Outlook

The biggest story in financial markets in recent months continues to be the likelihood of the US economy entering recession. The market is pricing in imminent recession, while a range of leading economic indicators point to the next recession being several years away. The labour market remains very strong, which is expected to push wages higher in time. The US is a service-based economy, and its reliance on people rather than goods means that it is unlikely to turn deflationary in the short to medium term. The market now expects the US Federal Reserve's next move will be to cut rather than increase interest rates, but in our view, the Fed risks falling further behind the curve.

While the UK is at a different stage in the cycle to the US from a monetary policy perspective due to Brexit, the two are in a similar place from an economic standpoint.

Against this backdrop, corporate bond valuations remain attractive and we are being paid to take risk. We prefer corporate bonds to government bonds for a variety of reasons. One is supply – we anticipate a significant shift in supply dynamics going forward. Treasury issuance is set to rise considerably as the US budget deficit swells under President Trump, while the recent era of merger & acquisition activity that has been funded by companies issuing substantial amounts of debt is coming to an end.

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.

M&G Optimal Income Fund

Authorised Corporate Director's Report

Investments

Portfolio statement

as at Holding	31.03.19 £'000	31.03.19 %	30.09.18 %
EQUITIES	173,835	4.78	4.55
Telecommunication service providers	4,817	0.13	0.25
2,159,339 BT	4,817	0.13	
Pharmaceuticals & biotechnology	0	0.00	0.59
Banks	75,283	2.07	1.70 ^(a)
2,612,273 Banco Santander	9,271	0.25	
2,051,372 BBVA	8,942	0.25	
323,901 BNP Paribas	11,843	0.32	
3,454,942 Intesa Sanpaolo	6,442	0.18	
21,593,390 Lloyds Banking	13,427	0.37	
3,239,008 Royal Bank of Scotland	8,088	0.22	
475,055 Société Générale	10,513	0.29	
798,955 Standard Chartered 8.25% Preference shares	975	0.03	
593,818 UniCredit	5,782	0.16	
Non-life insurance	11,199	0.31	0.53
583,022 AXA	11,199	0.31	
Automobiles & parts	27,144	0.75	0.80
215,934 Bayerische Motoren Werke	12,744	0.35	
323,901 Daimler	14,400	0.40	
Travel & leisure	8,617	0.24	0.04
320,000 American Airlines	7,545	0.21	
416,995 Codere	1,072	0.03	
Tobacco	20,025	0.55	0.37
345,494 British American Tobacco	10,952	0.30	
345,494 Imperial Brands	9,073	0.25	
Industrial support services	8,627	0.24	0.05
170,000 Adecco	6,893	0.19	
345,494 Babcock International	1,734	0.05	
Industrial metals & mining	0	0.00	0.00
3,647,371 New World Resources ^(b)	0	0.00	
Chemicals	7,060	0.19	0.00
125,000 BASF	7,060	0.19	
Non-renewable energy	446	0.01	0.02
32,068 Chaparral Energy	136	0.00	
166,178 Denbury Resources	264	0.01	
4,218 Patterson-UTI Energy	46	0.00	
Electricity	10,617	0.29	0.20
886,191 SSE	10,617	0.29	
FIXED INCOME	3,293,758	90.53	92.83
Debt securities	3,339,357	91.78	92.08
'AAA' credit rated bonds	602,964	16.57	12.69
£3,023,000 European Investment Bank 1% 21/09/2026	2,963	0.08	
£3,239,000 European Investment Bank 1.375% 07/03/2025	3,267	0.09	
£3,887,000 European Investment Bank 4.5% 07/06/2029	4,994	0.14	
£3,239,000 European Investment Bank 5.5% 15/04/2025	4,041	0.11	
€50,000,000 Germany (Federal Republic of) 0% 17/04/2020	43,108	1.18	
€30,000,000 Germany (Federal Republic of) 0% 09/04/2021	26,029	0.72	
€53,983,474 Germany (Federal Republic of) 0% 07/10/2022	47,179	1.30	

Portfolio statement (continued)

as at Holding	31.03.19 £'000	31.03.19 %	30.09.18 %
'AAA' credit rated bonds (continued)			
€50,000,000 Germany (Federal Republic of) 0% 13/10/2023	43,797	1.20	
€50,000,000 Germany (Federal Republic of) 0.25% 16/10/2020	43,409	1.19	
€50,000,000 Germany (Federal Republic of) 0.5% 15/02/2025	45,130	1.24	
€50,000,000 Germany (Federal Republic of) 1% 15/08/2024	46,168	1.27	
€50,000,000 Germany (Federal Republic of) 1.5% 15/05/2024	47,166	1.30	
€50,000,000 Germany (Federal Republic of) 1.75% 04/07/2022	46,138	1.27	
€50,000,000 Germany (Federal Republic of) 2% 15/08/2023	47,602	1.31	
€18,354,381 Germany (Federal Republic of) IL 0.5% 15/04/2030	19,479	0.53	
£3,000,000 KfW 5.5% 18/06/2025	3,767	0.10	
\$30,000,000 Microsoft 3.3% 06/02/2027	23,467	0.65	
\$19,596,000 Microsoft 3.45% 08/08/2036	15,000	0.41	
\$2,159,000 Microsoft 3.5% 12/02/2035	1,665	0.05	
\$20,847,000 Microsoft 3.95% 08/08/2056	16,395	0.45	
\$17,000,000 Microsoft 4% 12/02/2055	13,494	0.37	
\$6,154,000 Microsoft 4.1% 06/02/2037	5,081	0.14	
\$1,188,000 Microsoft 4.5% 01/10/2040	1,021	0.03	
\$17,361,000 Microsoft 4.5% 06/02/2057	15,042	0.41	
\$18,000,000 Microsoft 4.75% 03/11/2055	16,250	0.45	
€1,092,281 Paragon Mortgages No. 15 FRN 0% 15/12/2039	886	0.02	
\$919,740 Paragon Mortgages No. 15 FRN 2.83088% 15/12/2039	660	0.02	
£3,484,358 Ripon Mortgages FRN 1.65863% 20/08/2056	3,469	0.09	
£1,943,000 Santander UK 5.125% 14/04/2021	2,094	0.06	
£7,774,000 Santander UK 5.25% 16/02/2029	10,144	0.28	
£1,943,000 Santander UK FRN 1.09875% 16/11/2022	1,931	0.05	
£2,138,000 Wellcome Trust 2.517% 07/02/2118	2,128	0.06	
'AA' credit rated bonds	196,623	5.40	20.43
\$2,159,000 Apple 2.45% 04/08/2026	1,588	0.04	
\$8,853,000 Apple 2.5% 09/02/2025	6,624	0.18	
\$11,552,000 Apple 2.9% 12/09/2027	8,686	0.24	
\$4,751,000 Apple 3.2% 11/05/2027	3,652	0.10	
\$4,815,000 Apple 3.25% 23/02/2026	3,736	0.10	
\$9,447,000 Apple 3.35% 09/02/2027	7,339	0.20	
£4,383,000 Deutsche Bahn Finance 1.375% 07/07/2025	4,348	0.12	
£3,671,000 Deutsche Bahn Finance 3.125% 24/07/2026	4,044	0.11	
\$5,000,000 Exxon Mobil 2.709% 06/03/2025	3,808	0.10	
€20,000,000 France (Govt. of) 0% 25/02/2020	17,219	0.47	
€25,000,000 France (Govt. of) 0% 25/05/2021	21,663	0.60	
€25,000,000 France (Govt. of) 0% 25/05/2022	21,725	0.60	
€25,000,000 France (Govt. of) 0% 25/03/2023	21,732	0.60	
€19,434,051 France (Govt. of) IL 0.7% 25/07/2030	20,169	0.55	
£1,943,000 Land Securities Capital Markets 1.974% 08/02/2024	1,961	0.05	
£4,815,000 Land Securities Capital Markets 2.375% 29/03/2027	4,953	0.14	
£1,697,000 Land Securities Capital Markets 2.399% 08/02/2029	1,742	0.05	
£2,591,000 Land Securities Capital Markets 2.625% 22/09/2037	2,611	0.07	
\$1,318,195 Paragon Mortgages No. 13 FRN 2.96731% 15/01/2039	942	0.03	

M&G Optimal Income Fund

Authorised Corporate Director's Report

Investments

Portfolio statement (continued)				
as at Holding	31.03.19 £'000	31.03.19 %	30.09.18 %	
'AA' credit rated bonds (continued)				
£5,506,000 Réseau Ferré de France 5.25% 07/12/2028	7,233	0.20		
£4,103,000 Réseau Ferré de France 5.5% 01/12/2021	4,567	0.13		
£2,143,000 Slate No. 1 FRN 2.37563% 24/01/2051	2,149	0.06		
£1,079,669 SLM Student Loan Trust FRN 1.39263% 15/12/2039	1,019	0.03		
£972,000 SNCF Mobilites 5.375% 18/03/2027	1,239	0.03		
£21,593,390 Treasury 3.75% 07/09/2019	21,874	0.60		
	378,460	10.40	8.05	
'A' credit rated bonds				
£1,500,000 ABN AMRO Bank Var. Rate Perp. 4.75%	1,235	0.03		
£1,317,745 Alba FRN 1.01463% 15/12/2038	1,237	0.03		
€3,000,000 Allianz Var. Rate Perp. 3.375%	2,742	0.08		
€1,800,000 Allianz Var. Rate Perp. 4.75%	1,734	0.05		
£1,835,000 Anglian Water Services Financing 2.75% 26/10/2029	1,914	0.05		
\$146,000 Anheuser-Busch InBev 4.7% 01/02/2036	111	0.00		
\$4,319,000 Anheuser-Busch InBev 4.9% 01/02/2046	3,287	0.09		
£6,500,000 Anheuser-Busch InBev Worldwide 2.25% 24/05/2029	6,274	0.17		
\$7,558,000 Anheuser-Busch InBev Worldwide 4.6% 15/04/2048	5,515	0.15		
\$4,868,000 Anheuser-Busch InBev Worldwide 4.75% 23/01/2029	3,949	0.11		
\$11,768,000 Anheuser-Busch InBev Worldwide 4.75% 15/04/2058	8,462	0.23		
\$4,889,000 Anheuser-Busch InBev Worldwide 4.9% 23/01/2031	4,008	0.11		
\$11,822,000 Anheuser-Busch InBev Worldwide 5.45% 23/01/2039	9,717	0.27		
\$9,840,000 Anheuser-Busch InBev Worldwide 5.55% 23/01/2049	8,213	0.23		
\$11,000,000 Anheuser-Busch InBev Worldwide 5.8% 23/01/2059	9,258	0.25		
€1,943,000 Aon 2.875% 14/05/2026	1,824	0.05		
€1,141,000 Argentum Netherlands Var. Rate 2.75% 19/02/2049	1,013	0.03		
€2,267,000 Argentum Netherlands Var. Rate 3.5% 01/10/2046	2,151	0.06		
\$2,000,000 Banco Santander 3.8% 23/02/2028	1,474	0.04		
€3,400,000 Banco Santander Var. Rate Perp. 5.25%	2,769	0.08		
£1,080,000 Bank of America 2.3% 25/07/2025	1,089	0.03		
£1,943,000 Bank of America 4.25% 10/12/2026	2,222	0.06		
£4,300,000 Bank of America 7% 31/07/2028	5,953	0.16		
€4,319,000 Bank of America FRN 0.472% 04/05/2023	3,713	0.10		
\$5,722,000 Bank of America FRN 3.50263% 05/02/2026	4,258	0.12		
\$1,943,000 Bank of America Var. Rate 3.093% 01/10/2025	1,463	0.04		
\$4,966,000 Bank of America Var. Rate 3.366% 23/01/2026	3,776	0.10		
\$8,283,000 Bank of America Var. Rate 3.705% 24/04/2028	6,327	0.17		
\$8,313,000 Bank of America Var. Rate 3.824% 20/01/2028	6,411	0.18		
\$3,779,000 Bank of America Var. Rate 3.97% 05/03/2029	2,928	0.08		

Portfolio statement (continued)

as at Holding	31.03.19 £'000	31.03.19 %	30.09.18 %
'A' credit rated bonds (continued)			
£2,100,000 Banque Federative du Credit Mutuel 1.375% 20/12/2021	2,084	0.06	
€1,500,000 Belfius Bank Var. Rate 1.625% 15/03/2028	1,222	0.03	
\$11,520,000 BNP Paribas 3.5% 16/11/2027	8,497	0.23	
\$3,887,000 BNP Paribas 3.8% 10/01/2024	2,981	0.08	
€2,807,000 BNP Paribas FRN 0.442% 07/06/2024	2,377	0.07	
\$2,915,000 BPCE 3.5% 23/10/2027	2,150	0.06	
€1,512,000 Chubb 1.55% 15/03/2028	1,350	0.04	
\$1,918,000 Cigna 4.125% 15/11/2025	1,514	0.04	
\$1,894,000 Cigna 4.375% 15/10/2028	1,497	0.04	
\$2,215,000 Cigna 4.8% 15/08/2038	1,730	0.05	
\$1,080,000 Cigna 4.9% 15/12/2048	844	0.02	
€2,301,000 CK Hutchison Europe Finance 1.25% 13/04/2025	1,997	0.05	
\$4,859,000 Comcast 4.7% 15/10/2048	4,007	0.11	
\$19,704,000 Comcast 4.95% 15/10/2058	16,505	0.45	
£756,000 Comcast 5.5% 23/11/2029	992	0.03	
\$1,249,000 Comcast Cable Communication 8.5% 01/05/2027	1,256	0.03	
\$8,853,000 Crédit Agricole 4.125% 10/01/2027	6,863	0.19	
£5,917,000 Crédit Agricole Var. Rate Perp. 7.5%	6,440	0.18	
£2,900,000 Deutsche Pfandbriefbank 1% 04/12/2020	2,889	0.08	
\$7,242,000 DowDuPont 5.319% 15/11/2038	6,101	0.17	
\$6,464,000 DowDuPont 5.419% 15/11/2048	5,544	0.15	
\$3,995,000 EDF 6% 22/01/2114	3,179	0.09	
£10,300,000 EDF 6% 23/01/2114	15,324	0.42	
€5,103,000 ENGIE 5.95% 16/03/2111	7,668	0.21	
\$13,517,000 Eni 4.75% 12/09/2028	10,664	0.29	
£1,943,000 Heathrow Funding 6.45% 10/12/2031	2,771	0.08	
£8,000,000 Heathrow Funding 6.75% 03/12/2026	10,550	0.29	
£1,296,000 Heathrow Funding 7.075% 04/08/2028	1,802	0.05	
£3,500,000 HSBC 2.625% 16/08/2028	3,485	0.10	
£1,727,000 HSBC Bank 5.375% 22/08/2033	2,158	0.06	
£1,675,000 HSBC Bank Var. Rate 5.375% 04/11/2030	1,934	0.05	
\$918,000 HSBC USA 9.125% 15/05/2021	781	0.02	
£7,709,000 HSBC Var. Rate 2.256% 13/11/2026	7,592	0.21	
\$2,727,000 HSBC Var. Rate 3% 22/07/2028	2,798	0.08	
\$9,026,000 HSBC Var. Rate 4.041% 13/03/2028	6,928	0.19	
\$4,966,000 HSBC Var. Rate 4.583% 19/06/2029	3,966	0.11	
€3,887,000 HSBC Var. Rate Perp. 4.75%	3,257	0.09	
€4,643,000 HSBC Var. Rate Perp. 5.25%	4,201	0.12	
\$7,558,000 HSBC Var. Rate Perp. 6%	5,657	0.16	
€900,000 ING 2.125% 10/01/2026	816	0.02	
£1,100,000 ING 3% 18/02/2026	1,121	0.03	
£2,699,000 Intu Metrocentre Finance 4.125% 06/12/2023	2,722	0.08	
£972,000 Intu SGS Finance 4.625% 17/03/2028	978	0.03	
€4,319,000 JPMorgan Chase Var. Rate 1.812% 12/06/2029	3,889	0.11	
\$4,643,000 JPMorgan Chase Var. Rate 3.22% 01/03/2025	3,533	0.10	
\$3,887,000 JPMorgan Chase Var. Rate 3.54% 01/05/2028	2,965	0.08	
£39,713 Landmark Mortgage Securities No. 1 FRN 1.06463% 17/06/2038	39	0.00	
£1,734,012 Landmark Mortgage Securities No. 3 FRN 1.20744% 17/04/2044	1,605	0.04	
\$1,727,000 Legrande France 8.5% 15/02/2025	1,639	0.05	
\$2,915,000 Lincoln National 3.8% 01/03/2028	2,243	0.06	
£1,943,000 Lloyds Bank 4.875% 30/03/2027	2,400	0.07	

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Portfolio statement (continued)

as at Holding	31.03.19 £'000	31.03.19 %	30.09.18 %
'A' credit rated bonds (continued)			
£2,807,000 Lloyds Bank 5.125% 07/03/2025	3,376	0.09	
£3,800,000 Lloyds Bank 6% 08/02/2029	5,212	0.14	
£200,000 Lloyds Bank Perp. 11.75%	408	0.01	
£1,036,000 London & Quadrant Housing Trust 2.625% 28/02/2028	1,047	0.03	
£864,000 London & Quadrant Housing Trust 3.125% 28/02/2053	857	0.02	
£992,000 Medtronic Global 2.25% 07/03/2039	917	0.03	
£565,380 Mitchells & Butlers Finance 5.574% 15/12/2030	641	0.02	
£181,038 Mitchells & Butlers Finance FRN 1.29463% 15/12/2030	167	0.00	
\$2,268,039 Mitchells & Butlers Finance FRN 3.06088% 15/12/2030	1,582	0.04	
£864,000 National Grid Electricity Transmission IL 3.806% 27/07/2020	1,511	0.04	
£1,321,000 Notting Hill Housing Trust 3.25% 12/10/2048	1,315	0.04	
£1,727,000 Paragon Mortgages No. 13 FRN 0.072% 15/01/2039	1,348	0.04	
£1,247,000 Society of Lloyd's Var. Rate 4.875% 07/02/2047	1,323	0.04	
£1,637,000 Stryker 2.125% 30/11/2027	1,524	0.04	
£1,657,000 Stryker 2.625% 30/11/2030	1,591	0.04	
£9,652,000 Total Var. Rate Perp. 3.369%	8,963	0.25	
€2,617,000 UBS Group Funding (Switzerland) FRN 0.39% 20/09/2022	2,246	0.06	
\$5,398,000 UBS Group Funding (Switzerland) 4.125% 24/09/2025	4,237	0.12	
€3,497,000 UBS Group Funding (Switzerland) Var. Rate 1.25% 17/04/2025	3,032	0.08	
£1,943,000 United Utilities Water Finance 2% 14/02/2025	1,945	0.05	
£2,159,000 Wells Fargo 2% 28/07/2025	2,135	0.06	
£756,000 Wells Fargo 2.125% 20/12/2023	758	0.02	
£1,080,000 Wells Fargo 3.5% 12/09/2029	1,196	0.03	
\$4,643,000 Wells Fargo 3.55% 29/09/2025	3,592	0.10	
£9,000,000 Wells Fargo Bank 5.25% 01/08/2023	10,125	0.28	
\$2,500,000 Wells Fargo Var. Rate 3.584% 22/05/2028	1,912	0.05	
£2,656,000 Westfield America 2.125% 30/03/2025	2,645	0.07	
\$432,000 Willow No. 2 (Ireland) Var. Rate 4.25% 01/10/2045	323	0.01	
'BBB' credit rated bonds	1,668,551	45.87	36.69
£4,103,000 3i 5.75% 03/12/2032	5,161	0.14	
£3,088,000 3i 6.875% 09/03/2023	3,627	0.10	
£3,509,000 AA Bond 4.875% 31/07/2024	3,476	0.09	
\$8,200,000 ABN AMRO Bank Var. Rate 4.4% 27/03/2028	6,287	0.17	
€3,800,000 Altea 2.25% 05/07/2024	3,305	0.09	
€8,000,000 Altria 2.2% 15/06/2027	6,937	0.19	
€10,797,000 Altria 3.125% 15/06/2031	9,499	0.26	
\$10,365,000 Altria 3.875% 16/09/2046	6,448	0.18	
\$1,653,000 Altria 4.4% 14/02/2026	1,296	0.03	
\$1,835,000 Altria 4.5% 02/05/2043	1,245	0.03	
\$6,478,000 Altria 4.8% 14/02/2029	5,079	0.14	
\$2,159,000 Altria 5.375% 31/01/2044	1,643	0.05	
\$12,956,000 Altria 5.8% 14/02/2039	10,370	0.29	
\$10,000,000 Altria 5.95% 14/02/2049	8,123	0.22	

Portfolio statement (continued)

as at Holding	31.03.19 £'000	31.03.19 %	30.09.18 %
'BBB' credit rated bonds (continued)			
\$5,398,000 Altria 6.2% 14/02/2059	4,383	0.12	
£792,000 Anglian Water Services Financing 2.625% 15/06/2027	759	0.02	
£1,943,000 Anglian Water Services Financing 4.5% 22/02/2026	2,110	0.06	
£1,084,000 Anglo American Capital 3.375% 11/03/2029	1,090	0.03	
\$8,421,000 Anglo American Capital 4.5% 15/03/2028	6,398	0.18	
£1,175,000 Annington Funding 2.646% 12/07/2025	1,166	0.03	
£1,420,000 Annington Funding 3.184% 12/07/2029	1,431	0.04	
£1,491,000 Annington Funding 3.685% 12/07/2034	1,532	0.04	
£998,000 Annington Funding 3.935% 12/07/2047	1,050	0.03	
\$432,000 Argentum Netherlands Var. Rate 5.75% 15/08/2050	343	0.01	
€2,706,000 Arion Bank 1% 20/03/2023	2,288	0.06	
€1,900,000 Arkema Var. Rate Perp. 4.75%	1,730	0.05	
€1,100,000 Aroundtown 1.625% 31/01/2028	900	0.02	
£4,060,000 Aroundtown 3% 16/10/2029	3,911	0.11	
€12,000,000 AT&T 3.15% 04/09/2036	10,841	0.30	
€9,836,000 AT&T 4.25% 01/06/2043	10,569	0.29	
\$2,267,000 AT&T 4.35% 15/06/2045	1,583	0.04	
£12,000,000 AT&T 4.375% 14/09/2029	13,383	0.37	
\$9,270,000 AT&T 4.5% 09/03/2048	6,612	0.18	
\$17,000,000 AT&T 4.55% 09/03/2049	12,185	0.33	
\$6,802,000 AT&T 4.8% 15/06/2044	5,092	0.14	
£17,000,000 AT&T 4.875% 01/06/2044	19,889	0.55	
\$6,586,000 AT&T 4.9% 15/08/2037	5,046	0.14	
\$4,643,000 AT&T 5.15% 15/03/2042	3,598	0.10	
\$1,943,000 AT&T 5.15% 15/11/2046	1,512	0.04	
£3,671,000 AT&T 5.2% 18/11/2033	4,415	0.12	
\$12,548,000 AT&T 5.25% 01/03/2037	10,025	0.27	
\$3,995,000 AT&T 5.3% 15/08/2058	3,091	0.08	
\$4,643,000 AT&T 5.35% 01/09/2040	3,697	0.10	
\$7,558,000 AT&T 5.45% 01/03/2047	6,122	0.17	
\$4,751,000 AT&T 5.65% 15/02/2047	3,944	0.11	
\$5,722,000 AT&T 5.7% 01/03/2057	4,693	0.13	
\$1,404,000 AT&T 6.35% 15/03/2040	1,237	0.03	
\$2,591,000 AT&T 6.375% 01/03/2041	2,306	0.06	
£1,600,000 AT&T 7% 30/04/2040	2,348	0.06	
€2,396,000 Aviva Var. Rate 3.875% 03/07/2044	2,165	0.06	
£2,699,000 Aviva Var. Rate 4.375% 12/09/2049	2,706	0.07	
£5,849,000 Aviva Var. Rate 5.125% 04/06/2050	6,172	0.17	
£9,590,000 Aviva Var. Rate 6.125% 14/11/2036	10,848	0.30	
£10,000,000 Aviva Var. Rate 6.875% 20/05/2058	12,627	0.35	
\$3,304,000 AXA Var. Rate 5.125% 17/01/2047	2,589	0.07	
£8,637,000 AXA Var. Rate 5.625% 16/01/2054	9,757	0.27	
£1,943,000 AXA Var. Rate Perp. 3.875%	1,775	0.05	
£3,514,000 AXA Var. Rate Perp. 6.6862%	4,016	0.11	
€2,400,000 Banco de Sabadell 0.875% 05/03/2023	2,036	0.06	
€3,600,000 Banco de Sabadell 1.625% 07/03/2024	3,130	0.09	
€5,400,000 Banco Sabadell Var. Rate Perp. 6.5%	4,383	0.12	
€2,200,000 Banco Santander 3.125% 19/01/2027	2,013	0.05	
\$3,023,000 Bank of America 4% 22/01/2025	2,344	0.06	
\$19,000,000 Bank of America 4.183% 25/11/2027	14,693	0.40	
\$7,558,000 Bank of America 4.2% 26/08/2024	5,955	0.16	
\$17,500,000 Bank of America 4.25% 22/10/2026	13,682	0.38	

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Portfolio statement (continued)

as at Holding	31.03.19 £'000	31.03.19 %	30.09.18 %
'BBB' credit rated bonds (continued)			
\$4,643,000 Bank of America 4.45% 03/03/2026	3,678	0.10	
£3,023,000 Bank of America 5.5% 22/11/2021	3,303	0.09	
£2,150,000 Bank of America 8.125% 02/06/2028	2,983	0.08	
£7,860,000 Barclays 3.25% 17/01/2033	7,490	0.21	
\$1,026,000 Basell Finance 8.1% 15/03/2027	956	0.03	
£1,839,000 BAT Capital 2.125% 15/08/2025	1,773	0.05	
\$5,496,000 BAT Capital 4.39% 15/08/2037	3,738	0.10	
€3,779,000 BAT International Finance 2.25% 16/01/2030	3,116	0.09	
£7,126,000 BAT International Finance 2.25% 09/09/2052	4,982	0.14	
£3,930,000 BAT International Finance 4% 04/09/2026	4,206	0.11	
£1,513,000 BAT International Finance 4% 23/11/2055	1,525	0.04	
\$3,779,000 Bayer US Finance 3.375% 08/10/2024	2,790	0.08	
\$1,943,000 Bayer US Finance II 3.875% 15/12/2023	1,491	0.04	
\$5,722,000 Bayer US Finance II 4.25% 15/12/2025	4,399	0.12	
\$12,956,000 Bayer US Finance II 4.375% 15/12/2028	9,792	0.27	
\$6,500,000 Bayer US Finance II 4.625% 25/06/2038	4,629	0.13	
\$5,182,000 Bayer US Finance II 4.7% 15/07/2064	3,294	0.09	
\$10,041,000 Bayer US Finance II 4.875% 25/06/2048	7,180	0.20	
\$3,500,000 BNP Paribas 4.375% 28/09/2025	2,724	0.07	
\$2,699,000 BNP Paribas 4.375% 12/05/2026	2,090	0.06	
\$17,188,000 BNP Paribas 4.625% 13/03/2027	13,371	0.37	
£5,300,000 BPCE 5.25% 16/04/2029	6,264	0.17	
£2,018,000 British Telecommunications 3.125% 21/11/2031	2,055	0.06	
\$1,835,000 British Telecommunications 5.125% 04/12/2028	1,490	0.04	
\$10,257,000 British Telecommunications Var. Rate 9.625% 15/12/2030	11,184	0.31	
£5,938,000 Cadent Finance 2.125% 22/09/2028	5,797	0.16	
€1,600,000 CaixaBank 1.125% 12/01/2023	1,370	0.04	
\$4,751,000 Capital One Financial 4.2% 29/10/2025	3,678	0.10	
\$1,943,000 CBS 4.85% 01/07/2042	1,450	0.04	
\$648,000 CBS 5.9% 15/10/2040	548	0.01	
£792,000 Channel Link Enterprises Finance 3.848% 30/06/2050	852	0.02	
€3,930,000 Channel Link Enterprises Finance Var. Rate 1.761% 30/06/2050	3,355	0.09	
€2,613,000 Channel Link Enterprises Finance Var. Rate 2.706% 30/06/2050	2,285	0.06	
£1,943,000 Channel Link Enterprises Finance Var. Rate 3.043% 30/06/2050	1,946	0.05	
\$3,779,000 Charter Communications Operating 3.75% 15/02/2028	2,768	0.08	
\$3,779,000 Citigroup 3.5% 15/05/2023	2,914	0.08	
\$6,694,000 Citigroup 4.125% 25/07/2028	5,114	0.14	
\$6,586,000 Citigroup 4.3% 20/11/2026	5,106	0.14	
\$6,155,000 Citigroup 4.4% 10/06/2025	4,842	0.13	
\$22,500,000 Citigroup 4.45% 29/09/2027	17,581	0.48	
£2,807,000 Citigroup 4.5% 03/03/2031	3,208	0.09	
\$12,092,000 Citigroup 4.6% 09/03/2026	9,606	0.26	

Portfolio statement (continued)

as at Holding	31.03.19 £'000	31.03.19 %	30.09.18 %
'BBB' credit rated bonds (continued)			
\$2,500,000 Citigroup 5.5% 13/09/2025	2,085	0.06	
\$864,000 Citigroup 6.625% 15/06/2032	795	0.02	
€5,895,000 Citigroup FRN 1.5% 24/07/2026	5,193	0.14	
\$3,023,000 Citigroup FRN 4.044% 01/06/2024	2,375	0.07	
€1,500,000 CNP Assurances 2.75% 05/02/2029	1,341	0.04	
\$7,000,000 Colombia (Republic of) 5% 15/06/2045	5,594	0.15	
€1,800,000 Commerzbank 1.875% 28/02/2028	1,543	0.04	
€540,000 Commerzbank 4% 23/03/2026	492	0.01	
£5,852,000 Cooperatieve Rabobank 4.625% 23/05/2029	6,587	0.18	
£2,922,000 Cooperatieve Rabobank 5.25% 14/09/2027	3,400	0.09	
\$3,000,000 Cooperatieve Rabobank Var. Rate 4% 10/04/2029	2,263	0.06	
£1,964,000 CPUK Finance 3.69% 28/08/2028	2,062	0.06	
\$3,023,000 Crédit Agricole 4.375% 17/03/2025	2,345	0.06	
\$3,347,000 Crédit Agricole Var. Rate 4% 10/01/2033	2,449	0.07	
€900,000 Crédit Agricole Var. Rate 4.75% 27/09/2048	854	0.02	
\$6,046,000 Crédit Agricole Var. Rate Perp. 7.875%	4,951	0.14	
£1,080,000 Credit Suisse Group Funding 2.75% 08/08/2025	1,088	0.03	
£5,765,000 Credit Suisse Var. Rate Perp. 2.125%	5,616	0.15	
£1,459,000 CRH Finance (U.K.) 4.125% 02/12/2029	1,651	0.05	
\$4,966,000 CVS Health 4.3% 25/03/2028	3,836	0.11	
\$7,234,000 CVS Health 4.78% 25/03/2038	5,439	0.15	
\$2,159,000 CVS Health 5.05% 25/03/2048	1,651	0.04	
£1,133,000 Deutsche Telekom 3.125% 06/02/2034	1,163	0.03	
\$7,000,000 Deutsche Telekom International Finance 3.6% 19/01/2027	5,266	0.14	
\$1,005,000 Deutsche Telekom International Finance 4.875% 06/03/2042	792	0.02	
\$20,000,000 Deutsche Telekom International Finance 8.75% 15/06/2030	20,880	0.57	
\$2,915,000 Deutsche Telekom International Finance 9.25% 01/06/2032	3,258	0.09	
£767,000 Digital Stout 2.75% 19/07/2024	774	0.02	
£1,320,000 Digital Stout 3.3% 19/07/2029	1,323	0.04	
£561,000 Digital Stout 3.75% 17/10/2030	577	0.02	
\$1,727,000 Dow Chemical 4.8% 30/11/2028	1,409	0.04	
\$6,478,000 Dow Chemical 5.55% 30/11/2048	5,466	0.15	
€667,000 ELM Var. Rate 3.375% 29/09/2047	589	0.02	
€1,576,000 ELM Var. Rate Perp. 4.5%	1,473	0.04	
\$8,259,000 Enel Finance International 3.5% 06/04/2028	5,888	0.16	
\$29,613,000 Enel Finance International 3.625% 25/05/2027	21,480	0.59	
\$2,915,000 Enel Finance International 4.625% 14/09/2025	2,290	0.06	
£1,684,000 Enel Var. Rate 7.75% 10/09/2075	1,801	0.05	
\$1,026,000 Enel Var. Rate 8.75% 24/09/2073	857	0.02	
\$432,000 Energy Transfer Operating 4.9% 15/03/2035	315	0.01	
\$3,671,000 Energy Transfer Operating 5.15% 15/03/2045	2,685	0.07	
\$3,887,000 Energy Transfer Operating 5.3% 15/04/2047	2,906	0.08	
\$1,213,000 Energy Transfer Operating 5.8% 15/06/2038	974	0.03	
\$3,779,000 Energy Transfer Operating 6% 15/06/2048	3,095	0.09	

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Portfolio statement (continued)

as at Holding	31.03.19 £'000	31.03.19 %	30.09.18 %
'BBB' credit rated bonds (continued)			
\$1,943,000 Energy Transfer Operating 6.125% 15/12/2045	1,591	0.04	
\$981,000 Energy Transfer Operating 6.25% 15/04/2049	832	0.02	
\$2,869,000 Energy Transfer Operating 6.5% 01/02/2042	2,382	0.07	
\$2,699,000 EQM Midstream Partners 4.75% 15/07/2023	2,096	0.06	
\$2,980,000 EQM Midstream Partners 5.5% 15/07/2028	2,288	0.06	
€1,642,000 Equinix 2.875% 15/03/2024	1,452	0.04	
€2,341,000 Fairfax Financial 2.75% 29/03/2028	2,103	0.06	
€2,156,000 Fastighets AB Balder 1.875% 14/03/2025	1,854	0.05	
€1,486,000 Fastighets AB Balder 1.875% 23/01/2026	1,256	0.03	
\$10,797,000 Ford Motor 4.75% 15/01/2043	6,477	0.18	
\$4,319,000 Ford Motor 5.291% 08/12/2046	2,745	0.08	
€1,251,000 Ford Motor Credit 3.021% 06/03/2024	1,080	0.03	
\$4,103,000 Ford Motor Credit 4.389% 08/01/2026	2,891	0.08	
\$1,080,000 Fresenius Medical Care 5.75% 15/02/2021	858	0.02	
£5,938,000 Gatwick Funding 3.125% 28/09/2039	6,035	0.17	
£5,290,000 Gatwick Funding 3.25% 26/02/2048	5,448	0.15	
£2,807,000 Gatwick Funding 6.125% 02/03/2026	3,488	0.10	
£20,642 General Electric 6.44% 15/11/2022	22	0.00	
\$3,887,000 General Motors 4.2% 01/10/2027	2,844	0.08	
\$1,943,000 General Motors 5% 01/04/2035	1,344	0.04	
\$5,398,000 General Motors 5.15% 01/04/2038	3,755	0.10	
\$9,544,000 General Motors 5.2% 01/04/2045	6,448	0.18	
\$5,614,000 General Motors 5.4% 01/04/2048	3,848	0.11	
\$4,966,000 General Motors 6.6% 01/04/2036	3,939	0.11	
\$5,000,000 General Motors Financial 4% 15/01/2025	3,734	0.10	
\$1,943,000 General Motors Financial 4% 06/10/2026	1,415	0.04	
\$5,722,000 General Motors Financial 4.3% 13/07/2025	4,352	0.12	
\$5,938,000 General Motors Financial 4.35% 17/01/2027	4,388	0.12	
\$9,847,000 General Motors Financial 5.25% 01/03/2026	7,736	0.21	
£12,500,000 Goldman Sachs 3.125% 25/07/2029	12,703	0.35	
£3,239,000 Goldman Sachs 4.25% 29/01/2026	3,564	0.10	
£3,369,000 Goldman Sachs 6.875% 18/01/2038	4,722	0.13	
£2,591,000 Goldman Sachs 7.125% 07/08/2025	3,277	0.09	
£6,348,000 Goldman Sachs 7.25% 10/04/2028	8,594	0.24	
€1,943,000 Goldman Sachs FRN 0.311% 26/09/2023	1,645	0.05	
£971,000 Greene King Finance 3.593% 15/03/2035	988	0.03	
£216,684 Greene King Finance 4.0643% 15/03/2035	231	0.01	
£1,622,834 Greene King Finance FRN 3.34463% 15/12/2033	1,590	0.04	
£2,159,000 H.J. Heinz Finance 6.25% 18/02/2030	2,637	0.07	
\$5,895,000 HCA 4.5% 15/02/2027	4,619	0.13	
\$2,542,000 HCA 4.75% 01/05/2023	2,034	0.06	

Portfolio statement (continued)

as at Holding	31.03.19 £'000	31.03.19 %	30.09.18 %
'BBB' credit rated bonds (continued)			
\$6,813,000 HCA 5% 15/03/2024	5,501	0.15	
\$4,335,000 HCA 5.25% 15/04/2025	3,548	0.10	
\$1,943,000 HCA 5.25% 15/06/2026	1,588	0.04	
\$11,876,000 HCA 5.5% 15/06/2047	9,605	0.26	
\$2,483,000 HCA 5.875% 15/03/2022	2,030	0.06	
\$2,807,000 HCP 3.4% 01/02/2025	2,128	0.06	
£1,835,000 Heathrow Funding 7.125% 14/02/2024	2,221	0.06	
\$1,835,000 HSBC 4.375% 23/11/2026	1,424	0.04	
£10,000,000 HSBC 6% 29/03/2040	13,029	0.36	
£7,500,000 HSBC 6.75% 11/09/2028	9,643	0.27	
£9,550,000 HSBC 7% 07/04/2038	13,633	0.37	
€4,000,000 Imperial Brands Finance 2.125% 12/02/2027	3,431	0.09	
£8,745,000 Imperial Brands Finance 4.875% 07/06/2032	9,911	0.27	
€1,800,000 ING Var. Rate 1.625% 26/09/2029	1,509	0.04	
€3,000,000 ING Var. Rate 2% 22/03/2030	2,550	0.07	
\$2,159,000 ING Var. Rate 4.7% 22/03/2028	1,664	0.05	
£4,254,000 InterContinental Hotels 2.125% 24/08/2026	4,068	0.11	
€3,042,000 InterContinental Hotels 2.125% 15/05/2027	2,678	0.07	
€1,500,000 Intesa Sanpaolo Vita Var. Rate 4.75%	1,290	0.04	
£2,799,000 Italy (Republic of) 5.25% 07/12/2034	3,112	0.09	
£19,974,000 Italy (Republic of) 6% 04/08/2028	23,161	0.64	
\$19,628,000 JPMorgan Chase 3.625% 01/12/2027	14,824	0.41	
\$20,000,000 JPMorgan Chase 3.875% 10/09/2024	15,663	0.43	
\$14,953,000 JPMorgan Chase 4.125% 15/12/2026	11,730	0.32	
\$18,000,000 JPMorgan Chase 4.25% 01/10/2027	14,224	0.39	
\$8,940,000 Kinder Morgan 5.05% 15/02/2046	6,937	0.19	
\$7,342,000 Kinder Morgan 5.55% 01/06/2045	6,078	0.17	
\$540,000 Kinder Morgan 7.75% 15/01/2032	530	0.01	
\$1,943,000 Kinder Morgan Energy Partners 4.7% 01/11/2042	1,428	0.04	
\$540,000 Kinder Morgan Energy Partners 5.8% 15/03/2035	448	0.01	
\$648,000 Kinder Morgan Energy Partners 6.95% 15/01/2038	602	0.02	
£1,727,000 KPN 5% 18/11/2026	1,920	0.05	
£5,722,000 KPN 5.75% 17/09/2029	6,685	0.18	
\$10,365,000 KPN 8.375% 01/10/2030	10,053	0.28	
€1,943,000 Kraft Heinz Foods 1.5% 24/05/2024	1,696	0.05	
€1,080,000 Kraft Heinz Foods 2% 30/06/2023	966	0.03	
€7,428,000 Kraft Heinz Foods 2.25% 25/05/2028	6,496	0.18	
£6,694,000 Kraft Heinz Foods 4.125% 01/07/2027	7,080	0.19	
\$3,995,000 Kraft Heinz Foods 4.375% 01/06/2046	2,623	0.07	
£5,463,000 LafargeHolcim Sterling Finance (Netherlands) 3% 12/05/2032	5,216	0.14	
£6,302,000 Legal & General Var. Rate 5.125% 14/11/2048	6,661	0.18	
\$2,190,000 Legal & General Var. Rate 5.25% 21/03/2047	1,659	0.05	
£10,948,000 Legal & General Var. Rate 5.375% 27/10/2045	11,891	0.33	
£9,372,000 Legal & General Var. Rate 5.5% 27/06/2064	9,993	0.27	
£5,938,000 Lloyds Bank 7.625% 22/04/2025	7,553	0.21	
£5,053,000 Lloyds Bank 9.625% 06/04/2023	6,437	0.18	
£788,000 McDonald's 5.875% 23/04/2032	1,075	0.03	
\$864,000 McDonald's 6.3% 15/10/2037	810	0.02	
\$2,375,000 McDonald's 6.3% 01/03/2038	2,237	0.06	

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Portfolio statement (continued)

as at Holding	31.03.19 £'000	31.03.19 %	30.09.18 %
'BBB' credit rated bonds (continued)			
€14,154,000 Mexico (United Mexican States) 4% 15/03/2115	11,389	0.31	
£14,000,000 Mexico (United Mexican States) 5.625% 19/03/2114	14,168	0.39	
\$10,278,000 Mexico (United Mexican States) 5.75% 12/10/2110	8,033	0.22	
£243,977 Mitchells & Butlers Finance 5.965% 15/12/2023	262	0.01	
£398,639 Mitchells & Butlers Finance 6.013% 15/12/2028	451	0.01	
£1,943,000 Mitchells & Butlers Finance FRN 1.44463% 15/12/2033	1,560	0.04	
€1,879,000 Molson Coors Brewing 1.25% 15/07/2024	1,612	0.04	
\$6,046,000 Molson Coors Brewing 3% 15/07/2026	4,353	0.12	
\$12,956,000 Molson Coors Brewing 4.2% 15/07/2046	8,740	0.24	
£1,404,000 Mondelēz International 3.875% 06/03/2045	1,505	0.04	
\$2,051,000 Mondelēz International 4.125% 07/05/2028	1,623	0.04	
£378,000 Mondelēz International 4.5% 03/12/2035	433	0.01	
£11,500,000 Morgan Stanley 2.625% 09/03/2027	11,633	0.32	
\$4,643,000 Morgan Stanley 3.7% 23/10/2024	3,601	0.10	
\$18,937,000 Morgan Stanley 3.95% 23/04/2027	14,407	0.40	
\$18,000,000 Morgan Stanley 4.35% 08/09/2026	14,053	0.39	
\$9,717,000 Morgan Stanley 5% 24/11/2025	7,919	0.22	
\$2,159,000 Morgan Stanley 6.25% 09/08/2026	1,906	0.05	
€4,966,000 Morgan Stanley Var. Rate 1.342% 23/10/2026	4,317	0.12	
\$2,807,000 Motorola Solutions 4% 01/09/2024	2,174	0.06	
€3,779,000 MPT Operating Partnership 3.325% 24/03/2025	3,350	0.09	
€2,159,000 Mylan 2.25% 22/11/2024	1,885	0.05	
€2,000,000 Mylan 3.125% 22/11/2028	1,791	0.05	
\$4,966,000 Nationwide Building Society 4% 14/09/2026	3,635	0.10	
€4,596,000 Nationwide Building Society Var. Rate 1.5% 08/03/2026	3,932	0.11	
€3,995,000 Nationwide Building Society Var. Rate 2% 25/07/2029	3,362	0.09	
\$7,018,000 Nationwide Building Society Var. Rate 4.125% 18/10/2032	4,986	0.14	
\$5,480,000 Nationwide Building Society Var. Rate 4.302% 08/03/2029	4,206	0.12	
\$1,231,000 Nationwide Building Society Var. Rate 4.363% 01/08/2024	955	0.03	
£4,837,000 Next 3.625% 18/05/2028	4,926	0.14	
£3,779,000 Next 4.375% 02/10/2026	4,097	0.11	
£7,266,000 NGG Finance Var. Rate 5.625% 18/06/2073	7,792	0.21	
£900,000 Orange 3.25% 15/01/2032	952	0.03	
£3,671,000 Orange 5.625% 23/01/2034	4,896	0.13	
\$13,500,000 Orange 9% 01/03/2031	14,741	0.41	
€15,000,000 Orange Var. Rate Perp. 5%	14,456	0.40	
€4,859,000 Orange Var. Rate Perp. 5.25%	4,726	0.13	
€5,722,000 Orange Var. Rate Perp. 5.75%	6,187	0.17	
€1,847,000 Orange Var. Rate Perp. 5.875%	1,992	0.05	
\$2,159,000 Penske Truck Leasing 4.2% 01/04/2027	1,644	0.05	
\$1,512,000 Pertamina Persero 6.45% 30/05/2044	1,316	0.04	

Portfolio statement (continued)

as at Holding	31.03.19 £'000	31.03.19 %	30.09.18 %
'BBB' credit rated bonds (continued)			
\$1,440,000 Perusahaan Listrik Negara 4.125% 15/05/2027	1,078	0.03	
\$2,591,000 RELX Capital 7.5% 15/05/2025	2,281	0.06	
\$1,879,000 Reynolds American 5.7% 15/08/2035	1,480	0.04	
\$1,834,000 Reynolds American 5.85% 15/08/2045	1,421	0.04	
\$1,296,000 Reynolds American 6.15% 15/09/2043	1,034	0.03	
\$1,889,000 Reynolds American 7.25% 15/06/2037	1,674	0.05	
€2,418,000 Romania (Republic of) 2.875% 11/03/2029	2,092	0.06	
€2,416,000 Royal Bank of Scotland 2.5% 22/03/2023	2,162	0.06	
\$2,757,000 Royal Bank of Scotland 4.15375% 15/05/2023	2,084	0.06	
€2,495,000 Royal Bank of Scotland Var. Rate 2% 08/03/2023	2,184	0.06	
€2,027,000 Santander UK FRN 0.472% 18/05/2023	1,694	0.05	
€3,044,000 Santander UK FRN 0.54% 27/03/2024	2,528	0.07	
€1,631,000 Schaeffler 2.875% 26/03/2027	1,435	0.04	
\$1,080,000 Security Capital 7.7% 15/06/2028	966	0.03	
£1,900,000 Severn Trent Utilities Finance 6.25% 07/06/2029	2,558	0.07	
\$2,159,000 Société Générale 4% 12/01/2027	1,634	0.04	
\$10,710,000 Société Générale 4.25% 14/04/2025	8,202	0.23	
\$3,671,000 Société Générale 4.75% 24/11/2025	2,887	0.08	
\$9,501,000 Société Générale 5% 17/01/2024	7,543	0.21	
€1,900,000 Sogecap Var. Rate Perp. 4.125%	1,703	0.05	
\$3,941,000 Sunoco Logistics Partners Operations 5.35% 15/05/2045	2,914	0.08	
\$7,579,000 Sunoco Logistics Partners Operations 5.4% 01/10/2047	5,726	0.16	
\$864,000 Syngenta Finance 4.892% 24/04/2025	672	0.02	
\$1,835,000 Syngenta Finance 5.182% 24/04/2028	1,418	0.04	
€5,515,000 Takeda Pharmaceutical 3% 21/11/2030	5,174	0.14	
\$3,500,000 Telefónica (Europe) 8.25% 15/09/2030	3,530	0.10	
\$4,643,000 Telefónica Emisiones 4.895% 06/03/2048	3,403	0.09	
£1,209,000 Telefónica Emisiones 5.375% 02/02/2026	1,426	0.04	
\$6,154,000 Telefónica Emisiones 5.52% 01/03/2049	4,875	0.13	
\$7,903,000 Telefónica Emisiones 7.045% 20/06/2036	7,311	0.20	
£1,943,000 Thames Water Utilities Finance 1.875% 24/01/2024	1,919	0.05	
£850,000 Thames Water Utilities Finance 2.375% 03/05/2023	832	0.02	
£1,404,000 Thames Water Utilities Finance 2.625% 24/01/2032	1,364	0.04	
£804,000 Thames Water Utilities Finance 2.875% 03/05/2027	784	0.02	
£1,943,000 Thames Water Utilities Finance 3.5% 25/02/2028	2,072	0.06	
£216,000 Thames Water Utilities Finance 4% 19/06/2025	237	0.01	
£3,779,000 Thames Water Utilities Finance 4.375% 03/07/2034	4,395	0.12	
£1,900,000 Thames Water Utilities Finance 4.625% 04/06/2046	2,361	0.06	
£1,943,000 Thames Water Utilities Finance 5.125% 28/09/2037	2,471	0.07	
£1,620,000 Thames Water Utilities Finance 6.75% 16/11/2028	2,174	0.06	
£270,000 Thames Water Utilities Finance IL 3.375% 21/07/2021	482	0.01	
£5,722,000 Thames Water Utilities Finance Var. Rate 5.75% 13/09/2030	6,250	0.17	

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Portfolio statement (continued)

as at Holding	31.03.19 £'000	31.03.19 %	30.09.18 %
'BBB' credit rated bonds (continued)			
€1,900,000 Thermo Fisher Scientific 2.875% 24/07/2037	1,790	0.05	
£6,105,000 Time Warner Cable 5.25% 15/07/2042	7,008	0.19	
\$829,000 Time Warner Cable 5.5% 01/09/2041	617	0.02	
£6,651,000 Time Warner Cable 5.75% 02/06/2031	7,912	0.22	
\$1,541,000 Transportadora de Gas del Perú 4.25% 30/04/2028	1,191	0.03	
€3,671,000 UniCredit Var. Rate Perp. 5.375%	2,695	0.07	
€3,239,000 UniCredit Var. Rate Perp. 6.625%	2,695	0.07	
\$864,000 United Business Media 5.75% 03/11/2020	681	0.02	
\$864,000 UPM-Kymmene 7.45% 26/11/2027	783	0.02	
€14,424,000 Verizon Communications 2.875% 15/01/2038	13,585	0.37	
£1,609,000 Verizon Communications 3.125% 02/11/2035	1,663	0.05	
£16,735,000 Verizon Communications 3.375% 27/10/2036	17,664	0.49	
\$12,308,000 Verizon Communications 4.272% 15/01/2036	9,510	0.26	
\$2,699,000 Verizon Communications 4.5% 10/08/2033	2,168	0.06	
\$40,000,000 Verizon Communications 4.672% 15/03/2055	30,955	0.85	
\$47,000,000 Verizon Communications 5.012% 21/08/2054	38,136	1.05	
\$31,000,000 Verizon Communications 5.25% 16/03/2037	26,479	0.73	
£11,384,000 Vodafone 3% 12/08/2056	9,604	0.26	
£2,500,000 Vodafone 3.375% 08/08/2049	2,294	0.06	
\$3,844,000 Vodafone 5% 30/05/2038	2,887	0.08	
\$5,000,000 Vodafone 5.25% 30/05/2048	3,783	0.10	
\$5,000,000 Volkswagen Group of America Finance 4.75% 13/11/2028	3,831	0.11	
£5,800,000 Volkswagen International Finance 4.125% 17/11/2031	6,182	0.17	
€16,000,000 Volkswagen International Finance 4.125% 16/11/2038	15,192	0.42	
\$1,727,000 W.P. Carey 4% 01/02/2025	1,327	0.04	
\$1,727,000 Walgreens Boots Alliance 3.45% 01/06/2026	1,286	0.04	
£4,254,000 Walgreens Boots Alliance 3.6% 20/11/2025	4,488	0.12	
\$2,000,000 Walgreens Boots Alliance 4.8% 18/11/2044	1,454	0.04	
\$16,260,000 Wells Fargo 4.1% 03/06/2026	12,641	0.35	
\$21,500,000 Wells Fargo 4.3% 22/07/2027	17,009	0.47	
£2,100,000 Wells Fargo 4.875% 29/11/2035	2,607	0.07	
\$3,023,000 Wells Fargo 5.375% 02/11/2043	2,575	0.07	
£2,483,000 Welltower 4.5% 01/12/2034	2,834	0.08	
£1,814,000 Welltower 4.8% 20/11/2028	2,098	0.06	
\$1,026,000 Weyerhaeuser 7.375% 15/03/2032	1,023	0.03	
€1,985,000 WPC Eurobond 2.125% 15/04/2027	1,704	0.05	
£4,319,000 WPP Finance 2.875% 14/09/2046	3,539	0.10	
\$648,000 WPP Finance 5.125% 07/09/2042	454	0.01	
\$1,080,000 WPP Finance 5.625% 15/11/2043	807	0.02	
	342,322	9.41	9.06
'BB' credit rated bonds			
€2,483,000 Arrow Global Finance FRN 2.875% 01/04/2025	2,030	0.06	
\$2,051,000 Avis Budget Finance 5.25% 15/03/2025	1,500	0.04	
€1,080,000 Axalta Coating System 3.75% 15/01/2025	960	0.03	

Portfolio statement (continued)

as at Holding	31.03.19 £'000	31.03.19 %	30.09.18 %
'BB' credit rated bonds (continued)			
€549,000 Axalta Coating System 4.25% 15/08/2024	488	0.01	
€2,100,000 Banco De Sabadell Var. Rate 5.375% 12/12/2028	1,847	0.05	
£648,000 Bank of Scotland Var. Rate Perp. 7.281%	787	0.02	
€1,727,000 Belden 3.375% 15/07/2027	1,487	0.04	
€1,080,000 Belden 3.875% 15/03/2028	930	0.03	
€3,000,000 CaixaBank Var. Rate Perp. 5.25%	2,245	0.06	
€4,000,000 CaixaBank Var. Rate Perp. 6.75%	3,555	0.10	
\$3,941,000 CCO Holdings Capital 5.125% 01/05/2027	2,983	0.08	
€2,176,000 Cemex 2.75% 05/12/2024	1,867	0.05	
€2,699,000 Cemex 4.375% 05/03/2023	2,364	0.06	
\$981,000 Cemex 5.7% 11/01/2025	767	0.02	
\$3,023,000 Cemex 5.7% 11/01/2025 144A	2,362	0.07	
\$2,375,000 Cemex 6.125% 05/05/2025	1,867	0.05	
€3,887,000 Cemex Finance 4.625% 15/06/2024	3,499	0.10	
\$1,138,000 Cemex Finance 6% 01/04/2024	892	0.02	
\$2,095,000 Centene 4.75% 15/01/2025	1,627	0.04	
€1,943,000 Chemours 4% 15/05/2026	1,684	0.05	
\$648,000 Credit Suisse Var. Rate Perp. 7.125%	508	0.02	
\$756,000 Crown Americas 4.25% 30/09/2026	558	0.02	
€1,814,000 Crown European 3.375% 15/05/2025	1,661	0.05	
\$1,080,000 CSC 5.375% 01/02/2028	825	0.02	
\$1,943,000 CSC 5.5% 15/04/2027	1,511	0.04	
\$1,026,000 CSC 6.625% 15/10/2025	830	0.02	
£1,950,000 Daily Mail & General Trust 6.375% 21/06/2027	2,230	0.06	
£4,281,304 Delamare Finance 5.5457% 19/02/2029	4,843	0.13	
\$1,619,000 Drax Finco 6.625% 01/11/2025	1,246	0.03	
\$2,339,000 EI 6% 06/10/2023	2,482	0.07	
£3,455,000 EI 6.375% 26/09/2031	3,715	0.10	
£1,280,000 EI 6.875% 15/02/2021	1,360	0.04	
£970,000 EI 6.875% 09/05/2025	1,040	0.03	
\$3,390,000 Goldman Sachs 5% 31/05/2026	2,435	0.07	
\$2,548,000 Grupo Kuo 5.75% 07/07/2027	1,869	0.05	
\$540,000 Hanesbrands 4.875% 15/05/2026	406	0.01	
€1,943,000 Hanesbrands Finance (Luxemburg) 3.5% 15/06/2024	1,770	0.05	
\$4,643,000 HCA 5.375% 01/09/2026	3,717	0.10	
\$864,000 HCA 7.5% 15/02/2022	724	0.02	
\$1,440,000 Hilton Worldwide Finance 4.625% 01/04/2025	1,103	0.03	
€2,259,316 IHO Verwaltungs 2.75% 15/09/2021	1,958	0.05	
\$2,221,000 Inretail Pharma 5.375% 02/05/2023	1,765	0.05	
\$1,404,000 International Game Technology 6.25% 15/02/2022	1,111	0.03	
€1,277,000 Intertrust 3.375% 15/11/2025	1,117	0.03	
€1,341,000 Interxion 4.75% 15/06/2025	1,218	0.03	
\$1,080,000 Intesa Sanpaolo 5.017% 26/06/2024	791	0.02	
\$1,943,000 Intesa Sanpaolo 5.71% 15/01/2026	1,440	0.04	
€6,910,000 Intesa Sanpaolo Var. Rate Perp. 6.25%	5,799	0.16	
€1,943,000 Intesa Sanpaolo Var. Rate Perp. 7%	1,728	0.05	
€2,159,000 Intesa Sanpaolo Var. Rate Perp. 7.75%	2,001	0.06	
€1,265,000 Intrum 3.125% 15/07/2024	1,051	0.03	
€5,895,000 IQVIA 3.25% 15/03/2025	5,157	0.14	
€1,432,000 James Hardie International Finance 3.625% 01/10/2026	1,247	0.04	
€9,400,000 KBC Var. Rate Perp. 4.25%	7,355	0.20	
\$1,943,000 KPN Var. Rate 7% 28/03/2073	1,545	0.04	
€4,966,000 Lloyds Banking Var. Rate 6.375%	4,373	0.12	

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Investments

Portfolio statement (continued)			
as at Holding	31.03.19 £'000	31.03.19 %	30.09.18 %
'BB' credit rated bonds (continued)			
£3,500,000 Lloyds Banking Var. Rate 7%	3,500	0.10	
£6,640,000 Lloyds Banking Var. Rate 7.625%	7,014	0.19	
£7,000,000 Lloyds Banking Var. Rate 7.875%	7,683	0.21	
£432,000 Marston's Issuer Var. Rate 5.1774% 15/07/2032	463	0.01	
\$3,753,000 MGM Resorts International 5.5% 15/04/2027	2,868	0.08	
£5,765,000 Nationwide Building Society Var. Rate 6.875%	5,782	0.16	
€2,800,000 Naturgy Finance Var. Rate 4.125%	2,537	0.07	
€3,973,000 Netflix 3.625% 15/05/2027	3,513	0.10	
€4,319,000 Netflix 4.625% 15/05/2029	3,932	0.11	
€1,300,000 Nexans FRN 3.75% 08/08/2023	1,168	0.03	
€1,296,000 Nomad Foods 3.25% 15/05/2024	1,130	0.03	
€1,833,000 OI European 3.125% 15/11/2024	1,649	0.05	
£3,239,000 Petrobras Global Finance 5.375% 01/10/2029	3,276	0.09	
£6,025,000 Petrobras Global Finance 6.625% 16/01/2034	6,522	0.18	
\$1,512,000 Pilgrims Pride 5.75% 15/03/2025	1,165	0.03	
€1,404,000 Progroup FRN 2.5% 31/03/2024	1,203	0.03	
\$3,973,000 Royal Bank of Scotland 5.125% 28/05/2024	3,101	0.09	
\$7,017,000 Royal Bank of Scotland 6.1% 10/06/2023	5,678	0.16	
\$4,103,000 Royal Bank of Scotland 6.125% 15/12/2022	3,317	0.09	
\$236,000 Shea Homes Funding 6.125% 01/04/2025	170	0.00	
€1,943,000 Silgan 3.25% 15/03/2025	1,718	0.05	
\$2,915,000 Sirius XM 6% 15/07/2024	2,279	0.06	
\$386,000 Société Générale Var. Rate Perp. 7.875% (Listing Germany)	306	0.01	
\$1,943,000 Société Générale Var. Rate Perp. 7.875% (Listing Luxembourg)	1,541	0.04	
€540,000 Solvay Finance Var. Rate Perp. 4.199%	464	0.01	
€1,943,000 Solvay Finance Var. Rate Perp. 5.118%	1,803	0.05	
€2,095,000 Solvay Finance Var. Rate Perp. 5.425%	2,020	0.06	
€5,852,000 Solvay Finance Var. Rate Perp. 5.869%	5,787	0.16	
€6,748,000 Telecom Italia 2.875% 28/01/2026	5,671	0.16	
€965,000 Telecom Italia 4% 11/04/2024	867	0.02	
€11,900,000 Telecom Italia 5.25% 17/03/2055	9,984	0.28	
£750,000 Telecom Italia 5.875% 19/05/2023	799	0.02	
€7,990,000 Telecom Italia Finance 7.75% 24/01/2033	8,825	0.24	
€4,800,000 Telefónica (Europe) Var. Rate 3%	3,997	0.11	
€1,900,000 Telefónica (Europe) Var. Rate 3.875%	1,563	0.04	
€6,500,000 Telefónica (Europe) Var. Rate 4.375%	5,706	0.16	
€4,300,000 Telefónica (Europe) Var. Rate 5.875%	4,087	0.11	
\$864,000 Tenet Healthcare 4.375% 01/10/2021	669	0.02	
\$540,000 Tenet Healthcare 4.5% 01/04/2021	417	0.01	
\$864,000 Tenet Healthcare 6% 01/10/2020	682	0.02	
£2,586,967 Tesco Property Finance No. 2 6.0517% 13/10/2039	3,162	0.09	

Portfolio statement (continued)

as at Holding	31.03.19 £'000	31.03.19 %	30.09.18 %
'BB' credit rated bonds (continued)			
£5,528,474 Tesco Property Finance No. 3 5.744% 13/04/2040	6,620	0.18	
£8,306,622 Tesco Property Finance No. 4 5.8006% 13/10/2040	9,997	0.27	
£5,731,732 Tesco Property Finance No. 5 5.6611% 13/10/2041	6,762	0.19	
£4,534,008 Tesco Property Finance No. 6 5.4111% 13/07/2044	5,293	0.15	
\$1,440,000 Teva Pharmaceutical Finance 3.15% 01/10/2026	898	0.02	
\$6,317,000 Teva Pharmaceutical Finance 4.1% 01/10/2046	3,415	0.09	
€1,943,000 Teva Pharmaceutical Finance 4.5% 01/03/2025	1,702	0.05	
\$8,637,000 UBS Group Funding (Switzerland) Var. Rate Perp. 5%	5,730	0.16	
€4,751,000 UBS Group Funding (Switzerland) Var. Rate Perp. 5.75%	4,436	0.12	
\$1,080,000 UBS Group Funding (Switzerland) Var. Rate Perp. 7%	867	0.02	
\$6,478,000 UBS Group Funding (Switzerland) Var. Rate Perp. 7.125%	4,997	0.14	
€1,943,000 UniCredit Var. Rate 4.375% 03/01/2027	1,715	0.05	
€4,835,000 Unitymedia 3.5% 15/01/2027	4,356	0.12	
€9,832,000 Unitymedia 4% 15/01/2025	8,783	0.24	
€194,400 Unitymedia 4.625% 15/02/2026	180	0.00	
\$1,080,000 Unitymedia 5% 15/01/2025	846	0.02	
€4,566,600 Unitymedia 6.25% 15/01/2029	4,338	0.12	
\$2,555,000 VideoTron 5.375% 15/06/2024	2,038	0.06	
£1,943,000 Virgin Media Secured Finance 4.875% 15/01/2027	1,923	0.05	
£648,000 Virgin Media Secured Finance 5% 15/04/2027	651	0.02	
£3,347,000 Virgin Media Secured Finance 5.125% 15/01/2025	3,409	0.09	
£5,888,700 Virgin Media Secured Finance 5.5% 15/01/2025	6,022	0.17	
\$3,671,000 Virgin Media Secured Finance 5.5% 15/01/2025	2,847	0.08	
£5,992,000 Virgin Media Secured Finance 6.25% 28/03/2029	6,331	0.17	
€1,835,000 Wind Tre 3.125% 20/01/2025	1,478	0.04	
\$482,000 Wind Tre 5% 20/01/2026	333	0.01	
€8,249,000 Wind Tre FRN 2.75% 20/01/2024	6,691	0.18	
\$1,835,000 WPX Energy 5.25% 15/09/2024	1,416	0.04	
'B' credit rated bonds			
\$1,727,000 1011778 BC ULC / New Red Finance 5% 15/10/2025	1,286	0.04	
€1,080,000 Adient Global 3.5% 15/08/2024	696	0.02	
€1,550,000 Adler Pelzer 4.125% 01/04/2024	1,259	0.03	
€1,431,000 Altice 5.625% 15/05/2024	1,264	0.03	
€4,880,000 Argentina (Republic of) 5% 15/01/2027	3,098	0.09	
€6,478,017 Argentina (Republic of) Var. Rate 3.38% 31/12/2038	3,134	0.09	
€1,404,000 Bausch Health 4.5% 15/05/2023	1,212	0.03	
€1,080,000 Buenos Aires (Province of) 5.375% 20/01/2023	748	0.02	
\$2,118,000 Buenos Aires (Province of) 7.875% 15/06/2027	1,176	0.03	
€1,488,000 Burger King France 6% 01/05/2024	1,356	0.04	
£2,872,000 Cabot Financial Luxembourg 7.5% 01/10/2023	2,808	0.08	
\$3,822,000 Caesars Resort Collection 5.25% 15/10/2025	2,794	0.08	
£1,580,000 CPUK Finance 4.25% 28/08/2022	1,573	0.04	
	46,273	1.27	1.42

M&G Optimal Income Fund

Authorised Corporate Director's Report

Investments

Portfolio statement (continued)

as at Holding	31.03.19 £'000	31.03.19 %	30.09.18 %
'B' credit rated bonds (continued)			
€975,000 Grupo Antolin-Irausa 3.25% 30/04/2024	686	0.02	
€1,835,000 Grupo Antolin-Irausa 3.375% 30/04/2026	1,222	0.03	
€1,649,000 LSF10 Wolverine Investments 5% 15/03/2024	1,422	0.04	
€2,807,000 Nexi Capital FRN 3.625% 01/05/2023	2,431	0.07	
\$5,000,000 Panther BF Aggregator 8.5% 15/05/2027	3,781	0.10	
€1,548,000 Refinitiv US 6.875% 15/11/2026	1,302	0.04	
€2,159,000 Rekeep 9% 15/06/2022	1,654	0.05	
\$885,000 Royal Bank of Scotland Var. Rate Perp. 8%	720	0.02	
\$1,404,000 Royal Bank of Scotland Var. Rate Perp. 8.625%	1,133	0.03	
€1,196,000 Schmolz+Bickenbach (Luxembourg Finance) 5.625% 15/07/2022	893	0.02	
\$1,080,000 Tenet Healthcare 5.125% 01/05/2025	825	0.02	
€529,000 Vallourec 6.375% 15/10/2023	361	0.01	
€1,227,000 Vallourec 6.625% 15/10/2022	882	0.03	
€216,000 Veritas 7.5% 01/02/2023	175	0.00	
£864,000 Virgin Media Finance 5.125% 15/02/2022	858	0.02	
\$2,406,000 VTR Finance 6.875% 15/01/2024	1,870	0.05	
\$1,727,000 Yum! Brands 6.875% 15/11/2037	1,325	0.04	
€751,000 Ziggo 3.75% 15/01/2025	658	0.02	
\$555,000 Ziggo Bond 5.875% 15/01/2025	416	0.01	
€1,404,000 Ziggo Bond 7.125% 15/05/2024	1,255	0.03	
'CCC' credit rated bonds			
\$1,835,000 Ortho-Clinical Diagnostics 6.625% 15/05/2022	1,317	0.03	0.10
\$756,000 Tenet Healthcare 7% 01/08/2025	583	0.02	
Bonds with no credit rating			
€3,335,890 Ardmore Securities No. 1 FRN 0.042% 15/08/2057	2,842	0.08	3.64
€1,943,000 Assicurazioni Generali Var. Rate 4.596% 30/11/2049	1,698	0.05	
€5,852,000 Assicurazioni Generali Var. Rate 5.5% 27/10/2047	5,472	0.15	
€1,850,000 Assicurazioni Generali Var. Rate Perp. 6.269% 29/06/2049	1,916	0.05	
€1,188,000 Assura Financing 3% 19/07/2028	1,224	0.03	
€2,900,000 Bruxelles Lambert 1.375% 23/05/2024	2,495	0.07	
€1,943,000 BUPA Finance 5% 08/12/2026	2,128	0.06	
€3,400,000 Bureau Veritas 1.88% 06/01/2025	2,982	0.08	
€2,872,000 Coventry Building Society 1.875% 24/10/2023	2,863	0.08	
€3,356,000 Coventry Building Society Var. Rate 6.875% 18/09/2024	3,371	0.09	
£200,000 Delamare Finance 6.067% 19/02/2029	237	0.01	
€5,144,000 DP World 4.25% 25/09/2030	5,430	0.15	
€4,318,678 Eirles Two FRN 2020 ^[c]	0	0.00	
€1,282,000 Eurofins Scientific 2.125% 25/07/2024	1,075	0.03	
€864,000 Eurofins Scientific Var. Rate Perp. 4.875%	759	0.02	
€1,943,000 Eversholt Funding 3.529% 07/08/2042	1,913	0.05	
€1,619,773 FROSN FRN 0.75% 21/05/2028	1,377	0.04	
€4,643,000 Hammerson 2% 01/07/2022	4,096	0.11	
€6,046,000 Hammerson 3.5% 27/10/2025	6,120	0.17	

Portfolio statement (continued)

as at Holding	31.03.19 £'000	31.03.19 %	30.09.18 %
Bonds with no credit rating (continued)			
£1,943,000 Hammerson 6% 23/02/2026	2,249	0.06	
£1,000,000 Hammerson 7.25% 21/04/2028	1,275	0.04	
£2,159,000 Heathrow Finance 3.875% 01/03/2027	2,053	0.06	
£1,943,000 Heathrow Finance 5.75% 03/03/2025	2,073	0.06	
€3,600,000 Iliad 1.875% 25/04/2025	2,893	0.08	
£1,698,400 INTU Debenture 5.562% 31/12/2027	1,745	0.05	
£5,074,000 John Lewis 4.25% 18/12/2034	4,617	0.13	
£3,196,000 John Lewis 6.125% 21/01/2025	3,541	0.10	
ZAR2,678,858 K2016470219 South Africa 3% 2022 ^[c]	0	0.00	
\$197,578 K2016470219 South Africa 3% 31/12/2022	1	0.00	
€1,500,000 Lagardère 1.625% 21/06/2024	1,259	0.03	
€3,023,000 Leeds Building Society 0.5% 03/07/2024	2,618	0.07	
£1,080,000 Leeds Building Society Var. Rate 3.75% 25/04/2029	1,016	0.03	
\$2,790,000 Millicom International Cellular 6.25% 25/03/2029	2,150	0.06	
€5,800,000 Munich Re Finance Var. Rate 3.25% 26/05/2049	5,445	0.15	
£2,469,000 PCL Funding III FRN 1.37963% 15/06/2023	2,457	0.07	
£1,943,000 Places for People Homes 3.625% 22/11/2028	1,992	0.05	
£1,080,000 Principality Building Society 2.375% 23/11/2023	1,066	0.03	
\$1,706,000 Puma International 5.125% 06/10/2024	1,172	0.03	
\$1,296,000 Puma International Financing 5% 24/01/2026	858	0.02	
£1,080,000 Quilter Var. Rate 4.478% 28/02/2028	1,084	0.03	
£782,000 Sainsbury's Bank Var. Rate 6% 23/11/2027	792	0.02	
\$431,868 Seventy Seven Energy 6.5% 2022 ^[c]	0	0.00	
€1,003,000 Stora Enso 2.5% 21/03/2028	880	0.02	
\$2,591,000 Stora Enso 7.25% 15/04/2036	2,302	0.06	
€800,000 Telefonica Deutschland Finanzierungs 1.75% 05/07/2025	700	0.02	
€1,400,000 Vilmorin & Cie 2.375% 26/05/2021	1,241	0.03	
£1,080,000 Virgin Money (UK) Var. Rate 3.375% 24/04/2026	1,075	0.03	
£1,512,000 Westfield Stratford FRN 1.77675% 04/11/2024	1,507	0.04	
£338,000 Wm Morrison Supermarkets 3.5% 27/07/2026	361	0.01	
£3,302,000 Wm Morrison Supermarkets 4.75% 04/07/2029	3,844	0.11	
Debt derivatives		(45,599)	(1.25)
Credit default swaps		(645)	(0.02)
€6,478,000 Innogy Jun 2020	(67)	0.00	
€(53,983,000) Markit iTraxx Europe Series 29 10 Year Jun 2028	(212)	(0.01)	
€(43,187,000) Markit iTraxx Europe Series 30 10 Year Dec 2028	(367)	(0.01)	
€2,159,000 Marks and Spencer Dec 2021	1	0.00	
Interest rate swaps		0	0.00
Interest rate futures		(44,954)	(1.23)
(2,407) 10 Year US Treasury Note Jun 2019	(2,820)	(0.08)	
(1,500) Euro Buxl Jun 2019	(11,338)	(0.31)	
(4,150) UK Long Gilt Bond Jun 2019	(9,365)	(0.26)	
(3,259) US Long Treasury Bond Jun 2019	(12,178)	(0.33)	
(2,062) US Ultra Long Treasury Bond Jun 2019	(9,253)	(0.25)	

M&G Optimal Income Fund

Authorised Corporate Director's Report

Investments

Portfolio statement (continued)				
as at		31.03.19	31.03.19	30.09.18
Holding		£'000	%	%
	CURRENCY	38,248	1.05	0.24
	Forward currency contracts	38,248	1.05	0.24
€17,510,707	Bought for £15,033,765 (expires 10.04.19)	(24)	0.00	
€141,887,781	Bought for £121,386,127 (expires 09.05.19)	357	0.01	
€(1,449,418,951)	Sold for £1,265,365,380 (expires 09.05.19)	21,730	0.60	
CHF1,753,391	Bought for £1,340,245 (expires 09.05.19)	6	0.00	
CHF(59,964)	Sold for £45,441 (expires 10.04.19)	(1)	0.00	
CHF(12,406,172)	Sold for £9,444,679 (expires 09.05.19)	(77)	0.00	
\$284,225,940	Bought for £216,082,139 (expires 09.05.19)	392	0.01	
\$(2,025,345,757)	Sold for £1,558,420,517 (expires 09.05.19)	15,865	0.43	
Portfolio of investments		3,505,841	96.36	97.62
	CASH EQUIVALENTS	84,270	2.32	1.21
	'AAA' rated money market funds [d]	84,270	2.32	1.21
84,270,000	Northern Trust Global Fund - Sterling	84,270	2.32	
	SHARE CLASS HEDGING	0	0.00	(0.45)
	Forward currency contracts for share class hedging	0	0.00	(0.45)
Total portfolio		3,590,111	98.68	98.38
Net other assets / (liabilities)		47,963	1.32	1.62
Net assets attributable to shareholders		3,638,074	100.00	100.00

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

[a] Restated.

[b] Suspended.

[c] Defaulted bond.

[d] 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	2019	2018
Portfolio transactions	£'000	£'000
Total purchases	5,312,809	7,706,265
Total sales	24,135,537	4,553,759

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.

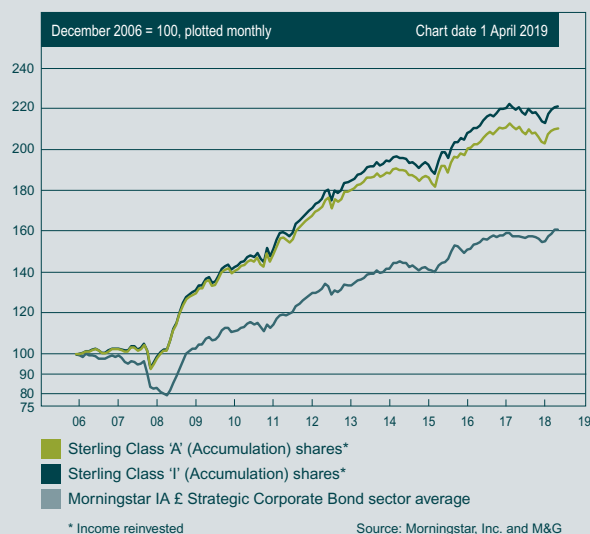
The fund is available for investment in different share classes, each with varying levels of charges and minimum investments; please refer to the Prospectus for M&G Optimal Income Fund, which is available free of charge either from our website at www.mandg.co.uk/prospectuses or by calling M&G Customer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

Fund level performance

Fund net asset value			
as at	31.03.19 £'000	30.09.18 £'000	30.09.17 £'000
Fund net asset value (NAV)	3,638,074	23,097,567	20,637,023

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 to 8 March 2019 for non-sterling share classes and 1 April 2019 for sterling share classes. Calculated on a price to price basis with income reinvested.

Long-term performance by share class ^[a]				
	From 01.10.18 % ^[b]	From 01.04.16 % p.a.	From 01.04.14 % p.a.	Since launch % p.a.
Euro^[c]				
Class 'A-H'	-0.2	+2.6	+2.0	+5.9 ^[d]
Class 'B-H'	-0.4	+2.1	n/a	+1.8 ^[e]
Class 'C-H'	+0.0	+3.1	+2.4	+6.5 ^[d]
Class 'J-H'	+0.1	n/a	n/a	-1.5 ^[f]
Singapore dollar^[c]				
Class 'A-H'	+0.8	+4.4	n/a	+3.3 ^[g]
Class 'A-H M'	+1.1	+4.5	n/a	+3.3 ^[g]
Class 'C-H'	+1.0	+4.9	n/a	+3.8 ^[g]
Sterling^[h]				
Class 'A'	+1.0	+3.8	+2.8	+6.2 ^[i]
Class 'I'	+1.2	+4.3	+3.2	+6.7 ^[i]
Class 'J'	+1.1	+4.1	+3.0	+4.4 ^[j]
Class 'R'	+1.1	+4.1	+3.0	+4.4 ^[k]
Class 'X'	+1.0	+3.8	+2.7	+6.1 ^[l]
Swiss franc^[c]				
Class 'A-H'	-0.4	+2.2	+1.5	+3.0 ^[l]
Class 'C-H'	-0.1	+2.7	+2.0	+3.5 ^[l]
Class 'J-H'	-0.1	n/a	n/a	-1.8 ^[f]
US dollar^[c]				
Class 'A-H'	+1.3	+4.9	+3.4	+5.4 ^[m]
Class 'A-H M'	+1.6	+5.1	n/a	+3.5 ^[g]
Class 'C-H'	+1.5	+5.4	+3.9	+6.0 ^[m]
Class 'J-H'	n/a	n/a	n/a	+1.2 ^[f]

^[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] 27 April 2018, the launch date of the share class. Not annualised.

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

^[h] Price to price with income reinvested.

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

^[j] 18 January 2019, the launch date of the share class. Not annualised.

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

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

^[m] 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 31.03.19	Year to 30.09.18	Year to 30.09.17	Average ^[a]
Direct portfolio transaction costs ^[b]	%	%	%	%
Broker commission	0.01	0.01	0.01	0.01
Taxes	0.00	0.01	0.00	0.00
Costs before dilution adjustments	0.01	0.02	0.01	0.01
Dilution adjustments ^[c]	0.00	0.00	0.00	0.00
Total direct portfolio transaction costs	0.01	0.02	0.01	0.01
as at	31.03.19	30.09.18	30.09.17	Average ^[a]
Indirect portfolio transaction costs	%	%	%	%
Average portfolio dealing spread	0.64	0.48	0.56	0.56

^[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.

The non-sterling share classes were merged into the equivalent share classes of M&G (Lux) Optimal Income Fund on 8 March 2019. The distribution yields for the current year for the non-sterling share classes were calculated at the merger date.

Euro Class 'A-H' Income share performance

The share class was launched on 12 July 2013.

	Six months to 31.03.19	Year to 30.09.18	Year to 30.09.17
Change in NAV per share	Euro ¢	Euro ¢	Euro ¢
Opening NAV	1,720.98	1,788.31	1,759.17
Return before operating charges and after direct portfolio transaction costs	11.96	8.78	113.95
Operating charges	(10.71)	(25.29)	(25.53)
Return after operating charges	1.25	(16.51)	88.42
Distributions	(24.32)	(50.82)	(59.28)
Return to shareholder as a result of share class closure	(1,697.91)	n/a	n/a
Closing NAV	0.00	1,720.98	1,788.31
Direct portfolio transaction costs	Euro ¢	Euro ¢	Euro ¢
Costs before dilution adjustments	0.07	0.27	0.11
Dilution adjustments ^[a]	(0.03)	(0.02)	(0.02)
Total direct portfolio transaction costs	0.04	0.25	0.09
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.01	0.02	0.01
Operating charges	1.43	1.43	1.42
Return after operating charges	+0.07	-0.92	+5.03
Distribution yield	3.35	3.22	2.65
Effect on yield of charges offset against capital	1.42	1.42	1.42
Other information			
Closing NAV (£'000)	0	1,230,090	943,978
Closing NAV percentage of total fund NAV (%)	0.00	5.33	4.57
Number of shares	0	80,483,953	59,803,306
Highest share price (Euro ¢)	1,722.10	1,824.82	1,824.50
Lowest share price (Euro ¢)	1,666.60	1,737.10	1,748.54

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 31.03.19 Euro ¢	Year to 30.09.18 Euro ¢	Year to 30.09.17 Euro ¢
Change in NAV per share			
Opening NAV	1,988.42	2,006.73	1,911.10
Return before operating charges and after direct portfolio transaction costs	13.36	10.29	123.60
Operating charges	(12.37)	(28.60)	(27.97)
Return after operating charges	0.99	(18.31)	95.63
Distributions	(15.80)	(29.08)	(37.08)
Retained distributions	15.80	29.08	37.08
Return to shareholder as a result of share class closure	(1,989.41)	n/a	n/a
Closing NAV	0.00	1,988.42	2,006.73
Direct portfolio transaction costs	Euro ¢	Euro ¢	Euro ¢
Costs before dilution adjustments	0.08	0.30	0.12
Dilution adjustments ^[a]	(0.03)	(0.03)	(0.02)
Total direct portfolio transaction costs	0.05	0.27	0.10
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.01	0.02	0.01
Operating charges	1.43	1.43	1.42
Return after operating charges	+0.05	-0.91	+5.00
Distribution yield	1.90	1.80	1.24
Effect on yield of charges offset against capital	0.00	0.00	0.00
Other information			
Closing NAV (£'000)	0	10,835,752	10,412,614
Closing NAV percentage of total fund NAV (%)	0.00	46.91	50.46
Number of shares	0	613,617,080	587,864,064
Highest share price (Euro ¢)	1,989.26	2,047.48	2,016.79
Lowest share price (Euro ¢)	1,925.58	1,974.01	1,898.80

Euro Class 'B-H' Income share performance

The share class was launched on 11 September 2015.

	Six months to 31.03.19 Euro ¢	Year to 30.09.18 Euro ¢	Year to 30.09.17 Euro ¢
Change in NAV per share			
Opening NAV	975.76	1,019.30	1,007.55
Return before operating charges and after direct portfolio transaction costs	7.13	4.70	65.36
Operating charges	(8.19)	(19.36)	(19.76)
Return after operating charges	(1.06)	(14.66)	45.60
Distributions	(13.78)	(28.88)	(33.85)
Return to shareholder as a result of share class closure	(960.92)	n/a	n/a
Closing NAV	0.00	975.76	1,019.30
Direct portfolio transaction costs	Euro ¢	Euro ¢	Euro ¢
Costs before dilution adjustments	0.04	0.15	0.06
Dilution adjustments ^[a]	(0.01)	(0.01)	(0.01)
Total direct portfolio transaction costs	0.03	0.14	0.05
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.01	0.02	0.01
Operating charges	1.93	1.93	1.92
Return after operating charges	-0.11	-1.44	+4.53
Distribution yield	3.35	3.23	2.66
Effect on yield of charges offset against capital	1.92	1.92	1.92
Other information			
Closing NAV (£'000)	0	86,967	42,741
Closing NAV percentage of total fund NAV (%)	0.00	0.38	0.21
Number of shares	0	10,035,934	4,750,594
Highest share price (Euro ¢)	975.36	1,038.20	1,040.52
Lowest share price (Euro ¢)	943.85	986.11	1,000.81

Euro Class 'B-H' Accumulation share performance

The share class was launched on 11 September 2015.

	Six months to 31.03.19 Euro ¢	Year to 30.09.18 Euro ¢	Year to 30.09.17 Euro ¢
Change in NAV per share			
Opening NAV	1,070.21	1,085.82	1,039.47
Return before operating charges and after direct portfolio transaction costs	7.34	5.16	67.00
Operating charges	(8.98)	(20.77)	(20.65)
Return after operating charges	(1.64)	(15.61)	46.35
Distributions	(6.16)	(10.30)	(14.87)
Retained distributions	6.16	10.30	14.87
Return to shareholder as a result of share class closure	(1,068.57)	n/a	n/a
Closing NAV	0.00	1,070.21	1,085.82
Direct portfolio transaction costs	Euro ¢	Euro ¢	Euro ¢
Costs before dilution adjustments	0.04	0.16	0.06
Dilution adjustments ^[a]	(0.02)	(0.01)	(0.01)
Total direct portfolio transaction costs	0.02	0.15	0.05
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.01	0.02	0.01
Operating charges	1.93	1.93	1.92
Return after operating charges	-0.15	-1.44	+4.46
Distribution yield	1.39	1.30	0.74
Effect on yield of charges offset against capital	0.00	0.00	0.00
Other information			
Closing NAV (£'000)	0	278,185	128,396
Closing NAV percentage of total fund NAV (%)	0.00	1.20	0.62
Number of shares	0	29,269,104	13,396,798
Highest share price (Euro ¢)	1,069.73	1,105.95	1,091.83
Lowest share price (Euro ¢)	1,035.09	1,063.84	1,031.55

M&G Optimal Income Fund

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Specific share class performance

Euro Class 'C-H' Income share performance

The share class was launched on 8 August 2014.

	Six months to 31.03.19	Year to 30.09.18	Year to 30.09.17
Change in NAV per share	Euro ¢	Euro ¢	Euro ¢
Opening NAV	1,850.49	1,913.30	1,873.49
Return before operating charges and after direct portfolio transaction costs	12.89	9.34	120.81
Operating charges	(7.49)	(17.59)	(17.70)
Return after operating charges	5.40	(8.25)	103.11
Distributions	(26.18)	(54.56)	(63.30)
Return to shareholder as a result of share class closure	(1,829.71)	n/a	n/a
Closing NAV	0.00	1,850.49	1,913.30
Direct portfolio transaction costs	Euro ¢	Euro ¢	Euro ¢
Costs before dilution adjustments	0.07	0.29	0.12
Dilution adjustments ^[a]	(0.03)	(0.03)	(0.02)
Total direct portfolio transaction costs	0.04	0.26	0.10
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.01	0.02	0.01
Operating charges	0.93	0.93	0.92
Return after operating charges	+0.29	-0.43	+5.50
Distribution yield	3.35	3.22	2.65
Effect on yield of charges offset against capital	0.92	0.92	0.92
Other information			
Closing NAV (£'000)	0	135,281	76,665
Closing NAV percentage of total fund NAV (%)	0.00	0.59	0.37
Number of shares	0	8,231,863	4,539,657
Highest share price (Euro ¢)	1,855.66	1,955.57	1,951.99
Lowest share price (Euro ¢)	1,794.17	1,865.66	1,863.02

Euro Class 'C-H' Accumulation share performance

The share class was launched on 20 April 2007.

	Six months to 31.03.19	Year to 30.09.18	Year to 30.09.17
Change in NAV per share	Euro ¢	Euro ¢	Euro ¢
Opening NAV	2,109.99	2,119.80	2,009.92
Return before operating charges and after direct portfolio transaction costs	15.18	9.85	129.04
Operating charges	(8.53)	(19.66)	(19.16)
Return after operating charges	6.65	(9.81)	109.88
Distributions	(21.38)	(41.37)	(49.48)
Retained distributions	21.38	41.37	49.48
Return to shareholder as a result of share class closure	(2,116.64)	n/a	n/a
Closing NAV	0.00	2,109.99	2,119.80
Direct portfolio transaction costs	Euro ¢	Euro ¢	Euro ¢
Costs before dilution adjustments	0.08	0.32	0.12
Dilution adjustments ^[a]	(0.03)	(0.03)	(0.02)
Total direct portfolio transaction costs	0.05	0.29	0.10
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.01	0.02	0.01
Operating charges	0.93	0.93	0.92
Return after operating charges	+0.32	-0.46	+5.47
Distribution yield	2.41	2.30	1.74
Effect on yield of charges offset against capital	0.00	0.00	0.00
Other information			
Closing NAV (£'000)	0	4,233,997	2,966,470
Closing NAV percentage of total fund NAV (%)	0.00	18.33	14.37
Number of shares	0	225,951,828	158,544,651
Highest share price (Euro ¢)	2,116.44	2,166.38	2,130.49
Lowest share price (Euro ¢)	2,046.00	2,092.40	1,997.26

Euro Class 'J-H' Accumulation share performance

The share class was launched on 27 April 2018.

	Six months to 31.03.19	Year to 30.09.18	Year to 30.09.17
Change in NAV per share	Euro ¢	Euro ¢	Euro ¢
Opening NAV	984.50	1,000.00	n/a
Return before operating charges and after direct portfolio transaction costs	7.19	(12.27)	n/a
Operating charges	(3.42)	(3.23)	n/a
Return after operating charges	3.77	(15.50)	n/a
Distributions	(10.64)	(10.37)	n/a
Retained distributions	10.64	10.37	n/a
Return to shareholder as a result of share class closure	(988.27)	n/a	n/a
Closing NAV	0.00	984.50	n/a
Direct portfolio transaction costs	Euro ¢	Euro ¢	Euro ¢
Costs before dilution adjustments	0.04	0.06	n/a
Dilution adjustments ^[a]	(0.02)	(0.01)	n/a
Total direct portfolio transaction costs	0.02	0.05	n/a
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.01	0.02	n/a
Operating charges	0.78	0.78	n/a
Return after operating charges	+0.38	-1.55	n/a
Distribution yield	2.56	2.45	n/a
Effect on yield of charges offset against capital	0.00	0.00	n/a
Other information			
Closing NAV (£'000)	0	48	n/a
Closing NAV percentage of total fund NAV (%)	0.00	0.00	n/a
Number of shares	0	5,443	n/a
Highest share price (Euro ¢)	988.15	1,000.00	n/a
Lowest share price (Euro ¢)	954.91	976.00	n/a

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Specific share class performance

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 31.03.19 Singapore ¢	Year to 30.09.18 Singapore ¢	Year to 30.09.17 Singapore ¢
Opening NAV	1,133.84	1,122.87	1,053.49
Return before operating charges and after direct portfolio transaction costs	19.38	27.11	84.90
Operating charges	(7.08)	(16.14)	(15.52)
Return after operating charges	12.30	10.97	69.38
Distributions	(8.99)	(16.57)	(20.69)
Retained distributions	8.99	16.57	20.69
Return to shareholder as a result of share class closure	(1,146.14)	n/a	n/a
Closing NAV	0.00	1,133.84	1,122.87
Direct portfolio transaction costs	Singapore ¢	Singapore ¢	Singapore ¢
Costs before dilution adjustments	0.05	0.17	0.07
Dilution adjustments ^[a]	(0.02)	(0.02)	(0.01)
Total direct portfolio transaction costs	0.03	0.15	0.06
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.01	0.02	0.01
Operating charges	1.43	1.43	1.42
Return after operating charges	+1.08	+0.98	+6.59
Distribution yield	1.89	1.78	1.24
Effect on yield of charges offset against capital	0.00	0.00	0.00
Other information			
Closing NAV (£'000)	0	12,328	7,287
Closing NAV percentage of total fund NAV (%)	0.00	0.05	0.04
Number of shares	0	1,940,251	1,178,959
Highest share price (Singapore ¢)	1,145.67	1,152.45	1,128.50
Lowest share price (Singapore ¢)	1,104.13	1,120.11	1,048.47

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 31.03.19 Singapore ¢	Year to 30.09.18 Singapore ¢	Year to 30.09.17 Singapore ¢
Opening NAV	1,024.16	1,043.57	1,012.82
Return before operating charges and after direct portfolio transaction costs	17.18	25.32	79.35
Operating charges	(6.36)	(14.86)	(14.59)
Return after operating charges	10.82	10.46	64.76
Distributions	(14.42)	(29.87)	(34.01)
Return to shareholder as a result of share class closure	(1,020.56)	n/a	n/a
Closing NAV	0.00	1,024.16	1,043.57
Direct portfolio transaction costs	Singapore ¢	Singapore ¢	Singapore ¢
Costs before dilution adjustments	0.04	0.16	0.06
Dilution adjustments ^[a]	(0.02)	(0.01)	(0.01)
Total direct portfolio transaction costs	0.02	0.15	0.05
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.01	0.02	0.01
Operating charges	1.43	1.43	1.42
Return after operating charges	+1.06	+1.00	+6.39
Distribution yield	3.33	3.19	2.64
Effect on yield of charges offset against capital	1.42	1.42	1.42
Other information			
Closing NAV (£'000)	0	27,989	31,400
Closing NAV percentage of total fund NAV (%)	0.00	0.12	0.15
Number of shares	0	4,876,862	5,466,243
Highest share price (Singapore ¢)	1,023.94	1,064.42	1,051.73
Lowest share price (Singapore ¢)	990.70	1,019.77	1,003.37

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 31.03.19 Singapore ¢	Year to 30.09.18 Singapore ¢	Year to 30.09.17 Singapore ¢
Opening NAV	1,154.25	1,137.78	1,062.74
Return before operating charges and after direct portfolio transaction costs	19.53	27.09	85.22
Operating charges	(4.70)	(10.62)	(10.18)
Return after operating charges	14.83	16.47	75.04
Distributions	(11.71)	(22.60)	(26.43)
Retained distributions	11.71	22.60	26.43
Return to shareholder as a result of share class closure	(1,169.08)	n/a	n/a
Closing NAV	0.00	1,154.25	1,137.78
Direct portfolio transaction costs	Singapore ¢	Singapore ¢	Singapore ¢
Costs before dilution adjustments	0.05	0.17	0.07
Dilution adjustments ^[a]	(0.02)	(0.02)	(0.01)
Total direct portfolio transaction costs	0.03	0.15	0.06
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.01	0.02	0.01
Operating charges	0.93	0.93	0.92
Return after operating charges	+1.29	+1.45	+7.06
Distribution yield	2.40	2.27	1.74
Effect on yield of charges offset against capital	0.00	0.00	0.00
Other information			
Closing NAV (£'000)	0	2,781	287
Closing NAV percentage of total fund NAV (%)	0.00	0.01	0.00
Number of shares	0	429,973	45,859
Highest share price (Singapore ¢)	1,168.58	1,169.88	1,143.53
Lowest share price (Singapore ¢)	1,125.16	1,139.05	1,058.06

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Specific share class performance

Sterling Class 'A' Income share performance

The share class was launched on 8 December 2006.

	Six months to 31.03.19 UK p	Year to 30.09.18 UK p	Year to 30.09.17 UK p
Change in NAV per share			
Opening NAV	145.43	149.42	145.75
Return before operating charges and after direct portfolio transaction costs	2.15	2.40	10.70
Operating charges	(1.02)	(2.10)	(2.09)
Return after operating charges	1.13	0.30	8.61
Distributions	(2.41)	(4.29)	(4.94)
Closing NAV	144.15	145.43	149.42
Direct portfolio transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.01	0.02	0.01
Dilution adjustments ^[a]	0.00	0.00	0.00
Total direct portfolio transaction costs	0.01	0.02	0.01
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.01	0.02	0.01
Operating charges	1.41	1.41	1.40
Return after operating charges	+0.78	+0.20	+5.91
Distribution yield	2.88	3.21	2.66
Effect on yield of charges offset against capital	1.40	1.40	1.40
Other information			
Closing NAV (£'000)	168,370	194,487	232,904
Closing NAV percentage of total fund NAV (%)	4.63	0.84	1.13
Number of shares	116,804,783	133,728,970	155,877,179
Highest share price (UK p)	146.96	152.96	152.46
Lowest share price (UK p)	141.29	146.34	145.05

Sterling Class 'A' Accumulation share performance

The share class was launched on 8 December 2006.

	Six months to 31.03.19 UK p	Year to 30.09.18 UK p	Year to 30.09.17 UK p
Change in NAV per share			
Opening NAV	208.93	208.53	196.82
Return before operating charges and after direct portfolio transaction costs	3.07	3.35	14.56
Operating charges	(1.46)	(2.95)	(2.85)
Return after operating charges	1.61	0.40	11.71
Distributions	(2.05)	(3.09)	(3.89)
Retained distributions	2.05	3.09	3.89
Closing NAV	210.54	208.93	208.53
Direct portfolio transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.01	0.03	0.01
Dilution adjustments ^[a]	0.00	0.00	0.00
Total direct portfolio transaction costs	0.01	0.03	0.01
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.01	0.02	0.01
Operating charges	1.41	1.41	1.40
Return after operating charges	+0.77	+0.19	+5.95
Distribution yield	1.48	1.81	1.26
Effect on yield of charges offset against capital	0.00	0.00	0.00
Other information			
Closing NAV (£'000)	433,369	518,684	567,587
Closing NAV percentage of total fund NAV (%)	11.91	2.25	2.75
Number of shares	205,835,191	248,252,722	272,182,254
Highest share price (UK p)	211.12	213.47	209.59
Lowest share price (UK p)	202.98	206.80	195.86

Sterling Class 'I' Income share performance

The share class was launched on 8 December 2006.

	Six months to 31.03.19 UK p	Year to 30.09.18 UK p	Year to 30.09.17 UK p
Change in NAV per share			
Opening NAV	147.02	150.29	145.86
Return before operating charges and after direct portfolio transaction costs	2.17	2.41	10.73
Operating charges	(0.66)	(1.36)	(1.35)
Return after operating charges	1.51	1.05	9.38
Distributions	(2.44)	(4.32)	(4.95)
Closing NAV	146.09	147.02	150.29
Direct portfolio transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.01	0.02	0.01
Dilution adjustments ^[a]	0.00	0.00	0.00
Total direct portfolio transaction costs	0.01	0.02	0.01
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.01	0.02	0.01
Operating charges	0.91	0.91	0.90
Return after operating charges	+1.03	+0.70	+6.43
Distribution yield	2.88	3.21	2.66
Effect on yield of charges offset against capital	0.90	0.90	0.90
Other information			
Closing NAV (£'000)	1,287,563	1,644,599	1,443,654
Closing NAV percentage of total fund NAV (%)	35.39	7.12	7.00
Number of shares	881,374,926	1,118,627,773	960,593,216
Highest share price (UK p)	148.92	154.11	153.35
Lowest share price (UK p)	143.01	147.76	145.27

Sterling Class 'I' Accumulation share performance

The share class was launched on 8 December 2006.

	Six months to 31.03.19 UK p	Year to 30.09.18 UK p	Year to 30.09.17 UK p
Change in NAV per share			
Opening NAV	218.96	217.46	204.22
Return before operating charges and after direct portfolio transaction costs	3.23	3.49	15.15
Operating charges	(0.99)	(1.99)	(1.91)
Return after operating charges	2.24	1.50	13.24
Distributions	(2.68)	(4.33)	(5.09)
Retained distributions	2.68	4.33	5.09
Closing NAV	221.20	218.96	217.46
Direct portfolio transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.01	0.03	0.01
Dilution adjustments ^[a]	0.00	0.00	0.00
Total direct portfolio transaction costs	0.01	0.03	0.01
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.01	0.02	0.01
Operating charges	0.91	0.91	0.91
Return after operating charges	+1.02	+0.69	+6.48
Distribution yield	1.98	2.31	1.76
Effect on yield of charges offset against capital	0.00	0.00	0.00
Other information			
Closing NAV (£'000)	1,513,468	1,527,682	1,448,476
Closing NAV percentage of total fund NAV (%)	41.60	6.61	7.02
Number of shares	684,212,470	697,689,230	666,103,023
Highest share price (UK p)	221.78	222.98	218.55
Lowest share price (UK p)	212.98	216.46	203.38

M&G Optimal Income Fund

Financial highlights

Specific share class performance

Sterling Class 'J' Income share performance

The share class was launched on 18 January 2019.

	Six months to 31.03.19 UK p	Year to 30.09.18 UK p	Year to 30.09.17 UK p
Change in NAV per share			
Opening NAV	100.00	n/a	n/a
Return before operating charges and after direct portfolio transaction costs	2.37	n/a	n/a
Operating charges	(0.15)	n/a	n/a
Return after operating charges	2.22	n/a	n/a
Distributions	(1.68)	n/a	n/a
Closing NAV	100.54	n/a	n/a
Direct portfolio transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	n/a	n/a
Dilution adjustments ^[a]	0.00	n/a	n/a
Total direct portfolio transaction costs	0.00	n/a	n/a
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.01	n/a	n/a
Operating charges	0.76	n/a	n/a
Return after operating charges	+2.22	n/a	n/a
Distribution yield	2.88	n/a	n/a
Effect on yield of charges offset against capital	0.75	n/a	n/a
Other information			
Closing NAV (£'000)	112,613	n/a	n/a
Closing NAV percentage of total fund NAV (%)	3.09	n/a	n/a
Number of shares	112,003,142	n/a	n/a
Highest share price (UK p)	102.49	n/a	n/a
Lowest share price (UK p)	100.00	n/a	n/a

Sterling Class 'J' Accumulation share performance

The share class was launched on 18 January 2019.

	Six months to 31.03.19 UK p	Year to 30.09.18 UK p	Year to 30.09.17 UK p
Change in NAV per share			
Opening NAV	100.00	n/a	n/a
Return before operating charges and after direct portfolio transaction costs	2.37	n/a	n/a
Operating charges	(0.15)	n/a	n/a
Return after operating charges	2.22	n/a	n/a
Distributions	(1.27)	n/a	n/a
Retained distributions	1.27	n/a	n/a
Closing NAV	102.22	n/a	n/a
Direct portfolio transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.00	n/a	n/a
Dilution adjustments ^[a]	0.00	n/a	n/a
Total direct portfolio transaction costs	0.00	n/a	n/a
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.01	n/a	n/a
Operating charges	0.76	n/a	n/a
Return after operating charges	+2.22	n/a	n/a
Distribution yield	2.13	n/a	n/a
Effect on yield of charges offset against capital	0.00	n/a	n/a
Other information			
Closing NAV (£'000)	7,660	n/a	n/a
Closing NAV percentage of total fund NAV (%)	0.21	n/a	n/a
Number of shares	7,493,000	n/a	n/a
Highest share price (UK p)	102.49	n/a	n/a
Lowest share price (UK p)	100.00	n/a	n/a

Sterling Class 'R' Income share performance

The share class was launched on 3 August 2012.

	Six months to 31.03.19 UK p	Year to 30.09.18 UK p	Year to 30.09.17 UK p
Change in NAV per share			
Opening NAV	113.65	116.47	113.32
Return before operating charges and after direct portfolio transaction costs	1.67	1.88	8.33
Operating charges	(0.65)	(1.35)	(1.34)
Return after operating charges	1.02	0.53	6.99
Distributions	(1.89)	(3.35)	(3.84)
Closing NAV	112.78	113.65	116.47
Direct portfolio transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.01	0.02	0.01
Dilution adjustments ^[a]	0.00	0.00	0.00
Total direct portfolio transaction costs	0.01	0.02	0.01
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.01	0.02	0.01
Operating charges	1.16	1.16	1.15
Return after operating charges	+0.90	+0.46	+6.17
Distribution yield	2.88	3.21	2.66
Effect on yield of charges offset against capital	1.15	1.15	1.15
Other information			
Closing NAV (£'000)	7,265	4,527	3,357
Closing NAV percentage of total fund NAV (%)	0.20	0.02	0.02
Number of shares	6,441,674	3,983,387	2,882,478
Highest share price (UK p)	114.98	119.33	118.84
Lowest share price (UK p)	110.48	114.29	112.82

Sterling Class 'R' Accumulation share performance

The share class was launched on 3 August 2012.

	Six months to 31.03.19 UK p	Year to 30.09.18 UK p	Year to 30.09.17 UK p
Change in NAV per share			
Opening NAV	132.11	131.53	123.83
Return before operating charges and after direct portfolio transaction costs	1.94	2.11	9.18
Operating charges	(0.76)	(1.53)	(1.48)
Return after operating charges	1.18	0.58	7.70
Distributions	(1.46)	(2.28)	(2.77)
Retained distributions	1.46	2.28	2.77
Closing NAV	133.29	132.11	131.53
Direct portfolio transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.01	0.02	0.01
Dilution adjustments ^[a]	0.00	0.00	0.00
Total direct portfolio transaction costs	0.01	0.02	0.01
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.01	0.02	0.01
Operating charges	1.16	1.16	1.15
Return after operating charges	+0.89	+0.44	+6.22
Distribution yield	1.73	2.06	1.51
Effect on yield of charges offset against capital	0.00	0.00	0.00
Other information			
Closing NAV (£'000)	11,964	13,805	8,003
Closing NAV percentage of total fund NAV (%)	0.33	0.06	0.04
Number of shares	8,975,890	10,449,269	6,084,256
Highest share price (UK p)	133.65	134.76	132.19
Lowest share price (UK p)	128.42	130.68	123.28

M&G Optimal Income Fund

Financial highlights

Specific share class performance

Sterling Class 'X' Income share performance

The share class was launched on 8 December 2006.

	Six months to 31.03.19 UK p	Year to 30.09.18 UK p	Year to 30.09.17 UK p
Change in NAV per share			
Opening NAV	145.20	149.18	145.60
Return before operating charges and after direct portfolio transaction costs	2.14	2.40	10.68
Operating charges	(1.01)	(2.10)	(2.17)
Return after operating charges	1.13	0.30	8.51
Distributions	(2.41)	(4.28)	(4.93)
Closing NAV	143.92	145.20	149.18
Direct portfolio transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.01	0.02	0.01
Dilution adjustments ^[a]	0.00	0.00	0.00
Total direct portfolio transaction costs	0.01	0.02	0.01
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.01	0.02	0.01
Operating charges	1.41	1.41	1.46*
Return after operating charges	+0.78	+0.20	+5.84
Distribution yield	2.88	3.21	2.66
Effect on yield of charges offset against capital	1.40	1.40	1.40
Other information			
Closing NAV (£'000)	48,225	55,974	68,128
Closing NAV percentage of total fund NAV (%)	1.33	0.24	0.33
Number of shares	33,507,753	38,548,555	45,668,067
Highest share price (UK p)	146.73	152.72	152.22
Lowest share price (UK p)	141.07	146.11	144.85

* As the annual management charge was discounted during the period, 1.41% is a more reliable estimate of the operating charges for the period to 30.09.17.

Sterling Class 'X' Accumulation share performance

The share class was launched on 8 December 2006.

	Six months to 31.03.19 UK p	Year to 30.09.18 UK p	Year to 30.09.17 UK p
Change in NAV per share			
Opening NAV	204.65	204.25	192.88
Return before operating charges and after direct portfolio transaction costs	3.00	3.29	14.27
Operating charges	(1.43)	(2.89)	(2.90)
Return after operating charges	1.57	0.40	11.37
Distributions	(2.01)	(3.03)	(3.71)
Retained distributions	2.01	3.03	3.71
Closing NAV	206.22	204.65	204.25
Direct portfolio transaction costs	UK p	UK p	UK p
Costs before dilution adjustments	0.01	0.03	0.01
Dilution adjustments ^[a]	0.00	0.00	0.00
Total direct portfolio transaction costs	0.01	0.03	0.01
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.01	0.02	0.01
Operating charges	1.41	1.41	1.46*
Return after operating charges	+0.77	+0.20	+5.89
Distribution yield	1.48	1.81	1.17
Effect on yield of charges offset against capital	0.00	0.00	0.00
Other information			
Closing NAV (£'000)	47,577	56,226	63,513
Closing NAV percentage of total fund NAV (%)	1.31	0.24	0.31
Number of shares	23,070,842	27,474,902	31,095,408
Highest share price (UK p)	206.79	209.09	205.28
Lowest share price (UK p)	198.81	202.55	191.88

* As the annual management charge was discounted during the period, 1.41% is a more reliable estimate of the operating charges for the period to 30.09.17.

Swiss franc Class 'A-H' Income share performance

The share class was launched on 16 January 2015.

	Six months to 31.03.19 Swiss ¢	Year to 30.09.18 Swiss ¢	Year to 30.09.17 Swiss ¢
Change in NAV per share			
Opening NAV	1,087.94	1,135.33	1,121.90
Return before operating charges and after direct portfolio transaction costs	5.82	0.88	67.26
Operating charges	(6.76)	(15.99)	(16.15)
Return after operating charges	(0.94)	(15.11)	51.11
Distributions	(15.17)	(32.28)	(37.68)
Return to shareholder as a result of share class closure	(1,071.83)	n/a	n/a
Closing NAV	0.00	1,087.94	1,135.33
Direct portfolio transaction costs	Swiss ¢	Swiss ¢	Swiss ¢
Costs before dilution adjustments	0.04	0.17	0.07
Dilution adjustments ^[a]	(0.02)	(0.02)	(0.01)
Total direct portfolio transaction costs	0.02	0.15	0.06
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.01	0.02	0.01
Operating charges	1.43	1.43	1.42
Return after operating charges	-0.09	-1.33	+4.56
Distribution yield	3.34	3.23	2.65
Effect on yield of charges offset against capital	1.42	1.42	1.42
Other information			
Closing NAV (£'000)	0	6,395	4,002
Closing NAV percentage of total fund NAV (%)	0.00	0.03	0.02
Number of shares	0	748,662	457,076
Highest share price (Swiss ¢)	1,087.45	1,156.45	1,159.08
Lowest share price (Swiss ¢)	1,052.43	1,099.12	1,114.32

M&G Optimal Income Fund

Financial highlights

Specific share class performance

Swiss franc Class 'A-H' Accumulation share performance

The share class was launched on 28 September 2012.

	Six months to 31.03.19 Swiss ¢	Year to 30.09.18 Swiss ¢	Year to 30.09.17 Swiss ¢
Change in NAV per share			
Opening NAV	1,212.67	1,228.94	1,175.12
Return before operating charges and after direct portfolio transaction costs	6.39	1.21	70.94
Operating charges	(7.54)	(17.48)	(17.12)
Return after operating charges	(1.15)	(16.27)	53.82
Distributions	(9.51)	(17.83)	(22.81)
Retained distributions	9.51	17.83	22.81
Return to shareholder as a result of share class closure	(1,211.52)	n/a	n/a
Closing NAV	0.00	1,212.67	1,228.94
Direct portfolio transaction costs	Swiss ¢	Swiss ¢	Swiss ¢
Costs before dilution adjustments	0.05	0.18	0.07
Dilution adjustments ^[a]	(0.02)	(0.02)	(0.01)
Total direct portfolio transaction costs	0.03	0.16	0.06
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.01	0.02	0.01
Operating charges	1.43	1.43	1.42
Return after operating charges	-0.09	-1.32	+4.58
Distribution yield	1.90	1.81	1.24
Effect on yield of charges offset against capital	0.00	0.00	0.00
Other information			
Closing NAV (£'000)	0	55,422	52,405
Closing NAV percentage of total fund NAV (%)	0.00	0.24	0.25
Number of shares	0	5,820,302	5,529,819
Highest share price (Swiss ¢)	1,212.14	1,252.26	1,235.85
Lowest share price (Swiss ¢)	1,173.02	1,204.93	1,166.57

Swiss franc Class 'C-H' Income share performance

The share class was launched on 16 January 2015.

	Six months to 31.03.19 Swiss ¢	Year to 30.09.18 Swiss ¢	Year to 30.09.17 Swiss ¢
Change in NAV per share			
Opening NAV	1,110.71	1,153.01	1,133.50
Return before operating charges and after direct portfolio transaction costs	6.06	1.14	68.33
Operating charges	(4.49)	(10.59)	(10.65)
Return after operating charges	1.57	(9.45)	57.68
Distributions	(15.52)	(32.85)	(38.17)
Return to shareholder as a result of share class closure	(1,096.76)	n/a	n/a
Closing NAV	0.00	1,110.71	1,153.01
Direct portfolio transaction costs	Swiss ¢	Swiss ¢	Swiss ¢
Costs before dilution adjustments	0.04	0.17	0.07
Dilution adjustments ^[a]	(0.02)	(0.02)	(0.01)
Total direct portfolio transaction costs	0.02	0.15	0.06
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.01	0.02	0.01
Operating charges	0.93	0.93	0.92
Return after operating charges	+0.14	-0.82	+5.09
Distribution yield	3.34	3.23	2.64
Effect on yield of charges offset against capital	0.92	0.92	0.92
Other information			
Closing NAV (£'000)	0	22,201	14,127
Closing NAV percentage of total fund NAV (%)	0.00	0.10	0.07
Number of shares	0	2,545,553	1,588,893
Highest share price (Swiss ¢)	1,112.20	1,176.77	1,176.45
Lowest share price (Swiss ¢)	1,075.71	1,120.63	1,126.72

Swiss franc Class 'C-H' Accumulation share performance

The share class was launched on 28 September 2012.

	Six months to 31.03.19 Swiss ¢	Year to 30.09.18 Swiss ¢	Year to 30.09.17 Swiss ¢
Change in NAV per share			
Opening NAV	1,248.49	1,259.03	1,198.39
Return before operating charges and after direct portfolio transaction costs	6.63	1.11	72.02
Operating charges	(5.04)	(11.65)	(11.38)
Return after operating charges	1.59	(10.54)	60.64
Distributions	(12.50)	(24.60)	(29.44)
Retained distributions	12.50	24.60	29.44
Return to shareholder as a result of share class closure	(1,250.08)	n/a	n/a
Closing NAV	0.00	1,248.49	1,259.03
Direct portfolio transaction costs	Swiss ¢	Swiss ¢	Swiss ¢
Costs before dilution adjustments	0.05	0.19	0.07
Dilution adjustments ^[a]	(0.02)	(0.02)	(0.01)
Total direct portfolio transaction costs	0.03	0.17	0.06
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.01	0.02	0.01
Operating charges	0.93	0.93	0.92
Return after operating charges	+0.13	-0.84	+5.06
Distribution yield	2.41	2.31	1.73
Effect on yield of charges offset against capital	0.00	0.00	0.00
Other information			
Closing NAV (£'000)	0	125,851	105,038
Closing NAV percentage of total fund NAV (%)	0.00	0.54	0.51
Number of shares	0	12,837,343	10,818,636
Highest share price (Swiss ¢)	1,249.95	1,284.73	1,265.42
Lowest share price (Swiss ¢)	1,209.16	1,239.11	1,190.42

M&G Optimal Income Fund

Financial highlights

Specific share class performance

Swiss franc Class 'J-H' Accumulation share performance

The share class was launched on 27 April 2018.

	Six months to 31.03.19 Swiss ¢	Year to 30.09.18 Swiss ¢	Year to 30.09.17 Swiss ¢
Change in NAV per share			
Opening NAV	983.39	1,000.00	n/a
Return before operating charges and after direct portfolio transaction costs	5.13	(13.37)	n/a
Operating charges	(3.31)	(3.24)	n/a
Return after operating charges	1.82	(16.61)	n/a
Distributions	(10.50)	(10.34)	n/a
Retained distributions	10.50	10.34	n/a
Return to shareholder as a result of share class closure	(985.21)	n/a	n/a
Closing NAV	0.00	983.39	n/a
Direct portfolio transaction costs	Swiss ¢	Swiss ¢	Swiss ¢
Costs before dilution adjustments	0.04	0.06	n/a
Dilution adjustments ^[a]	(0.01)	(0.01)	n/a
Total direct portfolio transaction costs	0.03	0.05	n/a
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.01	0.02	n/a
Operating charges	0.77	0.77	n/a
Return after operating charges	+0.19	-1.66	n/a
Distribution yield	2.56	2.46	n/a
Effect on yield of charges offset against capital	0.00	0.00	n/a
Other information			
Closing NAV (£'000)	0	42	n/a
Closing NAV percentage of total fund NAV (%)	0.00	0.00	n/a
Number of shares	0	5,442	n/a
Highest share price (Swiss ¢)	985.20	1,000.00	n/a
Lowest share price (Swiss ¢)	952.76	975.54	n/a

US dollar Class 'A-H' Income share performance

The share class was launched on 8 August 2014.

	Six months to 31.03.19 US ¢	Year to 30.09.18 US ¢	Year to 30.09.17 US ¢
Change in NAV per share			
Opening NAV	1,376.00	1,391.99	1,343.54
Return before operating charges and after direct portfolio transaction costs	29.87	44.19	113.42
Operating charges	(8.62)	(19.97)	(19.64)
Return after operating charges	21.25	24.22	93.78
Distributions	(19.55)	(40.21)	(45.33)
Return to shareholder as a result of share class closure	(1,377.70)	n/a	n/a
Closing NAV	0.00	1,376.00	1,391.99
Direct portfolio transaction costs	US ¢	US ¢	US ¢
Costs before dilution adjustments	0.05	0.21	0.08
Dilution adjustments ^[a]	(0.02)	(0.02)	(0.01)
Total direct portfolio transaction costs	0.03	0.19	0.07
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.01	0.02	0.01
Operating charges	1.43	1.43	1.42
Return after operating charges	+1.54	+1.74	+6.98
Distribution yield	3.32	3.19	2.63
Effect on yield of charges offset against capital	1.42	1.42	1.42
Other information			
Closing NAV (£'000)	0	70,272	57,650
Closing NAV percentage of total fund NAV (%)	0.00	0.30	0.28
Number of shares	0	6,660,054	5,543,011
Highest share price (US ¢)	1,396.70	1,432.01	1,420.52
Lowest share price (US ¢)	1,343.78	1,379.61	1,339.09

US dollar Class 'A-H' Accumulation share performance

The share class was launched on 1 October 2010.

	Six months to 31.03.19 US ¢	Year to 30.09.18 US ¢	Year to 30.09.17 US ¢
Change in NAV per share			
Opening NAV	1,544.09	1,517.72	1,418.75
Return before operating charges and after direct portfolio transaction costs	33.68	48.29	119.86
Operating charges	(9.67)	(21.92)	(20.89)
Return after operating charges	24.01	26.37	98.97
Distributions	(12.25)	(22.21)	(27.42)
Retained distributions	12.25	22.21	27.42
Return to shareholder as a result of share class closure	(1,568.10)	n/a	n/a
Closing NAV	0.00	1,544.09	1,517.72
Direct portfolio transaction costs	US ¢	US ¢	US ¢
Costs before dilution adjustments	0.06	0.23	0.09
Dilution adjustments ^[a]	(0.02)	(0.02)	(0.02)
Total direct portfolio transaction costs	0.04	0.21	0.07
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.01	0.02	0.01
Operating charges	1.43	1.43	1.42
Return after operating charges	+1.55	+1.74	+6.98
Distribution yield	1.89	1.78	1.23
Effect on yield of charges offset against capital	0.00	0.00	0.00
Other information			
Closing NAV (£'000)	0	1,403,614	1,515,369
Closing NAV percentage of total fund NAV (%)	0.00	6.08	7.34
Number of shares	0	118,545,066	133,633,312
Highest share price (US ¢)	1,567.42	1,561.36	1,525.67
Lowest share price (US ¢)	1,507.68	1,523.26	1,413.13

M&G Optimal Income Fund

Financial highlights

Specific share class performance

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 31.03.19 US ¢	Year to 30.09.18 US ¢	Year to 30.09.17 US ¢
Opening NAV	1,026.00	1,037.39	1,001.57
Return before operating charges and after direct portfolio transaction costs	21.89	32.95	83.59
Operating charges	(6.39)	(14.77)	(14.41)
Return after operating charges	15.50	18.18	69.18
Distributions	(14.43)	(29.57)	(33.36)
Return to shareholder as a result of share class closure	(1,027.07)	n/a	n/a
Closing NAV	0.00	1,026.00	1,037.39
Direct portfolio transaction costs	US ¢	US ¢	US ¢
Costs before dilution adjustments	0.04	0.16	0.06
Dilution adjustments ^[a]	(0.02)	(0.01)	(0.01)
Total direct portfolio transaction costs	0.02	0.15	0.05
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.01	0.02	0.01
Operating charges	1.43	1.43	1.42
Return after operating charges	+1.51	+1.75	+6.91
Distribution yield	3.32	3.19	2.62
Effect on yield of charges offset against capital	1.42	1.42	1.42
Other information			
Closing NAV (£'000)	0	107,533	77,397
Closing NAV percentage of total fund NAV (%)	0.00	0.47	0.37
Number of shares	0	13,668,037	9,985,406
Highest share price (US ¢)	1,029.84	1,059.91	1,044.51
Lowest share price (US ¢)	995.19	1,020.04	994.21

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 31.03.19 US ¢	Year to 30.09.18 US ¢	Year to 30.09.17 US ¢
Opening NAV	1,416.68	1,425.90	1,369.72
Return before operating charges and after direct portfolio transaction costs	30.73	45.39	115.56
Operating charges	(5.77)	(13.32)	(13.01)
Return after operating charges	24.96	32.07	102.55
Distributions	(20.14)	(41.29)	(46.37)
Return to shareholder as a result of share class closure	(1,421.50)	n/a	n/a
Closing NAV	0.00	1,416.68	1,425.90
Direct portfolio transaction costs	US ¢	US ¢	US ¢
Costs before dilution adjustments	0.06	0.22	0.08
Dilution adjustments ^[a]	(0.02)	(0.02)	(0.01)
Total direct portfolio transaction costs	0.04	0.20	0.07
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.01	0.02	0.01
Operating charges	0.93	0.93	0.92
Return after operating charges	+1.76	+2.25	+7.49
Distribution yield	3.32	3.19	2.62
Effect on yield of charges offset against capital	0.92	0.92	0.92
Other information			
Closing NAV (£'000)	0	95,937	65,331
Closing NAV percentage of total fund NAV (%)	0.00	0.42	0.32
Number of shares	0	8,831,269	6,132,234
Highest share price (US ¢)	1,441.03	1,469.34	1,455.08
Lowest share price (US ¢)	1,385.15	1,418.59	1,365.89

US dollar Class 'C-H' Accumulation share performance

The share class was launched on 1 October 2010.

Change in NAV per share	Six months to 31.03.19 US ¢	Year to 30.09.18 US ¢	Year to 30.09.17 US ¢
Opening NAV	1,607.08	1,571.98	1,463.05
Return before operating charges and after direct portfolio transaction costs	34.80	49.89	122.94
Operating charges	(6.54)	(14.79)	(14.01)
Return after operating charges	28.26	35.10	108.93
Distributions	(16.33)	(31.10)	(35.92)
Retained distributions	16.33	31.10	35.92
Return to shareholder as a result of share class closure	(1,635.34)	n/a	n/a
Closing NAV	0.00	1,607.08	1,571.98
Direct portfolio transaction costs	US ¢	US ¢	US ¢
Costs before dilution adjustments	0.06	0.24	0.09
Dilution adjustments ^[a]	(0.02)	(0.02)	(0.02)
Total direct portfolio transaction costs	0.04	0.22	0.07
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.01	0.02	0.01
Operating charges	0.93	0.93	0.92
Return after operating charges	+1.76	+2.23	+7.45
Distribution yield	2.39	2.28	1.72
Effect on yield of charges offset against capital	0.00	0.00	0.00
Other information			
Closing NAV (£'000)	0	350,816	300,244
Closing NAV percentage of total fund NAV (%)	0.00	1.52	1.45
Number of shares	0	28,467,564	25,563,132
Highest share price (US ¢)	1,634.63	1,619.49	1,579.91
Lowest share price (US ¢)	1,571.17	1,579.94	1,458.01

M&G Optimal Income Fund

Financial highlights

Specific share class performance

US dollar Class 'J-H' Income share performance

The share class was launched on 27 April 2018.

	Six months to 31.03.19 US ¢	Year to 30.09.18 US ¢	Year to 30.09.17 US ¢
Change in NAV per share			
Opening NAV	980.62	1,000.00	n/a
Return before operating charges and after direct portfolio transaction costs	20.98	0.15	n/a
Operating charges	(3.32)	(3.30)	n/a
Return after operating charges	17.66	(3.15)	n/a
Distributions	(13.89)	(16.23)	n/a
Return to shareholder as a result of share class closure	(984.39)	n/a	n/a
Closing NAV	0.00	980.62	n/a
Direct portfolio transaction costs	US ¢	US ¢	US ¢
Costs before dilution adjustments	0.04	0.07	n/a
Dilution adjustments ^[a]	(0.01)	(0.01)	n/a
Total direct portfolio transaction costs	0.03	0.06	n/a
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.01	0.02	n/a
Operating charges	0.77	0.77	n/a
Return after operating charges	+1.80	-0.32	n/a
Distribution yield	3.32	3.19	n/a
Effect on yield of charges offset against capital	0.77	0.77	n/a
Other information			
Closing NAV (£'000)	0	41	n/a
Closing NAV percentage of total fund NAV (%)	0.00	0.00	n/a
Number of shares	0	5,403	n/a
Highest share price (US ¢)	997.79	1,002.00	n/a
Lowest share price (US ¢)	959.08	981.49	n/a

US dollar Class 'J-H' Accumulation share performance

The share class was launched on 27 April 2018.

	Six months to 31.03.19 US ¢	Year to 30.09.18 US ¢	Year to 30.09.17 US ¢
Change in NAV per share			
Opening NAV	996.84	1,000.00	n/a
Return before operating charges and after direct portfolio transaction costs	21.80	0.14	n/a
Operating charges	(3.37)	(3.30)	n/a
Return after operating charges	18.43	(3.16)	n/a
Distributions	(10.80)	(10.43)	n/a
Retained distributions	10.80	10.43	n/a
Return to shareholder as a result of share class closure	(1,015.27)	n/a	n/a
Closing NAV	0.00	996.84	n/a
Direct portfolio transaction costs	US ¢	US ¢	US ¢
Costs before dilution adjustments	0.04	0.07	n/a
Dilution adjustments ^[a]	(0.02)	(0.01)	n/a
Total direct portfolio transaction costs	0.02	0.06	n/a
Performance and charges	%	%	%
Direct portfolio transaction costs ^[b]	0.01	0.02	n/a
Operating charges	0.77	0.77	n/a
Return after operating charges	+1.85	-0.32	n/a
Distribution yield	2.54	2.42	n/a
Effect on yield of charges offset against capital	0.00	0.00	n/a
Other information			
Closing NAV (£'000)	0	41	n/a
Closing NAV percentage of total fund NAV (%)	0.00	0.00	n/a
Number of shares	0	5,408	n/a
Highest share price (US ¢)	1,014.80	1,002.00	n/a
Lowest share price (US ¢)	974.90	981.49	n/a

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

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

M&G Optimal Income Fund

Financial statements and notes

Financial statements

Statement of total return

for the six months to 31 March	2019		2018	
	£'000	£'000	£'000	£'000
Income				
Net capital gains / (losses)		(766,084)		(368,271)
Revenue	303,296		283,865	
Expenses	(115,888)		(140,592)	
Net revenue / (expense) before taxation	187,408		143,273	
Taxation	(804)		(1,216)	
Net revenue / (expense) after taxation		186,604		142,057
Total return before distributions		(579,480)		(226,214)
Distributions		(204,415)		(156,876)
Change in net assets attributable to shareholders from investment activities		(783,895)		(383,090)

Statement of change in net assets attributable to shareholders

for the six months to 31 March	2019		2018	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		23,097,567		20,637,023
Amounts received on issue of shares	785,028		4,464,840	
Amounts paid on cancellation of shares	(5,990,476)		(1,498,440)	
Transferred to M&G (Lux) Optimal Income Fund	(13,611,961)		0	
		(18,817,409)		2,966,400
Dilution adjustments		16,013		8,428
Change in net assets attributable to shareholders from investment activities (see above)		(783,895)		(383,090)
Retained distributions on Accumulation shares		125,786		125,083
Unclaimed distributions		12		8
Closing net assets attributable to shareholders		3,638,074		23,353,852

The opening net assets attributable to shareholders for 2019 differs to the closing position in 2018 by the change in net assets attributable to shareholders for the second half of the comparative financial year.

Balance sheet

as at	31 March 2019	30 September 2018
	£'000	£'000
Assets		
Fixed assets		
Investments	3,551,543	22,625,809
Current assets		
Debtors	67,950	436,013
Cash and bank balances	115,540	325,238
Cash equivalents	84,270	278,830
Total assets	3,819,303	23,665,890
Liabilities		
Investment liabilities	(45,702)	(181,237)
Creditors		
Bank overdrafts	(15,193)	(41,435)
Overdrawn positions at futures clearing houses and collateral manager	(30,203)	(43,685)
Distribution payable	(48,260)	(59,654)
Other creditors	(41,871)	(242,312)
Total liabilities	(181,229)	(568,323)
Net assets attributable to shareholders	3,638,074	23,097,567

Notes to the financial statements

Accounting policies

The interim financial statements have been prepared on the same basis as the audited financial statements for the year ended 30 September 2018. 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'.

Glossary

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.

Glossary

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, i.e. 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.

Ongoing Charge Figure: The Ongoing Charge Figure includes charges for the following items: management of the fund (also known as Annual Management Charge), administration services, services provided by external parties which include depository, custody and audit, as well as incorporating the ongoing charge figure from funds held in the portfolio (taking into account any rebates).

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.

Glossary

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

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, i.e. 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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