

6 March 2026

Dear Investor

Changes to M&G Optimal Income Fund (the “Fund”)

This letter is for your information only and has been sent to you because you are invested in the Fund. You do not need to take any action, but we recommend that you read it carefully.

I am writing to inform you that, effective from 7 May 2026 (the “**Effective Date**”), we will amend the Fund’s Investment Policy to remove its ability to invest up to 20% of the Fund in equities in order to clarify the Fund’s focus on debt securities (also known as fixed income or bonds). As a result of the removal, we will also increase the minimum amount the Fund must invest in debt securities from 50% to 70% of the Fund.

In addition to the above, and also from the Effective Date, the Fund’s target benchmark will change to Bloomberg Global Aggregate Index GBP-hedged, and the Fund’s Investment Objective will be amended to reflect this change.

Full details of the changes can be found in the comparison table at the end of this letter and will be updated in the Fund’s Prospectus and Key Investor Information Document from the Effective Date. Copies can be downloaded from our website www.mandg.co.uk/funds or requested from our **Customer Relations** team using the details overleaf.

There will be no material change to the Fund’s liquidity and risk profile, and no immediate changes to the Fund’s portfolio as a result of the changes.

Why are the changes happening?

1. Removal of equities from the Fund’s investment universe

The Fund was originally launched in 2006 with the aim of providing a combination of capital growth and income based on exposure to optimal income streams in investment markets, with a minimum of 50% of its portfolio invested in debt securities and up to 20% of its portfolio in equities.

continued overleaf

Since then, the Fund's investment universe has evolved considerably and the significance of equities as a source of returns for the Fund has decreased, with equity exposure declining steadily over time and representing less than 1% of the Fund's portfolio over the past three years.

With this in mind, we believe that the change will clarify the Fund's focus on fixed income and make its strategy easier to understand for investors.

It should be noted that although the Fund will no longer be able to actively invest in equities, there may be circumstances when it could hold equity assets as a result of corporate actions or restructuring. Some equities could also remain in the Fund's portfolio on the Effective Date, and as such the fund manager will seek to sell these assets to the extent possible and when deemed in Shareholders' best interests.

The Fund's Investment Policy and Investment Approach will both be amended to reflect this change. The appendix at the end of this letter includes a full comparison of the current and updated details.

2. Change of target benchmark to Bloomberg Global Aggregate Index GBP-hedged

A fund's benchmark constitutes the target the fund manager seeks to outperform, and it is used as a point of reference against which investors can assess the Fund's performance over a set time horizon.

Currently, the Fund's performance is assessed against a 'composite' target benchmark made up of three equally-weighted indices as follows:

- 1/3 Bloomberg Global Treasury Index GBP hedged – representing global government bonds;
- 1/3 Bloomberg Global Aggregate Corporate Index GBP hedged – representing global corporate bonds; and
- 1/3 Bloomberg Global High Yield Index GBP hedged – representing global high yield bonds, ie those issued by companies with a low credit rating and considered to be at higher risk of default than investment grade bonds. Default means that a bond issuer is unable to meet interest payments or repay the initial amount borrowed at the end of a security's life.

From the Effective Date, the Bloomberg Global Aggregate Index GBP-hedged index (the "Index") will replace the above composite target benchmark for the Fund.

The Index is widely used as a benchmark by other global fixed income funds, and the change will therefore make it easier for investors to assess the Fund's performance against that of its peers. It also provides a simpler and more comprehensive comparator that incorporates a wide variety of bonds across multiple currencies and sectors, all at investment grade level. Investment grade bonds are issued by a government or company with a medium or high credit rating from a recognised credit rating agency and are considered to be at lower risk of default.

This change will not result in any realignment of the portfolio as the target benchmark is used solely for comparison purposes and does not constrain portfolio construction. It is therefore worth noting that although the new target benchmark only includes investment grade bonds, the Fund will continue to be able to invest in high yield bonds, which the fund manager still views as a valuable potential source of income and diversification for the Fund.

continued

The Fund's Investment Objective and Benchmark sections in the Prospectus and Key Investor Information Documents will be updated to reflect the change. Full details of the changes can be found in the appendix at the end of this letter.

Making changes to your investment

You may sell your investment in the Fund, or switch to (an)other M&G OEIC fund(s), free of charge, at any point before or after the changes have taken place subject to our Terms and Conditions, which can be found in the Important Information for Investors document available on our website

www.mandg.co.uk/literature

Legal and administrative costs

M&G will cover all legal and administrative costs associated with the implementation of the changes.

For more information

If you have any questions about the changes please contact our **Customer Relations** team by calling **0800 390 390** or **0044 1268 44 8031** if calling from overseas. Our team can take your call from (UK time) 08:00 to 18:00, Monday to Friday and 09:00 to 13:00 Saturday. For your security and to improve the quality of our service we may record and monitor telephone calls. Alternatively, you may want to consider registering for our online **My Account** service at www.myaccount.mandg.com where you can manage your account and contact us by secure message or our chat facility. For alternative ways to get in touch please visit www.mandg.com/contact

Please be aware that we are not in a position to give you investment advice. If you are uncertain as to how the changes may affect you, you should consult a financial adviser. You can find information on how to access financial advice on our website www.mandg.co.uk/getfinancialadvice

Yours faithfully



Laurence Mumford
Director
M&G Securities Limited

Encl: Appendix: Comparison of the current and updated Fund information for the M&G Optimal Income Fund

**Appendix: Comparison of the current and updated fund information for
the M&G Optimal Income Fund**

Existing fund information (as listed in the Prospectus until 6 May 2026)	Updated fund information (to be listed in the Prospectus from 7 May 2026)
<p>Investment Objective</p> <p>The Fund aims to provide a higher total return (the combination of capital growth and income), net of the Ongoing Charge Figure, than the average return of the composite index, over any five-year period. The composite index is made up of one third Bloomberg Global Treasury Index GBP Hedged, one third Bloomberg Global Aggregate Corporate Index GBP Hedged and one third Bloomberg Global High Yield Index GBP Hedged.</p>	<p>Investment Objective</p> <p>The Fund aims to provide a higher total return (the combination of capital growth and income), net of the Ongoing Charge Figure, than the average return of the Bloomberg Global Aggregate Index GBP-hedged, over any five-year period.</p>
<p>Investment Policy</p> <p>At least 50% of the Fund is invested, directly or indirectly through derivatives, in debt securities, including investment grade bonds, below investment grade unrated securities and ABS. These securities can be issued or guaranteed by governments and their agencies, public authorities, quasi-sovereigns, supranational bodies and companies from anywhere in the world, including Emerging Markets. These securities can be denominated in any currency.</p> <p>Other investments may include:</p> <ul style="list-style-type: none"> • up to 20% of the Fund in equities; and • other transferable securities, cash, and near cash, directly or via collective investment schemes (including funds managed by M&G). <p>There are no credit quality restrictions applicable to the Fund's investments.</p> <p>At least 80% of the Fund is in Sterling or hedged back to Sterling.</p> <p>Derivatives may be used for investment purposes, Efficient Portfolio Management and hedging.</p>	<p>Investment Policy</p> <p>At least 70% of the Fund is invested, directly or indirectly through derivatives, in debt securities, including investment grade bonds, below investment grade unrated securities and ABS. These securities can be issued or guaranteed by governments and their agencies, public authorities, quasi-sovereigns, supranational bodies and companies from anywhere in the world, including Emerging Markets. These securities can be denominated in any currency.</p> <p>Other investments may include other transferable securities, cash, and near cash, directly or via collective investment schemes (including funds managed by M&G).</p> <p>There are no credit quality restrictions applicable to the Fund's investments.</p> <p>At least 80% of the Fund is in Sterling or hedged back to Sterling.</p> <p>Derivatives may be used for investment purposes, Efficient Portfolio Management and hedging.</p>
<p>Investment Approach</p> <p>The Fund is globally diversified across a range of debt securities and issuers from a variety of sectors and geographies. This flexibility allows the fund manager to invest in a combination of assets that together provide the most attractive or 'optimal' income stream for the Fund. Income streams from different assets essentially offer different combinations of duration (interest rate) risk and credit risk – the optimal income stream is therefore that which incorporates the best mix of the two, based on the fund manager's view on macroeconomic, asset class, sector and geographic factors. In seeking an optimal income stream from</p>	<p>Investment Approach</p> <p>The Fund is globally diversified across a range of debt securities and issuers from a variety of sectors and geographies. This flexibility allows the fund manager to invest in a combination of assets that together provide the most attractive or 'optimal' income stream for the Fund. Income streams from different assets essentially offer different combinations of duration (interest rate) risk and credit risk – the optimal income stream is therefore that which incorporates the best mix of the two, based on the fund manager's view on macroeconomic, asset class, sector and geographic factors.</p>

<p>investments, the fund manager may invest in a company's equities if they present a more attractive investment opportunity relative to its bonds.</p> <p>Individual credit selection is carried out with the assistance of an in-house team of credit analysts to complement the fund manager's views.</p>	<p>Individual credit selection is carried out with the assistance of an in-house team of credit analysts to complement the fund manager's views.</p>
<p>Benchmark</p> <p>A composite index comprising:</p> <ul style="list-style-type: none"> • 1/3 Bloomberg Global Treasury Index GBP Hedged • 1/3 Bloomberg Global Aggregate Corporate Index GBP Hedged • 1/3 Bloomberg Global High Yield Index GBP Hedged <p>The benchmark is a target which the Fund seeks to outperform. The composite index has been chosen as the Fund's benchmark as it best reflects the scope of the Fund's investment policy. The benchmark is used solely to measure the Fund's performance and does not constrain the Fund's portfolio construction.</p> <p>The Fund is actively managed. The fund manager has complete freedom in choosing which investments to buy, hold and sell in the Fund.</p> <p>For each Share Class the Benchmark will be denominated or hedged into the relevant share class currency. The Benchmark for each Share Class will be shown in its respective KIID.</p>	<p>Benchmark</p> <p>Bloomberg Global Aggregate Index GBP-hedged.</p> <p>The benchmark is a target which the Fund seeks to outperform. The index has been chosen as the Fund's benchmark as it best reflects the scope of the Fund's investment policy. The benchmark is used solely to measure the Fund's performance and does not constrain the Fund's portfolio construction.</p> <p>The Fund is actively managed. The fund manager has complete freedom in choosing which investments to buy, hold and sell in the Fund.</p> <p>For each Share Class the Benchmark will be denominated or hedged into the relevant share class currency. The Benchmark for each Share Class will be shown in its respective KIID.</p>