

# Key Investor Information



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

## M&G Optimal Income Fund

Sterling Class A - Income shares ISIN no. GB00B1H05049

Sterling Class A - Accumulation shares ISIN no. GB00B1H05155

Managed by M&G Securities Limited, which is part of the Prudential Group

### Objective and investment policy

#### Objective

Income and growth.

#### Investment policy

At least 50 % of investment will be in fixed income securities [investments which provide a certain level of income or interest] which are issued by companies.

The Fund may also invest in, but is not limited to, the following:

- Other funds
- Company shares
- Cash
- Derivatives (which may be used for hedging purposes).

The Fund can invest more than 35 % of its portfolio in any one of the governments of Europe (including the UK), Australia, Canada, Japan, New Zealand, Switzerland or the USA, or in a limited number of public international organisations.

[Derivatives are financial instruments whose value is linked to the expected future price movements of an underlying asset.]

You can buy and sell shares in the Fund on any business day. Provided we receive your order before 12 noon, shares will be bought at that day's price.

This Fund allows the fund manager to make discretionary choices when deciding which investments should be held in the Fund. These investment decisions will always be made within the constraints of the Fund's objective and investment policy.

If you hold income shares, any income from the Fund may be paid out to you.

If you hold accumulation shares, any income from the Fund will be rolled up into the value of your investment.

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

### Risk and reward profile



- The above risk number is based on the rate at which the value of the Fund has moved up and down in the past.
- This risk number is based on historical data and may not be a reliable indicator of the future risk profile of the Fund.
- The risk number shown is not guaranteed and may change over time.
- The lowest risk number does not mean risk free.

**The Fund has the above risk number because of the effect of the following risks:**

- The value of stockmarket 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.
- Any investment in international companies means that currency exchange rate fluctuations will have an impact on the Fund.
- **Derivatives** - The Fund may use derivatives for the purposes of meeting the Fund's objective, and protecting the capital value from risk. The Fund may also use derivatives to generate exposure to investments exceeding the net asset value of the Fund. This will expose the Fund to a higher degree of risk and may cause your investment to experience larger than average price fluctuations.

The Fund may take short positions through the use of derivatives which are not backed by equivalent physical assets. Short positions reflect an investment view that the price of the underlying asset is expected to fall in value. Accordingly, if this view is incorrect and the asset rises in value, the short position could involve greater risk due to the theoretical possibility of an unlimited rise in its value.

Some derivative transactions may be entered into directly with an eligible person or institution (a "counterparty"). There is a risk that the counterparty may not meet its obligations or becomes insolvent which could cause the Fund to incur a loss.

- **Fixed income securities** - Changes in the interest rate will affect the value and the interest earned from the fixed income securities held by the Fund. When interest rates rise, the capital value of the Fund is likely to fall and vice versa.

The value of the Fund will fall if the issuer of a fixed income security held is unable to pay income payments or repay its debt (known as a default). A default, expected default, or downgrading will make a fixed income security harder to sell as its value and income are likely to fall. Fixed income securities that pay a higher level of income usually have a lower credit rating because of the increased risk of default. The higher the rating the less likely it is that the issuer will default, but ratings are subject to change.

- **Liquidity** - In difficult market conditions the value of certain fund investments may be less predictable than normal. In some cases this may make such investments harder to sell at the last quoted market price, or at a price considered to be fair. Such conditions could result in unpredictable changes in the value of your holding.
- **Emerging markets** - The Fund can invest in emerging markets which tend to have larger price fluctuations than more developed countries. The Fund may encounter difficulties when buying and selling these investments or converting the proceeds of a sale or any income earned back into the base currency of the Fund.

## Charges

One-off charges taken before or after you invest	
Entry charge	4.00 %
Exit charge	0.00 %
This is the maximum that might be taken out of your money before it is invested.	

Charges taken from the Fund over a year	
Ongoing charge	1.40 %

Charges taken from the Fund under certain specific conditions	
Performance fee	None

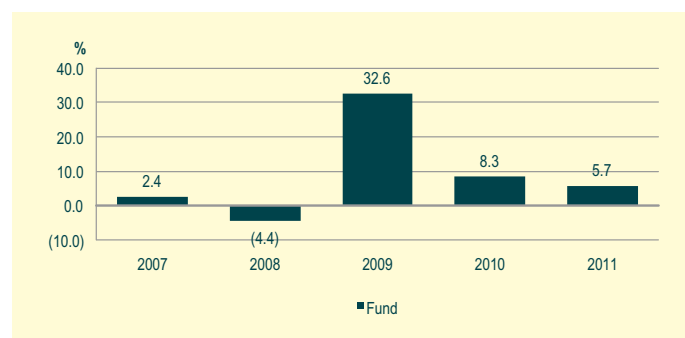
The entry and exit charges shown are the maximum figures, and in some cases, you may pay less. You can find out the specific charges which apply to your investment by contacting your financial adviser, distributor, or by contacting us using the details given in the practical information section.

The ongoing charge is based on expenses for the year ending 30 September. This figure may vary from year to year. It excludes performance fees and portfolio transaction costs (except in the case of an entry / exit charge paid by the Fund when buying and selling shares in another fund).

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

**For more information on charges, please refer to the relevant sections of the Prospectus which can be found by visiting [www.mandg.co.uk/literature](http://www.mandg.co.uk/literature)**

## Past performance



- Past performance is not a guide to future performance.
- The past performance calculation does not take into account the entry and exit charges but does take into account the ongoing charge, as shown in the Charges section.
- The Fund launched on 08 December 2006 and the share class launched on 08 December 2006.
- Past performance is calculated using Sterling Class A Shares.

## Practical information

The depositary is National Westminster Bank plc.

For further information about this Fund, please visit [www.mandg.co.uk/literature](http://www.mandg.co.uk/literature) where you can obtain a copy of the Prospectus, Instrument of Incorporation, and latest annual or interim Investment Report and Financial Statements in English, free of charge. Our website also provides other information not contained in the above documents such as share prices.

This Fund is subject to UK tax laws, which may have an impact on your personal tax position. Please speak to an advisor for further information.

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

You can switch your investment at any time. For further information on switching, please contact us by calling M&G Customer Relations on 0800 390 390.

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

Both this Fund and M&G Securities Limited are authorised in the UK and regulated by the Financial Services Authority (FSA).

This key investor information is accurate as at 18 June 2012.