

Interim Investment Report and unaudited Financial Statements  
May 2014



## M&G Optimal Income Fund



# Contents

<b>Introduction</b>	<b>Page 1</b>
Company Information <sup>[a]</sup>	Page 1
For European Investors	Page 2
Authorised Corporate Director's Report <sup>[a]</sup>	Page 2
<b>Investment Report <sup>[a]</sup> and unaudited Financial Statements</b>	<b>Page 3</b>
<b>Directors' Statement</b>	<b>Page 24</b>
<b>Further Information <sup>[a]</sup></b>	<b>Page 25</b>
Risk Factor	Page 25
Liquidity	Page 25
Dilution	Page 25
The EU Savings Directive	Page 25
Portfolio Turnover Rates	Page 25
Total Expense Ratios	Page 25

<sup>[a]</sup> Collectively, these comprise the Authorised Corporate Director's Report.

# Introduction

## COMPANY INFORMATION

### Company

M&G Optimal Income Fund

### Registered Office

Laurence Pountney Hill, London EC4R 0HH, UK

### Authorised Corporate Director (ACD)

M&G Securities Limited,  
Laurence Pountney Hill, London EC4R 0HH, UK  
Telephone: 0800 390 390 (UK only)  
(Authorised and regulated by the Financial Conduct Authority)

### Directors of the ACD

W J Nott (Chief Executive),  
G N Cotton, P R Jelfs, M Lewis, G W MacDowall, L J Mumford

### Investment Manager

M&G Investment Management Limited,  
Laurence Pountney Hill, London EC4R 0HH, UK  
Telephone: +44 (0)20 7626 4588  
(Authorised and regulated by the Financial Conduct Authority)

### Fund manager

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

### Registrar

International Financial Data Services (UK) Limited,  
IFDS House, St. Nicholas Lane, Basildon, Essex SS15 5FS, UK  
(Authorised and regulated by the Financial Conduct Authority)

### Depositary

National Westminster Bank Plc, Trustee & Depositary Services,  
Younger Building, 3 Redheughs Avenue, Edinburgh EH12 9RH, UK  
(Authorised and regulated by the Financial Conduct Authority)

### Independent Auditor

Ernst & Young LLP  
10 George Street, Edinburgh EH2 2DZ, UK  
Ernst & Young LLP were appointed as independent auditors on  
24 March 2014 following the resignation of  
PricewaterhouseCoopers LLP.

### 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.

### Important information

The investment objective and policy of the M&G Optimal Income Fund are the same in substance as the predecessor OEIC sub-fund (the merging fund) and therefore when reporting performance of the M&G Optimal Income Fund the history of the merging fund is included.

M&G is a member of the Investment Management Association and of the Tax Incentivised Savings Association.

The Instrument of Incorporation can be inspected at our offices or at the office of the Depositary.

# Introduction

## FOR EUROPEAN INVESTORS

The Prospectus, Instrument of Incorporation, Key Investor Information Documents as well as the latest Annual or Interim Investment Report and Financial Statements are available free of charge on request from the following addresses:

### Customer Services and Administration for European Clients including the Netherlands, Norway and Finland:

M&G International Investments Limited,  
mainBuilding, Taunusanlage 19, 60325 Frankfurt am Main, Germany  
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: +49 69 1338 6767  
Email: iocs@mandg.co.uk

For security purposes and to improve the quality of our service, we may record and monitor telephone calls. You will require your M&G client reference. Failure to provide this will affect your ability to transact with us.

### Austrian Paying and Information Agent:

Raiffeisen Bank International AG,  
Am Stadtpark 9, 1030 Wien, Austria

### Belgian Financial Agent:

RBC Investor Services Belgium, Rogier Tower +10/43  
Rogierplein 11 Place Rogier, 1210 Brussel, Belgium

### Danish Representative Agent:

Nordea Bank Danmark A/S,  
Issuer Services, Postboks 850, 0900 Copenhagen C, Denmark

### French Centralising Agent:

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

### German Paying and Information Agent:

J.P. Morgan AG,  
Junghofstraße 14, 60311 Frankfurt am Main, Germany

### Irish Facilities Agent:

BNY Mellon Fund Services (Ireland) Limited,  
Guild House, Guild Street, IFSC, Dublin 1, Ireland

### Italian Correspondent Banks:

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,  
Via Ansperto 5, 20123 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:

J.P. Morgan Bank Luxembourg S.A., European Bank & Business  
Center, 6 c route de Trèves, 2633 Senningerberg, Luxembourg

### Spanish Representative:

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

### Swedish Paying Agent:

Skandinaviska Enskilda Banken AB (publ),  
Sergels Torg 2, 106 40 Stockholm, Sweden

### Swiss Paying Agent:

JP Morgan Chase Bank,  
National Association, Columbus, Zurich Branch,  
Dreikönigstrasse 21, 8002 Zürich, Switzerland

### Swiss Representative:

Carnegie Fund Services S.A.,  
11, rue du Général-Dufour, 1204 Genève, Switzerland

## AUTHORISED CORPORATE DIRECTOR'S REPORT

The Authorised Corporate Director (ACD) presents its interim investment report and unaudited financial statements for the six months ended 31 March 2014.

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.

The interim investment report and unaudited financial statements for the M&G Optimal Income Fund for the six months ended 31 March 2014 are set out in detail on pages 3 to 23.

G W MacDowall  
Director of M&G Securities Limited

L J Mumford  
Director of M&G Securities Limited

15 May 2014

# M&G Optimal Income Fund

## INVESTMENT OBJECTIVE, POLICY AND APPROACH

### Investment objective of the M&G Optimal Income Fund

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 of the M&G Optimal Income Fund

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 fully 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 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.

\* This 'Risk and reward profile' section is based on Sterling Class 'A' shares.

## INVESTMENT ACTIVITIES OVER THE REPORT PERIOD

### As at 1 April 2014, for the six months ended 31 March 2014

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

One of the key drivers of the fund's performance is the ability to reduce or increase the portfolio's sensitivity to changes in bond yields<sup>[a]</sup>, otherwise known as 'duration'. During the review period, we regularly adjusted the fund's duration, depending on the direction of government bond yields and the value they were offering at the time. We had been very short duration in the early part of 2013, as we expected government bond yields to rise in response to the sustained US economic recovery. After bond yields rose significantly in the second half of the year, we now expect any further rises to be less substantial. Therefore, while the portfolio remained slightly short duration, it was far less so than one year earlier.

We are able to invest a portion of the portfolio (up to 20%) in shares if we believe a company's shares (equities) present a more attractive investment opportunity relative to its bonds. Having increased the portfolio's equity exposure during much of 2013, we then began to reduce it from early 2014 as the relative attractiveness of equities versus bonds has fallen, due to the strong performance of many stocks. We sold holdings including Apple, Caterpillar and Vivendi.

We did not make any major changes to the fund's exposure to government bonds, investment grade (higher rated) corporate bonds, or high yield bonds<sup>[b]</sup> over the reporting period. We bought a number of new issues, including ones from US telecommunications firm Verizon and car producer Volkswagen, while reducing our holdings in those issues that were trading back close to pre-financial crisis levels.

### Richard Woolnough

Fund manager

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

<sup>[a]</sup> Bonds are loans in the form of a security, usually issued by a government (government bonds) or company (corporate bonds), 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 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.

<sup>[b]</sup> High yield bonds refer to 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 non-repayment than better quality, ie higher rated fixed income securities but have the potential for higher rewards.

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

## FUND STATISTICS

### DISTRIBUTION DATES AND FUND FACTS

Distribution type	xd	payment
Final	01.10.14	30.11.14
Interim	01.04.15	31.05.15

	Interim distribution		Ongoing Charges Figure <sup>[b]</sup>	
	Inc 31.05.14 <sup>[a]</sup>	Acc 01.04.14 <sup>[a]</sup>	31.03.14	30.09.13
<b>Sterling</b>	p	p	%	%
Class 'A'	1,4620	1,8600	1,41	1,41
Class 'I'	1,7464	2,2828	0,91	0,91
Class 'R'	1,2496	1,2828	1,16	1,16
Class 'X'	1,3196	1,6416	1,66	1,66
<b>Euro</b>	¢	¢	%	%
Class 'A-H'	22,6204	22,9055	1,43	1,44
Class 'C-H'	n/a	28,3882	0,93	0,95
<b>Swiss franc</b>	¢	¢	%	%
Class 'A-H'	n/a	14,1620	1,43	1,44
Class 'C-H'	n/a	17,0095	0,93	0,94
<b>US dollar</b>	¢	¢	%	%
Class 'A-H'	n/a	17,1137	1,43	1,44
Class 'C-H'	n/a	20,7425	0,93	0,94

<sup>[a]</sup> The date on which the interim distribution will be paid to Income shareholders and credited to Accumulation shareholders.

<sup>[b]</sup> The Ongoing Charges Figure is the ratio of the relevant annualised total disclosable costs of each share class from the most recent reporting period to the average net asset value for that share class over the same period.

Income accrued from interest-bearing securities is distributed on an effective yield basis.

### FUND PERFORMANCE

#### Performance of share classes

	Net asset value per share as at 31.03.14		Net asset value per share as at 30.09.13		Net asset value % change	
	Inc	Acc	Inc	Acc	Inc	Acc
<b>Sterling</b>	p	p	p	p	%	%
Class 'A'	141,85	182,68	137,34	175,08	+3,28	+4,34
Class 'I'	141,83	187,69	137,33	179,52	+3,28	+4,55
Class 'R'	110,24	114,36	106,75	109,50	+3,27	+4,44
Class 'X'	141,76	179,89	137,26	172,59	+3,28	+4,23
<b>Euro</b>	€	€	€	€	%	%
Class 'A-H'	17,4571	17,8947	16,9369	17,1445	+3,07	+4,38
Class 'C-H'	n/a	18,6146	n/a	17,7897	n/a	+4,64
<b>Swiss franc</b>	CHF	CHF	CHF	CHF	%	%
Class 'A-H'	n/a	11,1681	n/a	10,7078	n/a	+4,30
Class 'C-H'	n/a	11,2433	n/a	10,7582	n/a	+4,51
<b>US dollar</b>	\$	\$	\$	\$	%	%
Class 'A-H'	n/a	13,1419	n/a	12,5719	n/a	+4,53
Class 'C-H'	n/a	13,3829	n/a	12,7720	n/a	+4,78

Past performance is not a guide to future performance.

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.

### PERFORMANCE SINCE LAUNCH

	six months 01.10.13 %	one year 02.04.13 %	five years 01.04.09 % p.a. <sup>[a]</sup>	since launch % p.a. <sup>[a]</sup>
<b>Sterling <sup>[b]</sup></b>				
Class 'A'	+4,5	+6,5	+12,5	+8,7 <sup>[c]</sup>
Class 'I'	+4,7	+6,9	+12,9	+9,1 <sup>[c]</sup>
Class 'R'	+4,6	+6,8	n/a	+8,8 <sup>[d]</sup>
Class 'X'	+4,4	+6,3	+12,3	+8,4 <sup>[c]</sup>
<b>Euro <sup>[e]</sup></b>				
Class 'A-H'	+4,5	+6,5	+13,0	+8,8 <sup>[f]</sup>
Class 'C-H'	+4,8	+7,1	+13,7	+9,4 <sup>[f]</sup>
<b>Swiss franc <sup>[e]</sup></b>				
Class 'A-H'	+4,4	+6,5	n/a	+8,0 <sup>[g]</sup>
Class 'C-H'	+4,7	+7,0	n/a	+8,5 <sup>[g]</sup>
<b>US dollar <sup>[e]</sup></b>				
Class 'A-H'	+4,7	+6,8	n/a	+8,3 <sup>[h]</sup>
Class 'C-H'	+4,9	+7,3	n/a	+8,9 <sup>[h]</sup>

<sup>[a]</sup> Shows the compound rate of return, per annum, over the period.

<sup>[b]</sup> Bid to bid with net income reinvested.

<sup>[c]</sup> 8 December 2006, the launch date of the fund.

<sup>[d]</sup> 3 August 2012, the launch date of the share class.

<sup>[e]</sup> Bid to bid with gross income reinvested.

<sup>[f]</sup> 20 April 2007, the launch date of the share class.

<sup>[g]</sup> 28 September 2012, the launch date of the share class.

<sup>[h]</sup> 1 October 2010, the launch date of the share class.

### SINGLE YEAR PERFORMANCE (5 YEARS ENDING MARCH)

From To	01.04.13 31.03.14 %	01.04.12 31.03.13 %	01.04.11 31.03.12 %	01.04.10 31.03.11 %	01.04.09 31.03.10 %
<b>Sterling</b>					
Class 'A'	+6,4	+9,8	+9,4	+5,9	+33,1

Source: Morningstar, Inc., bid to bid with net income reinvested.

# M&G Optimal Income Fund

## FUND STATISTICS

PRICES					
		Income shares		Accumulation shares	
Calendar year		Highest	Lowest	Highest	Lowest
<b>Sterling (net)</b>					
		p	p	p	p
Class 'A'	2009	115,44	91,30	130,22	98,21
	2010	123,19	115,51	143,45	130,32
	2011	124,16	116,84	149,50	140,86
	2012	134,73	122,93	168,33	148,94
	2013	141,49	134,13	180,35	168,11
	2014 <sup>[a]</sup>	144,04	141,49	183,80	180,36
Class 'I'	2009	115,50	91,37	131,53	98,80
	2010	123,40	115,56	145,41	131,66
	2011	124,30	116,81	152,14	142,89
	2012	134,84	123,02	172,11	151,68
	2013	141,61	134,24	185,10	171,88
	2014 <sup>[a]</sup>	144,31	141,62	188,83	185,11
Class 'R'	2012 <sup>[b]</sup>	104,76	100,00	105,13	100,00
	2013	110,01	104,29	112,85	104,99
	2014 <sup>[a]</sup>	112,06	110,02	115,07	112,85
Class 'X'	2009	115,35	91,26	129,35	97,74
	2010	123,01	115,41	142,24	129,44
	2011	124,01	116,78	147,95	139,62
	2012	134,59	122,80	166,20	147,35
	2013	141,33	133,99	177,70	165,97
	2014 <sup>[a]</sup>	143,82	141,34	181,01	177,71
<b>Euro (gross)</b>					
		€	€	€	€
Class 'A-H'	2009	n/a	n/a	12,5860	9,3930
	2010	n/a	n/a	13,9593	12,6017
	2011	n/a	n/a	14,6457	13,7159
	2012	n/a	n/a	16,4971	14,5909
	2013	17,4499 <sup>[c]</sup>	16,9458 <sup>[c]</sup>	17,6604	16,4754
	2014 <sup>[a]</sup>	17,7755	17,4520	18,0063	17,6618
Class 'C-H'	2009	n/a	n/a	12,7984	9,6084
	2010	n/a	n/a	14,2832	12,8171
	2011	n/a	n/a	15,0591	14,0445
	2012	n/a	n/a	17,0549	15,0133
	2013	n/a	n/a	18,3479	17,0335
	2014 <sup>[a]</sup>	n/a	n/a	18,7305	18,3501
<b>Swiss franc (gross)</b>					
		CHF	CHF	CHF	CHF
Class 'A-H'	2012 <sup>[d]</sup>	n/a	n/a	10,2963	10,0000
	2013	n/a	n/a	11,0242	10,2833
	2014 <sup>[a]</sup>	n/a	n/a	11,2374	11,0266
Class 'C-H'	2012 <sup>[d]</sup>	n/a	n/a	10,3059	10,0000
	2013	n/a	n/a	11,0871	10,2937
	2014 <sup>[a]</sup>	n/a	n/a	11,3135	11,0893

## PRICES (continued)

		Income shares		Accumulation shares	
Calendar year		Highest	Lowest	Highest	Lowest
<b>US dollar (gross)</b>					
		\$	\$	\$	\$
Class 'A-H'	2010 <sup>[e]</sup>	n/a	n/a	10,2042	9,9077
	2011	n/a	n/a	10,6859	10,0243
	2012	n/a	n/a	12,0993	10,6538
	2013	n/a	n/a	12,9651	12,0840
	2014 <sup>[a]</sup>	n/a	n/a	13,2243	12,9659
Class 'C-H'	2010 <sup>[e]</sup>	n/a	n/a	10,2064	9,9209
	2011	n/a	n/a	10,7540	10,0428
	2012	n/a	n/a	12,2346	10,7300
	2013	n/a	n/a	13,1875	12,2210
	2014 <sup>[a]</sup>	n/a	n/a	13,4680	13,1889

<sup>[a]</sup> To 1 April 2014.

<sup>[b]</sup> From 3 August 2012 (the launch date of the share class).

<sup>[c]</sup> From 12 July 2013 (the launch date of the Income shares).

<sup>[d]</sup> From 28 September 2012 (the launch date of the share class).

<sup>[e]</sup> From 1 October 2010 (the launch date of the share class).

## INCOME

Interest income per share					
		Distributed		Reinvested	
Calendar year		Interim	Final	Total	
<b>Sterling (net)</b>					
		p	p	p	p
Class 'A'	2009	2,4684	2,3580	4,8264	5,2792
	2010	2,0940	2,2547	4,3487	4,9491
	2011	2,1840	2,0536	4,2376	4,9992
	2012	2,1940	1,7800	3,9740	4,8536
	2013	1,4088	1,3512	2,7600	3,4640
	2014 <sup>[a]</sup>	1,4620	-	1,4620	1,8600
Class 'I'	2009	2,6863	2,5680	5,2543	5,8370
	2010	2,3240	2,4954	4,8194	5,5437
	2011	2,4280	2,2980	4,7260	5,6576
	2012	2,4440	2,0400	4,4840	5,5724
	2013	1,6784	1,6280	3,3064	4,2308
	2014 <sup>[a]</sup>	1,7464	-	1,7464	2,2828
Class 'R'	2012	n/a	0,3600	0,3600	0,3620
	2013	1,2020	1,1508	2,3528	2,3756
	2014 <sup>[a]</sup>	1,2496	-	1,2496	1,2828
Class 'X'	2009	2,4089	2,2540	4,6629	5,0280
	2010	1,9860	2,1330	4,1190	4,6484
	2011	2,0620	1,9280	3,9900	4,6688
	2012	2,0680	1,6520	3,7200	4,4952
	2013	1,2724	1,2112	2,4836	3,0800
	2014 <sup>[a]</sup>	1,3196	-	1,3196	1,6416

# M&G Optimal Income Fund

## FUND STATISTICS

### INCOME (continued)

#### Interest income per share

	Calendar year	Interim	Distributed Final	Total	Reinvested
<b>Euro (gross)</b>					
		¢	¢	¢	¢
Class 'A-H'	2009	n/a	n/a	n/a	56,9317
	2010	n/a	n/a	n/a	59,5036
	2011	n/a	n/a	n/a	59,2216
	2012	n/a	n/a	n/a	59,4475
	2013	n/a	21,0464	21,0464	41,4772
	2014 [a]	22,6204	-	22,6204	22,9055
Class 'C-H'	2009	n/a	n/a	n/a	64,4401
	2010	n/a	n/a	n/a	67,1521
	2011	n/a	n/a	n/a	56,6838
	2012	n/a	n/a	n/a	69,0887
	2013	n/a	n/a	n/a	51,5807
	2014 [a]	n/a	n/a	n/a	28,3882
<b>Swiss franc (gross)</b>					
		¢	¢	¢	¢
Class 'A-H'	2012	n/a	n/a	n/a	nil
	2013	n/a	n/a	n/a	25,4346
	2014 [a]	n/a	n/a	n/a	14,1620
Class 'C-H'	2012	n/a	n/a	n/a	nil
	2013	n/a	n/a	n/a	30,7962
	2014 [a]	n/a	n/a	n/a	17,0095
<b>US dollar (gross)</b>					
		¢	¢	¢	¢
Class 'A-H'	2011	n/a	n/a	n/a	43,0092
	2012	n/a	n/a	n/a	43,6347
	2013	n/a	n/a	n/a	30,4158
	2014 [a]	n/a	n/a	n/a	17,1137
Class 'C-H'	2011	n/a	n/a	n/a	48,0417
	2012	n/a	n/a	n/a	49,6064
	2013	n/a	n/a	n/a	37,0792
	2014 [a]	n/a	n/a	n/a	20,7425

[a] Up to interim: ex-distribution date 1 April 2014;  
payment date 31 May 2014.

The level of income earned by the fund will fluctuate.

## NET ASSETS

	Period ended	Value per share		Number of shares	
		Inc	Acc	Inc	Acc
<b>Sterling</b>					
		p	p		
Class 'A'	Sep 2011	116,99	141,50	856.049.000	839.230.000
	Sep 2012	130,24	162,72	924.530.500	1.186.620.000
	Sep 2013	137,34	175,08	703.598.500	1.142.514.000
	Mar 2014	141,85	182,68	600.902.500	956.055.500
Class 'I'	Sep 2011	116,88	144,10	519.238.000	63.443.800
	Sep 2012	130,21	166,21	791.318.000	76.084.800
	Sep 2013	137,33	179,52	915.047.000	175.871.800
	Mar 2014	141,83	187,69	1.075.792.000	417.881.800
Class 'R'	Sep 2012	101,22	101,57	20.000	30.000
	Sep 2013	106,75	109,50	3.149.000	3.857.000
	Mar 2014	110,24	114,36	3.155.000	6.442.000
Class 'X'	Sep 2011	116,91	140,23	83.374.000	51.884.000
	Sep 2012	130,16	160,73	84.972.000	73.741.000
	Sep 2013	137,26	172,59	86.359.000	73.121.500
	Mar 2014	141,76	179,89	87.654.000	75.923.500
<b>Euro</b>					
		€	€		
Class 'A-H'	Sep 2011	n/a	13,8456	n/a	109.474.400
	Sep 2012	n/a	15,9541	n/a	288.709.500
	Sep 2013	16,9369	17,1445	731.000	582.923.200
	Mar 2014	17,4571	17,8947	15.477.600	729.115.811
Class 'C-H'	Sep 2011	n/a	14,2748	n/a	51.489.100
	Sep 2012	n/a	16,4775	n/a	91.145.700
	Sep 2013	n/a	17,7897	n/a	120.816.300
	Mar 2014	n/a	18,6146	n/a	148.879.512
<b>Swiss franc</b>					
		CHF	CHF		
Class 'A-H'	Sep 2012	n/a	10,0015	n/a	3.000
	Sep 2013	n/a	10,7078	n/a	2.600.400
	Mar 2014	n/a	11,1681	n/a	4.721.300
Class 'C-H'	Sep 2012	n/a	10,0018	n/a	3.000
	Sep 2013	n/a	10,7582	n/a	873.700
	Mar 2014	n/a	11,2433	n/a	1.570.412
<b>US dollar</b>					
		\$	\$		
Class 'A-H'	Sep 2011	n/a	10,1218	n/a	925.400
	Sep 2012	n/a	11,6886	n/a	13.620.000
	Sep 2013	n/a	12,5719	n/a	52.068.100
	Mar 2014	n/a	13,1419	n/a	92.810.163
Class 'C-H'	Sep 2011	n/a	10,1824	n/a	2.026.000
	Sep 2012	n/a	11,8055	n/a	9.205.800
	Sep 2013	n/a	12,7720	n/a	22.532.200
	Mar 2014	n/a	13,3829	n/a	33.090.500

### Total net asset value of fund

Period ended	£	€ [a]
Sep 2011	5.025.058.000	5.805.307.000
Sep 2012	9.561.999.000	11.979.050.000
Sep 2013	15.559.258.000	18.617.055.000
Mar 2014	19.566.096.000	23.600.261.000

[a] Based on the midday exchange rate on the last business day of each accounting period.



# M&G Optimal Income Fund

## PORTFOLIO

### PORTFOLIO STATEMENT

as at 31 March 2014

Holding	Value £'000	31.03.14 %	30.09.13 %
<b>Oil &amp; gas producers</b>		<b>1,84</b>	<b>2,03</b>
12.055.669 BP	58.440	0,30	
500.000 Chevron	35.593	0,18	
3.800.000 Eni	57.023	0,29	
5.200.439 Royal Dutch Shell 'A'	114.644	0,58	
2.400.000 Total	95.399	0,49	
<b>Chemicals</b>		<b>0,00</b>	<b>0,28</b>
<b>Aerospace &amp; defence</b>		<b>0,00</b>	<b>0,18</b>
<b>General industrials</b>		<b>0,00</b>	<b>0,21</b>
<b>Industrial engineering</b>		<b>0,00</b>	<b>0,23</b>
<b>Industrial transportation</b>		<b>0,00</b>	<b>0,19</b>
<b>Automobiles &amp; parts</b>		<b>0,26</b>	<b>0,71</b>
147.502 Bayerische Motoren Werke	11.167	0,06	
700.000 Daimler	40.067	0,20	
<b>Tobacco</b>		<b>0,31</b>	<b>0,37</b>
2.500.000 Imperial Tobacco	60.750	0,31	
<b>Pharmaceuticals &amp; biotechnology</b>		<b>0,00</b>	<b>0,71</b>
<b>Food &amp; drug retailers</b>		<b>0,05</b>	<b>0,00</b>
5.000.000 Wm. Morrison Supermarkets	10.695	0,05	
<b>Media</b>		<b>0,03</b>	<b>0,33</b>
500.000 Pearson	5.235	0,03	
<b>Fixed line telecommunications</b>		<b>0,28</b>	<b>0,35</b>
3.807.194 Matel & Magyar GDR	2.999	0,01	
6.000.000 Orange	53.126	0,27	
<b>Electricity</b>		<b>0,05</b>	<b>0,00</b>
611.872 SSE	9.080	0,05	
<b>Banks</b>		<b>2,27</b>	<b>3,38</b>
5.500.000 Bank of America	56.079	0,29	
800.000 BNP Paribas	37.042	0,19	
2.000.000 Credit Suisse Group (Regd.)	38.612	0,20	
7.557.065 HSBC Holdings	45.947	0,23	
2.700.000 JP Morgan Chase	97.368	0,50	
5.000.000 Royal Bank of Scotland Group	15.440	0,08	
2.850.000 Standard Chartered	35.611	0,18	
4.000.000 UBS (Regd.)	49.451	0,25	
2.300.000 Wells Fargo	68.087	0,35	
<b>Non-life insurance</b>		<b>0,16</b>	<b>0,66</b>
2.000.000 AXA	31.538	0,16	
<b>Software &amp; computer services</b>		<b>0,49</b>	<b>0,88</b>
330.000 International Business Machines	37.752	0,19	
2.400.000 Microsoft	58.084	0,30	
<b>Technology hardware &amp; equipment</b>		<b>0,29</b>	<b>0,87</b>
3.300.000 Cisco Systems	44.255	0,23	
750.000 Intel	11.540	0,06	
<b>Non-convertible preference shares</b>		<b>0,15</b>	<b>0,04</b>
187.500 Nationwide Buildings Society 10,25% CCD Non-cum. Irrd. Pref.	23.122	0,12	
5.000.000 Standard Chartered 8,25% Non-cum. Irrd. Pref.	6.200	0,03	
<b>'AAA' credit rated bonds</b>		<b>28,88</b>	<b>22,94</b>
£7.859.000 Abbey National Treasury Services FRN 2017	8.169	0,04	
£567.652 Alba FRN 2042	519	0,00	
£12.676.864 Alba FRN 2049	12.739	0,07	
£12.740.092 Alba FRN 2051	12.960	0,07	
£10.000.000 Arkle Master Issuer FRN 2060	10.134	0,05	

### PORTFOLIO STATEMENT (continued)

as at 31 March 2014

Holding	Value £'000	31.03.14 %	30.09.13 %
<b>'AAA' credit rated bonds (continued)</b>			
£11.440.000 Arkle Master Issuer Var. Rate 2060 (3,986%)	12.172	0,06	
£33.000.000 Bank of Scotland 4,875% 2024	36.843	0,19	
£205.668 BL Superstores Finance FRN 2030	199	0,00	
£6.787.872 Broadgate Financing FRN 2032	6.554	0,03	
£7.880.000 CaseyCorp Enterprises 0% 2044	6.566	0,03	
£7.322.000 Cie de Financement Foncier 5,5% 2027	8.399	0,04	
£10.000.000 Deco 12 M-Hill L FRN 2021	10.210	0,05	
£30.000.000 European Investment Bank 2,5% 2022	28.882	0,15	
£28.000.000 European Investment Bank 3,75% 2027	28.412	0,15	
£2.000.000 European Investment Bank 4,5% 2029	2.188	0,01	
£5.000.000 European Investment Bank 4,75% 2018	5.585	0,03	
£5.000.000 European Investment Bank 5,375% 2021	5.852	0,03	
£40.000.000 European Investment Bank 5,5% 2025	47.990	0,25	
£55.000.000 European Investment Bank 6% 2028	69.490	0,36	
£10.000.000 European Investment Bank 8,75% 2017	12.327	0,06	
£20.000.000 European Investment Bank FRN 2017	20.061	0,10	
£20.000.000 European Investment Bank FRN 2019	20.062	0,10	
£20.000.000 European Investment Bank FRN 2020	20.017	0,10	
£3.308.390 First Flexible No.5 FRN 2034	3.133	0,02	
£4.500.000 Fosse Master Issuer Var. Rate 2054 (4,635%)	4.818	0,02	
£10.000.000 Gracechurch Mortgage Financing FRN 2056	10.307	0,05	
€10.000.000 Grand Harbour FRN 2026	8.177	0,04	
€8.000.000 Harvest Clo VIII 0% 2026	6.616	0,03	
€15.000.000 Jubilee CDO FRN 2027	12.404	0,06	
\$17.892.000 Kommunalbanken 2,125% 2019	10.798	0,06	
£10.547.000 Lanark Master Issuer FRN 2054	10.926	0,06	
£3.000.000 LCR Finance 4,5% 2028	3.311	0,02	
£11.045.190 Paragon Mortgages No.8 FRN 2041	11.107	0,06	
\$17.444.512 Paragon Mortgages No.14 FRN 2039	9.743	0,05	
\$2.551.283 Paragon Mortgages No.15 FRN 2039	1.400	0,01	
£6.875.000 Paragon Mortgages No. 19 0% 2041	6.896	0,04	
£10.000.000 Permanent Master Issuer FRN 2042	10.295	0,05	
£15.250.000 Permanent Master Issuer Var. Rate 2042 (4,805%)	16.438	0,08	
£1.840.527 Residential Mortgage Securities FRN 2041	1.918	0,01	
£19.281.486 Rochester Financing No.1 FRN 2046	19.356	0,10	
£10.000.000 Silverstone Master Issuer FRN 2055	10.362	0,05	
€8.000.000 ST. Pauls Clo III FRN 2028	6.632	0,03	
€10.000.000 ST. Pauls Clo IV FRN 2028	8.267	0,04	
€9.000.000 Storm FRN 2050	7.527	0,04	
€5.000.000 Storm FRN 2054	4.235	0,02	
£4.786.794 Tenterden Funding FRN 2044	4.853	0,02	
£650.000.000 Treasury 1% 2017	641.504	3,28	
£920.000.000 Treasury 1,25% 2018	902.548	4,61	
£50.000.000 Treasury 1,75% 2017	50.852	0,26	
£400.000.000 Treasury 1,75% 2019	394.988	2,02	
£20.000.000 Treasury 2% 2016	20.454	0,10	
£2.000.000 Treasury 2,25% 2023	1.916	0,01	
£625.000.000 Treasury 2,75% 2015	636.594	3,25	
£425.000.000 Treasury 3,75% 2019	463.696	2,37	
£50.000.000 Treasury 4% 2016	53.713	0,27	

# M&G Optimal Income Fund

## PORTFOLIO

### PORTFOLIO STATEMENT (continued)

as at 31 March 2014

Holding	Value £'000	31.03.14 %	30.09.13 %
<b>'AAA' credit rated bonds (continued)</b>			
£125.000.000 Treasury 4,25% 2027	140.840	0,72	
£430.000.000 Treasury 4,5% 2019	483.711	2,47	
£40.000.000 Treasury 4,5% 2042	47.276	0,24	
£300.000.000 Treasury 4,75% 2020	344.250	1,76	
£31.000.000 Treasury 4,75% 2030	36.892	0,19	
£1.000.000 Treasury 4,75% 2038	1.215	0,01	
£215.000.000 Treasury 5% 2014	219.263	1,12	
£500.000.000 Treasury 5% 2025	599.775	3,07	
£25.000.000 Treasury 8% 2021	34.351	0,18	
£3.000.000 Wellcome Trust Finance 4,75% 2021	3.329	0,02	
		<b>3,63</b>	<b>3,63</b>
<b>'AA' credit rated bonds</b>			
€2.699.685 AYT Genova Hipotecario VIII FRN 2039	2.026	0,01	
€26.760.259 Bankinter FRN 2049	20.074	0,10	
€2.500.000 CaixaBank 3% 2018	2.200	0,01	
\$26.534.000 CNOOC Finance 3% 2023	14.370	0,07	
\$11.030.000 CNOOC Finance 4,5% 2023	6.723	0,03	
\$49.000.000 Coca-Cola 3,2% 2023	28.924	0,15	
\$19.835.000 Colgate-Palmolive 3,25% 2024	11.796	0,06	
€221.653 Deco 14-Pan Europe 5 FRN 2020	183	0,00	
€3.400.000 Enexis 1,875% 2020	2.841	0,01	
€3.110.716 Epic Opera FRN 2016	3.098	0,02	
€11.248.733 Fastnet Securities FRN 2053	9.515	0,05	
£2.400.000 Federal National Mortgage Association 5,375% 2021	2.755	0,01	
£3.000.000 Federal National Mortgage Association 5,375% 2028	3.495	0,02	
€12.500.000 GE Capital European Funding 6,025% 2038	14.395	0,07	
€5.000.000 GE Capital Trust II 5,5% 2067	4.446	0,02	
£16.150.000 GE Capital UK Funding 4,375% 2019	17.350	0,09	
£3.000.000 GE Capital UK Funding 5,625% 2019	3.400	0,02	
£9.000.000 GE Capital UK Funding 5,875% 2020	10.444	0,05	
£4.000.000 GE Capital UK Funding 6,75% 2018	4.700	0,02	
£17.000.000 General Electric Capital 4,875% 2037	17.362	0,09	
\$25.000.000 General Electric Capital 5,25% 2049	14.608	0,07	
£1.500.000 General Electric Capital 5,625% 2031	1.730	0,01	
\$15.000.000 General Electric Capital 5,875% 2038	10.587	0,05	
£5.405.000 General Electric Capital 6,25% 2017	6.181	0,03	
£4.500.000 General Electric Capital 6,25% 2020	5.320	0,03	
£310.580 General Electric Capital 6,44% 2022	352	0,00	
\$12.500.000 General Electric Capital 6,75% 2032	9.623	0,05	
£2.000.000 General Electric Capital Var. Rate 2067 (6,5%)	2.183	0,01	
€10.000.000 General Electric Capital Var. Rate 2067 (5,5%)	8.868	0,05	
€2.236.864 Hipotebansa XI FRN 2035	1.762	0,01	
\$20.000.000 IPIC GMTN 5,5% 2022	13.569	0,07	
£22.500.000 Japan Bank for International Cooperation 2,625% 2020	22.378	0,11	
£2.150.000 Land Securities Capital Markets Var. Rate 2019 (4,875%)	2.364	0,01	
£10.500.000 Land Securities Capital Markets Var. Rate 2022 (5,425%)	11.896	0,06	
£7.582.000 Land Securities Capital Markets Var. Rate 2025 (4,875%)	8.361	0,04	
£3.500.000 Land Securities Capital Markets Var. Rate 2026 (5,391%)	4.019	0,02	
£30.000.000 Land Securities Capital Markets Var. Rate 2027 (5,391%)	34.549	0,18	
\$2.500.000 Merck & Co 2,8% 2023	1.430	0,01	

### PORTFOLIO STATEMENT (continued)

as at 31 March 2014

Holding	Value £'000	31.03.14 %	30.09.13 %
<b>'AA' credit rated bonds (continued)</b>			
£7.056.000 MetLife Global Funding 3,5% 2026	6.819	0,04	
€8.250.000 MetLife Global Funding 4,625% 2017	7.576	0,04	
\$20.000.000 Nippon Telegraph & Telephone 2,15% 2020	11.721	0,06	
\$3.000.000 Nordea Bank 4,875% 2021	2.000	0,01	
\$39.841.000 Novartis Capital 3,4% 2024	23.866	0,12	
€3.880.000 Paragon Mortgages No.10 FRN 2041 'A2B'	2.950	0,02	
£223.774 Paragon Mortgages No.10 FRN 2041 'B1A'	203	0,00	
\$2.828.014 Paragon Mortgages No.13 FRN 2041	1.560	0,01	
\$10.000.000 Pfizer 7,2% 2039	8.305	0,04	
\$15.000.000 Qatar (State of) 6,4% 2040	10.657	0,05	
\$29.000.000 Rabobank Nederland 5,8% 2110	18.055	0,09	
£3.000.000 Réseau Ferré de France 5% 2052	3.371	0,02	
£20.500.000 Réseau Ferré de France 5,25% 2028	23.508	0,12	
£1.000.000 Réseau Ferré de France 5,25% 2035	1.131	0,01	
\$5.291.000 Roche Holdings 6% 2019	3.725	0,02	
\$4.000.000 Saudi Electric 5,06% 2043	2.241	0,01	
\$5.000.000 Security Capital Group 7,7% 2028	3.926	0,02	
£30.000.000 SNCF 5,375% 2027	34.204	0,17	
\$33.201.000 Statoil 3,7% 2024	20.214	0,10	
€10.472.889 Sunrise FRN 2031	8.611	0,04	
£3.400.000 Toyota Motor Credit 2,8089% IL 2017	4.629	0,02	
£11.719.000 Transport for London 1,25% 2017	11.547	0,06	
£49.500.000 Transport for London 2,25% 2022	46.336	0,24	
£14.000.000 Transport for London 3,875% 2042	13.356	0,07	
\$44.240.000 Wal-Mart Stores 2,55% 2023	24.833	0,13	
\$15.000.000 Wal-Mart Stores 4% 2043	8.437	0,04	
£28.675.000 Wal-Mart Stores 4,875% 2039	31.393	0,16	
£2.250.000 Wal-Mart Stores 5,25% 2035	2.571	0,01	
\$20.500.000 Wal-Mart Stores 5,625% 2040	14.508	0,07	
\$4.600.000 Wal-Mart Stores 5,625% 2041	3.257	0,02	
\$3.000.000 Wal-Mart Stores 6,2% 2038	2.248	0,01	
\$20.000.000 Wal-Mart Stores 6,5% 2037	15.474	0,08	
\$6.250.000 Wyeth 5,95% 2037	4.526	0,02	
		<b>11,40</b>	<b>12,11</b>
<b>'A' credit rated bonds</b>			
\$15.360.000 ABN AMRO Bank 4,25% 2017	9.910	0,05	
€4.911.000 Achmea Hypotheekbank 2,75% 2021	4.155	0,02	
€2.000.000 AIB Mortgage Bank 3,125% 2015	1.714	0,01	
€1.000.000 Aire Valley Mortgages FRN 2066 '2004-1-3B2'	780	0,00	
£332.327 Aire Valley Mortgages FRN 2066 '2005-1-2A1'	323	0,00	
€700.000 Aire Valley Mortgages FRN 2066 '2005-1-2C2'	521	0,00	
\$14.880.873 Aire Valley Mortgages FRN 2066 '2006-1-1A1'	8.646	0,04	
€3.852.012 Aire Valley Mortgages FRN 2066 '2006-1-2A1'	3.102	0,02	
£5.392.816 Aire Valley Mortgages FRN 2066 '2006-1-2A2'	5.172	0,03	
€4.000.000 Aire Valley Mortgages FRN 2066 '2006-1-1C2'	3.008	0,02	
€10.300.000 Aire Valley Mortgages FRN 2066 '2006-1-2C2'	7.835	0,04	
\$40.007.929 Aire Valley Mortgages FRN 2066 '2007-1-2A1'	23.269	0,12	
€11.986.112 Aire Valley Mortgages FRN 2066 '2007-1-2A2'	9.529	0,05	
£3.681.449 Aire Valley Mortgages FRN 2066 '2007-1-2A3'	3.564	0,02	
€6.551.192 Aire Valley Mortgages FRN 2066 '2004-1-3A2'	5.281	0,03	
£4.401.040 Alba FRN 2038	4.028	0,02	

# M&G Optimal Income Fund

## PORTFOLIO

### PORTFOLIO STATEMENT (continued)

as at 31 March 2014

Holding	Value £'000	31.03.14 %	30.09.13 %
<b>'A' credit rated bonds (continued)</b>			
€32.000.000 Allianz Finance II Var. Rate 2041 (5,75%)	30.728	0,16	
€30.100.000 Allianz Var. Rate 2042 (5,625%)	28.826	0,15	
\$5.000.000 América Móvil 3,125% 2022	2.852	0,01	
£3.750.000 América Móvil 4,375% 2041	3.455	0,02	
\$5.000.000 América Móvil 4,375% 2042	2.648	0,01	
\$19.500.000 América Móvil 6,125% 2040	13.158	0,07	
\$3.000.000 América Móvil 6,375% 2035	2.065	0,01	
£5.750.000 American Express Credit 5,375% 2014	5.878	0,03	
£5.000.000 American International Group 6,765% 2017	5.722	0,03	
£22.000.000 Amgen 4% 2029	20.876	0,11	
£21.600.000 Amgen 5,375% 2026	24.416	0,12	
\$21.000.000 Amgen 5,375% 2043	13.458	0,07	
\$4.000.000 Amgen 5,65% 2042	2.662	0,01	
£2.830.000 Annington Finance No.4 8,07% 2023	3.575	0,02	
£3.000.000 Annington Finance No.4 Var. Rate 2023 (6,5676%)	3.137	0,02	
€6.050.000 Aquarius Plus Investments Var. Rate 2043 (4,25%)	5.283	0,03	
£1.000.000 ASIF II 6,375% 2020	1.186	0,01	
£4.970.000 ASIF III Jersey 5% 2018	5.499	0,03	
£6.700.000 ASIF III Jersey 5,375% 2016	7.278	0,04	
\$10.000.000 AT&T 3% 2022	5.822	0,03	
\$5.000.000 AT&T 3,875% 2021	3.116	0,02	
£43.225.000 AT&T 4,25% 2043	38.220	0,20	
\$50.000.000 AT&T 4,35% 2045	26.531	0,14	
\$2.000.000 AT&T 4,45% 2021	1.294	0,01	
£43.000.000 AT&T 4,875% 2044	41.852	0,21	
\$36.000.000 AT&T 5,35% 2040	22.063	0,11	
\$15.500.000 AT&T 5,55% 2041	9.762	0,05	
\$46.500.000 AT&T 6,3% 2038	31.764	0,16	
\$35.000.000 AT&T 6,5% 2037	24.445	0,12	
\$24.000.000 AT&T 6,55% 2039	16.951	0,09	
€2.289.000 Australia Pacific Airports 3,125% 2023	1.991	0,01	
\$19.940.000 Bank of America 4% 2024	11.925	0,06	
\$3.000.000 Bank of America FRN 2016	1.787	0,01	
€15.000.000 Bankinter 3,125% 2018	13.233	0,07	
€187.601 Bankinter FRN 2038	148	0,00	
€8.231.000 BAT Holdings 3,125% 2039	6.825	0,03	
\$13.333.000 BAT International Finance 1,125% 2016	8.024	0,04	
\$35.000.000 BAT International Finance 3,25% 2022	20.568	0,11	
£8.500.000 BAT International Finance 6% 2022	9.939	0,05	
\$15.650.000 BAT International Finance 9,5% 2018	12.269	0,06	
\$10.000.000 Bellsouth 6,875% 2031	7.051	0,04	
£29.000.000 BG Energy Capital 5,125% 2025	31.488	0,16	
\$4.000.000 Bristol Myers Squibb 7,15% 2023	3.040	0,02	
€1.966.781 Brunel Residential Mortgages No.1 FRN 2039	1.614	0,01	
€2.200.000 Cairn FRN 2022	1.724	0,01	
\$30.000.000 Centrica 4% 2023	17.722	0,09	
\$6.009.000 Centrica 5,375% 2043	3.703	0,02	
£4.900.000 Centrica 6,375% 2022	5.758	0,03	
£2.200.000 Centrica 6,4% 2026	2.618	0,01	
£10.500.000 Centrica 7% 2018	12.443	0,06	
\$13.333.000 CEZ 4,25% 2022	8.141	0,04	
€20.500.000 Cloverie Var. Rate 2039 (7,5%)	20.814	0,11	
€3.500.000 Cloverie Var. Rate 2042 (6,625%)	3.582	0,02	

### PORTFOLIO STATEMENT (continued)

as at 31 March 2014

Holding	Value £'000	31.03.14 %	30.09.13 %
<b>'A' credit rated bonds (continued)</b>			
\$5.724.000 Cloverie Var. Rate Perp. (8,25%)	3.989	0,02	
\$3.000.000 Comcast 6,45% 2037	2.209	0,01	
\$3.000.000 Comcast 6,5% 2035	2.224	0,01	
\$5.783.000 Comcast Cable Communication 8,5% 2027	4.845	0,02	
\$5.000.000 Danske Bank 3,875% 2016	3.164	0,02	
\$18.750.000 DBS Bank Var. Rate 2022 (3,625%)	11.561	0,06	
€2.642.320 Deco 15-Pan Europe 6 FRN 2018	2.136	0,01	
£5.000.000 DnB NOR Bank Var. Rate 2020 (7,25%)	5.292	0,03	
£5.250.000 E.ON International Finance 5,875% 2037	6.037	0,03	
€7.870.770 Eddystone Finance FRN 2021 'A1B'	6.434	0,03	
£1.500.000 Eddystone Finance FRN 2021 'C'	1.421	0,01	
€6.000.000 EDF 4,5% 2040	5.774	0,03	
£43.400.000 EDF 5,5% 2037	47.168	0,24	
£8.800.000 EDF 5,5% 2041	9.627	0,05	
£57.000.000 EDF 6% 2114	63.591	0,33	
\$29.000.000 EDF 6% 2114 '144A'	18.280	0,09	
£10.000.000 EDF 6,25% 2028	11.829	0,06	
£10.800.000 ELM Var. Rate Perp. (6,3024%)	11.799	0,06	
€1.646.862 E-MAC NL 2005-III FRN 2038	1.284	0,01	
€4.365.190 E-Mac Program FRN 2046	3.185	0,02	
€1.390.425 Epic FRN 2016	1.137	0,01	
£2.000.000 Eurosail FRN 2045	1.892	0,01	
£7.090.000 Experian Finance 3,5% 2021	7.094	0,04	
£8.500.000 Experian Finance 4,75% 2018	9.355	0,05	
€15.130.000 GDF Suez 5,95% 2111	16.624	0,08	
\$3.000.000 Goldman Sachs Group 3,625% 2023	1.762	0,01	
\$17.000.000 Goldman Sachs Group 5,75% 2022	11.544	0,06	
£12.400.000 Goldman Sachs Group 7,125% 2025	15.817	0,08	
£17.548.220 Granite Master Issuer FRN 2054 '2005-1-A6'	17.397	0,09	
€6.570.000 Granite Master Issuer FRN 2054 '2005-1-B2'	5.311	0,03	
£4.500.000 Granite Master Issuer FRN 2054 '2005-1-B3'	4.392	0,02	
€6.200.000 Granite Master Issuer FRN 2054 '2005-1-M2'	4.952	0,03	
£4.850.000 Granite Master Issuer FRN 2054 '2005-1-M3'	4.658	0,02	
£11.105.414 Granite Master Issuer FRN 2054 '2005-2-A7'	11.034	0,06	
€4.000.000 Granite Master Issuer FRN 2054 '2005-2-B2'	3.230	0,02	
£3.000.000 Granite Master Issuer FRN 2054 '2005-2-B3'	2.932	0,01	
€4.000.000 Granite Master Issuer FRN 2054 '2005-2-M2'	3.212	0,02	
£1.000.000 Granite Master Issuer FRN 2054 '2005-2-M3'	960	0,00	
£11.753.428 Granite Master Issuer FRN 2054 '2005-4-A6'	11.663	0,06	
£1.500.000 Granite Master Issuer FRN 2054 '2005-4-B3'	1.462	0,01	
€4.950.000 Granite Master Issuer FRN 2054 '2005-4-B4'	4.014	0,02	
\$1.345.255 Granite Master Issuer FRN 2054 '2005-4-M2'	773	0,00	
€1.000.000 Granite Master Issuer FRN 2054 '2005-4-M4'	803	0,00	
£2.276.967 Granite Master Issuer FRN 2054 '2006-1-A7'	2.262	0,01	
£11.362.480 Granite Master Issuer FRN 2054 '2006-1-A8'	11.269	0,06	
£2.375.000 Granite Master Issuer FRN 2054 '2006-1-B3'	2.318	0,01	

# M&G Optimal Income Fund

## PORTFOLIO

### PORTFOLIO STATEMENT (continued)

as at 31 March 2014

Holding	Value £'000	31.03.14 %	30.09.13 %
<b>'A' credit rated bonds (continued)</b>			
€8,000,000 Granite Master Issuer FRN 2054 '2006-1-B4'	6,488	0,03	
\$6,600,000 Granite Master Issuer FRN 2054 '2006-1-M2'	3,811	0,02	
£2,500,000 Granite Master Issuer FRN 2054 '2006-1-M3'	2,403	0,01	
€8,500,000 Granite Master Issuer FRN 2054 '2006-1-M4'	6,822	0,03	
£3,804,853 Granite Master Issuer FRN 2054 '2006-2-A6'	3,778	0,02	
€3,250,000 Granite Master Issuer FRN 2054 '2006-2-B3'	2,631	0,01	
\$1,750,000 Granite Master Issuer FRN 2054 '2006-2-M2'	952	0,00	
€2,000,000 Granite Master Issuer FRN 2054 '2006-2-M3'	1,590	0,01	
£900,000 Granite Master Issuer FRN 2054 '2006-2-M4'	864	0,00	
\$35,670,481 Granite Master Issuer FRN 2054 '2006-3-A7'	21,220	0,11	
\$6,000,000 Granite Master Issuer FRN 2054 '2006-3-B2'	3,364	0,02	
\$9,000,000 Granite Master Issuer FRN 2054 '2006-3-M2'	4,938	0,03	
\$4,756,065 Granite Master Issuer FRN 2054 '2006-4-A4'	2,826	0,01	
£2,485,045 Granite Master Issuer FRN 2054 '2006-4-A8'	2,462	0,01	
\$1,250,000 Granite Master Issuer FRN 2054 '2006-4-B1'	694	0,00	
€2,000,000 Granite Master Issuer FRN 2054 '2006-4-B3'	1,614	0,01	
\$4,595,000 Granite Master Issuer FRN 2054 '2007-1-1B1'	2,667	0,01	
\$3,091,443 Granite Master Issuer FRN 2054 '2007-1-2A1'	1,838	0,01	
\$5,000,000 Granite Master Issuer FRN 2054 '2007-1-2B1'	2,925	0,01	
\$5,000,000 Granite Master Issuer FRN 2054 '2007-1-2M1'	2,871	0,01	
€7,600,000 Granite Master Issuer FRN 2054 '2007-1-3B1'	6,138	0,03	
€2,287,000 Granite Master Issuer FRN 2054 '2007-1-3M1'	1,832	0,01	
£3,500,000 Granite Master Issuer FRN 2054 '2007-1-3M2'	3,369	0,02	
£6,643,748 Granite Master Issuer FRN 2054 '2007-1-5A1'	6,581	0,03	
£9,631,034 Granite Master Issuer FRN 2054 '2007-1-6A1'	9,535	0,05	
\$1,675,000 Granite Master Issuer FRN 2054 '2007-2-1B1'	971	0,00	
\$1,860,000 Granite Master Issuer FRN 2054 '2007-2-2B1'	1,088	0,01	
\$750,000 Granite Master Issuer FRN 2054 '2007-2-2M1'	430	0,00	
€2,250,000 Granite Master Issuer FRN 2054 '2007-2-3B2'	1,812	0,01	
£600,000 Granite Master Issuer FRN 2054 '2007-2-3B3'	585	0,00	
€6,200,000 Granite Master Issuer FRN 2054 '2007-2-3M2'	4,971	0,03	
£1,800,000 Granite Master Issuer FRN 2054 '2007-2-3M3'	1,731	0,01	
£13,950,731 Granite Master Issuer FRN 2054 '2007-2-4A2'	13,814	0,07	

### PORTFOLIO STATEMENT (continued)

as at 31 March 2014

Holding	Value £'000	31.03.14 %	30.09.13 %
<b>'A' credit rated bonds (continued)</b>			
£741,380 Granite Mortgages FRN 2043	739	0,00	
\$480,011 Granite Mortgages FRN 2044 '03-02-1C'	291	0,00	
\$967,559 Granite Mortgages FRN 2044 '03-03-1C'	588	0,00	
€3,000,000 Granite Mortgages FRN 2044 '04-01-2C'	2,439	0,01	
£2,769,872 Granite Mortgages FRN 2044 '04-01-3A'	2,748	0,01	
£546,936 Granite Mortgages FRN 2044 '04-02-2A2'	543	0,00	
£8,521,036 Granite Mortgages FRN 2044 '04-02-3A'	8,456	0,04	
£6,252,277 Granite Mortgages FRN 2044 '04-03-3A2'	6,218	0,03	
\$12,462,154 Great Hall Mortgages No.1 FRN 2039	7,076	0,04	
€1,000,000 Gresham Capital Mortgages FRN 2027	765	0,00	
€3,000,000 Grosvenor Place FRN 2023	2,283	0,01	
\$1,000,000 GTE Southwest 8,5% 2031	797	0,00	
€3,500,000 Hannover Finance Luxembourg Var. Rate 2040 (5,75%)	3,324	0,02	
€2,000,000 Hannover Finance Luxembourg Var. Rate 2043 (5%)	1,831	0,01	
£4,370,000 Heathrow Funding 3,334% IL 2041	6,954	0,04	
£50,500,000 Heathrow Funding 6,75% 2026	62,871	0,32	
£5,300,000 Heathrow Funding Var. Rate 2018 (12,45%)	6,377	0,03	
£9,250,000 Heathrow Funding Var. Rate 2023 (9,2%)	12,461	0,06	
£4,000,000 Heathrow Funding Var. Rate 2025 (5,225%)	4,382	0,02	
£4,222,000 Heathrow Funding Var. Rate 2030 (7,075%)	5,378	0,03	
£3,100,000 HSBC Bank 5,375% 2033	3,164	0,02	
£23,000,000 HSBC Bank Var. Rate 2020 (4,75%)	23,671	0,12	
£15,000,000 HSBC Bank Var. Rate 2023 (5%)	15,754	0,08	
£10,626,000 HSBC Bank Var. Rate 2030 (5,375%)	11,076	0,06	
£1,000,000 HSBC Holdings 5,75% 2027	1,063	0,01	
£4,000,000 HSBC Holdings 6% 2040	4,317	0,02	
£40,000,000 HSBC Holdings 6,75% 2028	46,635	0,24	
£3,200,000 HSBC Holdings 7% 2038	3,850	0,02	
£26,000,000 HSBC Holdings Var. Rate 2022 (6,375%)	28,624	0,15	
\$4,250,000 HSBC USA 9,125% 2021	3,318	0,02	
\$20,000,000 Illinois Tool Works 3,5% 2024	11,934	0,06	
\$10,000,000 ING Bank 3,75% 2017	6,378	0,03	
£8,913,000 INTU Finance 3,875% 2023	8,780	0,04	
£8,633,000 INTU Finance 4,625% 2028	8,714	0,04	
£4,050,000 JP Morgan Chase 5,375% 2016	4,382	0,02	
\$2,300,000 JP Morgan Chase 6,3% 2019	1,622	0,01	
€15,000,000 JP Morgan Chase FRN 2015	12,341	0,06	
£2,000,000 JP Morgan Chase Var. Rate 2017 (6,125%)	1,953	0,01	
€1,850,000 JP Morgan Chase Var. Rate 2021 (4,375%)	1,625	0,01	
£641 Lambda Finance FRN 2031	1	0,00	
£507,409 Landmark Mortgage Securities FRN 2038	488	0,00	
£1,973,391 Landmark Mortgage Securities FRN 2039	1,829	0,01	
\$11,000,000 Legrande France 8,5% 2025	8,793	0,04	
£8,000,000 Linde Finance Var. Rate 2066 (8,125%)	9,043	0,05	
£13,210,000 London Stock Exchange 9,125% 2019	16,845	0,09	
£14,738,778 Ludgate Funding FRN 2061	13,584	0,07	
€7,307,760 Lusitano Mortgages No.3 FRN 2047	5,319	0,03	



# M&G Optimal Income Fund

## PORTFOLIO

### PORTFOLIO STATEMENT (continued)

as at 31 March 2014

Holding	Value £'000	31.03.14 %	30.09.13 %
<b>'A' credit rated bonds (continued)</b>			
€2.023.506 Lusitano Mortgages No.4 FRN 2048	1.418	0,01	
€5.089.500 Lusitano Mortgages No.5 FRN 2059	3.611	0,02	
€22.923.320 Magellan Mortgages No.3 FRN 2058	16.777	0,09	
€35.447.045 Magellan Mortgages No.4 FRN 2059 '4A'	25.556	0,13	
€1.452.126 Magellan Mortgages No.4 FRN 2059 '4B'	926	0,00	
€900.000 Marble Arch Residential Securitisation No.4 FRN 2040	697	0,00	
£750.000 Marston's Issuer Var. Rate 2027 (5,1576%)	819	0,00	
£2.000.000 Marston's Issuer Var. Rate 2032 (5,1774%)	2.122	0,01	
€10.000.000 McDonald's 2,375% 2024	8.196	0,04	
€13.300.000 McDonald's 2,875% 2025	11.327	0,06	
\$5.000.000 McDonald's 6,3% 2038	3.773	0,02	
£4.500.000 McDonald's 6,375% 2020	5.348	0,03	
£4.030.600 Mitchells & Butlers Finance 5,574% 2030	4.554	0,02	
£2.673.800 Mitchells & Butlers Finance 5,965% 2025	2.998	0,02	
£2.869.000 Mitchells & Butlers Finance 6,013% 2030	3.259	0,02	
£217.580 Mitchells & Butlers Finance FRN 2030 'A1N'	197	0,00	
\$13.054.800 Mitchells & Butlers Finance FRN 2030 'A3N'	7.062	0,04	
€10.000.000 Mitchells & Butlers Finance FRN 2033	8.400	0,04	
£1.018.770 Money Partners Securities FRN 2040	1.001	0,01	
\$5.000.000 Morgan Stanley 3,75% 2023	2.982	0,02	
€2.000.000 Morgan Stanley 5% 2019	1.913	0,01	
€10.000.000 Morgan Stanley 5,375% 2020	9.824	0,05	
€1.500.000 Morgan Stanley 5,75% 2017	1.645	0,01	
€15.000.000 Morgan Stanley FRN 2016	12.354	0,06	
€1.500.000 Morgan Stanley FRN 2017	1.234	0,01	
£8.881.955 Mortgages No.7 FRN 2038	8.583	0,04	
€20.000.000 Munich Re Finance Var. Rate 2028 (7,625%)	23.486	0,12	
€5.500.000 Munich Re Finance Var. Rate 2041 (6%)	5.369	0,03	
€22.900.000 Munich Re Finance Var. Rate 2042 (6,25%)	22.922	0,12	
£8.500.000 Munich Re Finance Var. Rate 2042 (6,625%)	9.693	0,05	
€4.850.000 Munich Re Var. Rate Perp. (5,767%)	4.369	0,02	
£4.000.000 National Grid Electricity Transmission 3,806% IL 2020	6.918	0,04	
£3.430.000 National Grid Gas 7% 2024	4.349	0,02	
£1.800.000 National Grid Gas 8,75% 2025	2.564	0,01	
\$7.500.000 NBC Universal Enterprise FRN 2018	4.533	0,02	
\$15.000.000 NBC Universal Media 5,15% 2020	10.189	0,05	
£6.371.070 Newgate Funding FRN 2050 'A2'	6.284	0,03	
£2.767.210 Newgate Funding FRN 2050 'A4'	2.715	0,01	
\$14.546.000 Oracle Corporation 2,375% 2019	8.831	0,05	
\$1.820.964 Paragon Mortgages No.7 FRN 2034	1.038	0,01	
£1.461.000 Paragon Mortgages No.11 FRN 2041	1.305	0,01	
€8.000.000 Paragon Mortgages No.13 FRN 2039	5.784	0,03	
€1.000.000 Paragon Mortgages No.15 FRN 2039	715	0,00	
£3.600.000 PepsiCo 2,5% 2022	3.374	0,02	
\$11.485.000 Philip Morris International 3,6% 2023	6.859	0,04	
\$15.000.000 Poland (Republic of) 4% 2024	9.058	0,05	
\$5.000.000 Poland (Republic of) 5,125% 2021	3.319	0,02	

### PORTFOLIO STATEMENT (continued)

as at 31 March 2014

Holding	Value £'000	31.03.14 %	30.09.13 %
<b>'A' credit rated bonds (continued)</b>			
€889.796 Preferred Residential Securities FRN 2040	727	0,00	
€3.200.000 Principal Financial Global Funding II 4,5% 2017	2.879	0,01	
£2.530.000 Province of Quebec 12,25% 2020	3.775	0,02	
€12.929.000 Rabobank Nederland 5,25% 2027	13.505	0,07	
£1.771.208 RMAC 2005-Ns1 FRN 2037 'A2A'	1.657	0,01	
€1.982.695 RMAC 2005-Ns1 FRN 2037 'A2C'	1.545	0,01	
\$556.590 RMAC 2005-Nsp2 FRN 2037 'A2B'	316	0,00	
€3.005.592 RMAC 2005-Nsp2 FRN 2037 'A2C'	2.357	0,01	
£1.325.356 RMAC 2006-Ns1 FRN 2044 'A2A'	1.238	0,01	
€2.687.293 RMAC 2006-Ns1 FRN 2044 'A2C'	2.077	0,01	
€35.900.830 RMAC 2006-Ns1 FRN 2044 'A3A'	33.650	0,17	
\$1.875.000 Slovenia (Republic of) 4,125% 2019	1.165	0,01	
€3.000.000 Society of Lloyd's Var. Rate 2024 (5,625%)	2.535	0,01	
€6.000.000 Society of Lloyd's Var. Rate 2025 (6,875%)	6.370	0,03	
€3.000.000 Southern Water Services Finance 5% 2021	3.238	0,02	
£2.892.000 Southern Water Services Finance 6,125% 2019	3.290	0,02	
\$14.285.000 Standard Chartered 3,95% 2023	8.150	0,04	
\$15.000.000 Standard Chartered 5,7% 2022	9.715	0,05	
\$7.500.000 Standard Chartered 6,4% 2017	5.099	0,03	
£5.450.000 Standard Chartered 7,75% 2018	6.316	0,03	
€10.500.000 Standard Chartered Bank 5,875% 2017	9.860	0,05	
\$30.000.000 Standard Chartered Var. Rate 2022 (4%)	18.338	0,09	
£4.500.000 Standard Chartered Var. Rate Perp. (8,103%)	4.916	0,03	
£7.109.000 Standard Life Var. Rate Perp. (6,75%)	7.802	0,04	
€16.800.000 Sumitomo Mitsui Banking 2,75% 2023	14.149	0,07	
£2.500.000 Suncorp Insurance Funding Var. Rate 2027 (6,25%)	2.612	0,01	
\$2.050.000 Swiss Re Capital I Var. Rate Perp. (6,854%)	1.312	0,01	
£1.250.000 Thames Water Utilities 3,375% IL 2021	2.134	0,01	
£1.433.000 Thames Water Utilities 4,375% 2034	1.378	0,01	
£7.000.000 Thames Water Utilities 4,625% 2046	6.758	0,03	
£15.000.000 Thames Water Utilities 5,5% 2041	16.608	0,08	
£4.000.000 Thames Water Utilities 6,75% 2028	4.974	0,03	
£15.000.000 Thames Water Utilities 7,241% 2058	17.303	0,09	
£8.173.000 UNITE (USAF) II 3,374% 2023	7.785	0,04	
€6.460.000 Vier Gas Transport 3,125% 2023	5.668	0,03	
\$16.100.000 Vodafone Group 2,5% 2022	8.836	0,05	
\$5.000.000 Vodafone Group 2,95% 2023	2.806	0,01	
\$18.000.000 Vodafone Group 2,95% 2023 'B23'	10.100	0,05	
\$2.500.000 Vodafone Group 4,375% 2043	1.350	0,01	
\$19.500.000 Vodafone Group 6,15% 2037	13.245	0,07	
\$5.000.000 Vodafone Group 7,875% 2030	4.013	0,02	
£50.500.000 Wells Fargo 5,25% 2023	54.337	0,28	
£2.214.000 Yorkshire Water Services 3,625% 2029	2.031	0,01	
£4.000.000 Yorkshire Water Services 6% 2019	4.598	0,02	
£1.000.000 Zurich Finance (UK) Var. Rate Perp. (6,625%)	1.111	0,01	
		<b>25,99</b>	<b>24,70</b>
<b>'BBB' credit rated bonds</b>			
€21.000.000 3i Group 5,75% 2032	22.404	0,11	
£1.500.000 3i Group 6,875% 2023	1.744	0,01	
£9.544.000 AA Bond Company 4,2487% 2043	9.612	0,05	
£11.500.000 AA Bond Company 4,7201% 2018	12.043	0,06	
£15.000.000 AA Bond Company 6,6269% 2025	16.774	0,09	
€5.000.000 ABN AMRO Bank 6,375% 2021	4.924	0,03	

# M&G Optimal Income Fund

## PORTFOLIO

### PORTFOLIO STATEMENT (continued)

as at 31 March 2014

Holding	Value £'000	31.03.14 %	30.09.13 %
<b>'BBB' credit rated bonds (continued)</b>			
\$10,000,000 ABN AMRO Bank Var. Rate 2022 (6,25%)	6,572	0,03	
€3,861,000 Acea 3,75% 2018	3,454	0,02	
€5,510,000 Achmea Var. Rate 2043 (6%)	5,082	0,03	
€6,368,000 Aeroporti di Roma 3,25% 2021	5,503	0,03	
£9,304,000 Ahold Finance 6,5% 2017	10,445	0,05	
£937,993 Alba FRN 2042	825	0,00	
\$2,350,000 Altria Group 2,85% 2022	1,317	0,01	
\$9,650,000 Altria Group 2,85% 2022 'B22'	5,407	0,03	
\$38,500,000 Altria Group 4% 2024	23,077	0,12	
\$25,510,000 Altria Group 4,75% 2021	16,647	0,09	
\$1,309,000 Altria Group 9,25% 2019	1,039	0,01	
\$5,000,000 Altria Group 9,95% 2038	4,797	0,02	
\$15,754,000 Altria Group 9,95% 2038 'B'	15,114	0,08	
\$7,057,000 Altria Group 10,2% 2039	6,932	0,04	
€27,500,000 América Móvil Var. Rate 2073 (6,375%)	24,446	0,12	
£40,000,000 América Móvil Var. Rate 2073 (6,375%)	41,611	0,21	
£3,000,000 American International Group Var. Rate 2067 (5,75%)	3,043	0,02	
€10,000,000 American International Group Var. Rate 2038 (8%)	9,796	0,05	
£3,050,000 American International Group Var. Rate 2068 (8,625%)	3,595	0,02	
£10,000,000 Anglian Water Services 4,5% 2026	9,669	0,05	
£1,100,000 Anglian Water Services Var. Rate 2024 (6,75%)	1,107	0,01	
£5,000,000 Anglian Water Services Var. Rate 2040 (5,5%)	5,414	0,03	
\$5,000,000 APT Pipelines 3,875% 2022	2,833	0,01	
£4,000,000 APT Pipelines 4,25% 2024	3,988	0,02	
£9,601,000 Asciano Finance 5% 2023	9,853	0,05	
£1,200,000 Aspire Defence Finance 4,674% 2040 'A'	1,216	0,01	
£2,000,000 Aspire Defence Finance 4,674% 2040 'B'	2,024	0,01	
€8,754,000 Assicurazioni Generali 2,875% 2020	7,476	0,04	
€4,000,000 Assicurazioni Generali Var. Rate 2042 (7,75%)	3,958	0,02	
£14,200,000 Assicurazioni Generali Var. Rate Perp. (6,269%)	13,930	0,07	
£2,800,000 Assicurazioni Generali Var. Rate Perp. (6,416%)	2,815	0,01	
£800,000 Atlantia 6,25% 2022	916	0,00	
£24,500,000 Aviva Var. Rate 2036 (6,125%)	25,887	0,13	
€2,400,000 Aviva Var. Rate 2038 (6,875%)	2,298	0,01	
£15,074,000 Aviva Var. Rate 2041 (6,625%)	16,684	0,09	
€11,835,000 Aviva Var. Rate 2043 (6,125%)	11,235	0,06	
£30,000,000 Aviva Var. Rate 2058 (6,875%)	33,432	0,17	
£7,000,000 Aviva Var. Rate Perp. (6,125%)	7,287	0,04	
£9,077,000 AXA Var. Rate 2043 (5,125%)	8,272	0,04	
£8,000,000 AXA Var. Rate 2054 (5,625%)	7,922	0,04	
£18,775,000 AXA Var. Rate Perp. (6,6862%)	19,784	0,10	
£7,600,000 AXA Var. Rate Perp. (6,772%)	8,238	0,04	
£8,250,000 BAE Systems 4,125% 2022	8,373	0,04	
€6,000,000 Bank of America 4,75% 2019	4,962	0,03	
£7,000,000 Bank of America 5,5% 2021	7,630	0,04	
€6,500,000 Bank of America Var. Rate 2017 (4,75%)	5,270	0,03	
€5,000,000 Bank of America Var. Rate 2018 (4%)	4,042	0,02	
£2,700,000 Bank of Scotland 6,375% 2019	2,986	0,02	

### PORTFOLIO STATEMENT (continued)

as at 31 March 2014

Holding	Value £'000	31.03.14 %	30.09.13 %
<b>'BBB' credit rated bonds (continued)</b>			
£17,600,000 Bank of Scotland 9,375% 2021	22,542	0,12	
£7,500,000 Bank of Scotland 10,5% 2018	9,253	0,05	
£3,000,000 Bank of Scotland Var. Rate Perp. (7,281%)	3,266	0,02	
€12,400,000 Bankia 4,125% 2036	10,516	0,05	
€1,181,489 Bankinter FRN 2048	738	0,00	
£4,500,000 Barclays Bank 5,75% 2026	4,797	0,02	
£9,000,000 Barclays Bank 10% 2021	11,740	0,06	
£8,250,000 Barclays Bank Var. Rate 2023 (6,75%)	9,075	0,05	
£2,400,000 Barclays Bank Var. Rate Perp. (5,3304%)	2,133	0,01	
€14,000,000 Bayer Var. Rate 2105 (5%)	12,069	0,06	
€13,800,000 BBVA Senior Finance 3,75% 2018	12,345	0,06	
£34,000,000 BG Energy Capital Var. Rate 2072 (6,5%)	36,941	0,19	
€3,250,000 Bord Gais Eireann 3,625% 2017	2,913	0,01	
£16,500,000 Bouygues 5,5% 2026	17,700	0,09	
\$12,000,000 BPCE 5,15% 2024	7,123	0,04	
\$15,000,000 Brazil (Federal Republic of) 5,625% 2041	9,125	0,05	
€11,430,000 Brenntag Finance 5,5% 2018	10,728	0,05	
\$2,000,000 British Sky Broadcasting 6,1% 2018	1,369	0,01	
\$7,000,000 British Sky Broadcasting 9,5% 2018	5,453	0,03	
£4,000,000 British Telecommunications 5,75% 2028	4,498	0,02	
£3,000,000 British Telecommunications 6,375% 2037	3,614	0,02	
£3,000,000 British Telecommunications 6,625% 2017	3,409	0,02	
£8,000,000 British Telecommunications 8,625% 2020	10,266	0,05	
\$24,000,000 British Telecommunications 9,625% 2030	22,285	0,11	
£26,000,000 British Telecommunications Var. Rate 2016 (8,5%)	30,410	0,16	
£2,000,000 BSKyB Finance UK 5,75% 2017	2,232	0,01	
\$10,000,000 Burlington Northern Santa Fe 3,05% 2022	5,780	0,03	
\$10,000,000 Burlington Northern Santa Fe 3,75% 2024	5,995	0,03	
\$2,333,000 Burlington Northern Santa Fe 4,95% 2041	1,443	0,01	
\$20,000,000 Campbell Soup 2,5% 2022	10,870	0,06	
\$15,000,000 Campbell Soup 4,25% 2021	9,638	0,05	
€3,400,000 Cap Gemini 5,25% 2016	3,112	0,02	
\$7,000,000 Capital One Bank 2,15% 2018	4,157	0,02	
€1,000,000 Casino Guichard Perrachon 4,726% 2021	953	0,00	
\$9,000,000 CBS 4,3% 2021	5,701	0,03	
\$10,500,000 CBS 4,85% 2042	6,067	0,03	
\$12,000,000 CBS 5,75% 2020	8,188	0,04	
\$3,000,000 CBS 5,9% 2040	1,977	0,01	
\$44,000,000 CBS 7,875% 2030	34,441	0,18	
€1,500,000 CELF Loan Partners FRN 2023	1,102	0,01	
£5,750,000 Channel Link Enterprises Finance FRN 2050 'A3'	5,592	0,03	
€13,750,000 Channel Link Enterprises Finance FRN 2050 'A4'	11,086	0,06	
\$41,667,000 Citigroup 3,5% 2023	23,593	0,12	
£1,000,000 Citigroup 4,5% 2031	946	0,00	
£3,500,000 Citigroup 5,125% 2018	3,761	0,02	
\$14,955,000 Citigroup 5,5% 2025	9,535	0,05	
£5,500,000 Citigroup 5,875% 2024	6,104	0,03	
\$7,000,000 Citigroup 6,125% 2036	4,600	0,02	
\$5,000,000 Citigroup 6,625% 2032	3,442	0,02	
\$4,800,000 Citigroup 6,675% 2043	3,368	0,02	
€14,000,000 Citigroup Var. Rate 2017 (3,625%)	11,491	0,06	

# M&G Optimal Income Fund

## PORTFOLIO

### PORTFOLIO STATEMENT (continued)

as at 31 March 2014

Holding	Value £'000	31.03.14 %	30.09.13 %
<b>'BBB' credit rated bonds (continued)</b>			
€3.500.000 Citigroup Var. Rate 2030 (4,25%)	2.914	0,01	
€24.545.000 Citycon 3,75% 2020	21.297	0,11	
\$20.000.000 Colombia (Republic of) 5,625% 2044	12.558	0,06	
\$18.000.000 Continental Rubber 4,5% 2019	11.437	0,06	
£15.000.000 CPUK Finance 4,811% 2042	15.950	0,08	
£14.400.000 Crédit Agricole 7,375% 2023	17.327	0,09	
£2.300.000 Credit Suisse Var. Rate 2023 (6,75%)	2.532	0,01	
€12.000.000 Credit Suisse Var. Rate 2025 (5,75%)	10.822	0,06	
€4.937.000 CRH Finance 3,125% 2023	4.254	0,02	
\$10.000.000 CVS Caremark 2% 2023	6.151	0,03	
£25.000.000 Daily Mail & General Trust 5,75% 2018	27.504	0,14	
£19.000.000 Daily Mail & General Trust 6,375% 2027	21.108	0,11	
£8.700.000 Daily Mail & General Trust 10% 2021	11.561	0,06	
£3.500.000 Danske Bank Var. Rate 2021 (5,375%)	3.653	0,02	
£14.770.000 Delamare Finance 5,5457% 2029	16.080	0,08	
\$12.000.000 Delphi 4,15% 2024	7.192	0,04	
€4.545.000 Deutsche Annington Immobilien 3,625% 2021	4.004	0,02	
\$12.750.000 Deutsche Bank Var. Rate 2028 (4,296%)	7.211	0,04	
£9.500.000 Deutsche Telekom International Finance 6,5% 2022	11.303	0,06	
\$22.000.000 Deutsche Telekom International Finance 8,75% 2030	19.012	0,10	
£18.000.000 Deutsche Telekom International Finance 8,875% 2028	26.327	0,13	
\$15.000.000 DIRECTV Financing 6,35% 2040	9.731	0,05	
\$7.000.000 DIRECTV Financing 6,375% 2041	4.557	0,02	
\$10.000.000 DIRECTV Holdings 5% 2021	6.452	0,03	
\$15.000.000 DIRECTV Holdings 5,15% 2042	8.476	0,04	
\$2.000.000 Dominion Resources 5,2% 2019	1.346	0,01	
\$5.000.000 Ecopetrol 7,625% 2019	3.608	0,02	
£20.000.000 EDF 5,875% Perp.	20.333	0,10	
£37.000.000 EDF Var. Rate Perp. (6%)	38.533	0,20	
€23.656.000 Elenia Finance 2,875% 2020	19.997	0,10	
€19.000.000 EnBW Var. Rate 2072 (7,375%)	17.662	0,09	
£26.500.000 Enel 5,75% 2037	26.420	0,14	
£10.000.000 Enel 6,25% 2019	11.291	0,06	
£11.000.000 Enel Finance International 5,625% 2024	11.878	0,06	
€61.500.000 Enel Finance International 5,75% 2040	61.571	0,31	
\$13.500.000 Enel Finance International 6% 2039	8.422	0,04	
\$15.000.000 Enel Finance International 6,25% 2017	10.190	0,05	
\$1.400.000 Enel Finance International 6,8% 2037	950	0,00	
\$10.000.000 Erste Group Bank Var. Rate 2023 (6,375%)	6.442	0,03	
€3.020.000 ESB Finance 4,375% 2019	2.842	0,01	
€3.850.000 ESB Finance 6,25% 2017	3.724	0,02	
€5.000.000 Eureka Var. Rate Perp. (5,125%)	4.218	0,02	
€10.000.000 Eutelsat 5% 2019	9.512	0,05	
£14.500.000 Eversholt Funding 5,831% 2020	16.403	0,08	
£4.500.000 Eversholt Funding 6,697% 2035	5.437	0,03	
£8.000.000 FCE Bank 5,125% 2015	8.434	0,04	
€4.500.000 Ferrovial Emisiones 3,375% 2021	3.900	0,02	
£9.500.000 Fidelity International 6,75% 2020	10.798	0,06	
£5.715.000 Fidelity International 7,125% 2024	6.582	0,03	

### PORTFOLIO STATEMENT (continued)

as at 31 March 2014

Holding	Value £'000	31.03.14 %	30.09.13 %
<b>'BBB' credit rated bonds (continued)</b>			
£777.574 First Flexible FRN 2034	783	0,00	
£6.363.000 FirstGroup 5,25% 2022	6.720	0,03	
£22.000.000 FirstGroup 6,125% 2019	24.177	0,12	
£11.000.000 FirstGroup 6,875% 2024	12.847	0,07	
£15.300.000 FirstGroup 8,125% 2018	18.188	0,09	
£8.000.000 FirstGroup 8,75% 2021	10.038	0,05	
\$3.700.000 Ford Motor Company 9,125% 2021	2.938	0,02	
\$30.000.000 Ford Motor Credit 2,375% 2018	18.142	0,09	
£5.000.000 France Telecom 8% 2017	5.965	0,03	
£5.000.000 Friends Life 8,25% 2022	5.608	0,03	
£14.000.000 G4S Var. Rate 2019 (7,75%)	16.671	0,09	
€2.500.000 Gas Natural Capital 4,5% 2020	2.355	0,01	
€4.000.000 Gas Natural Capital 5,375% 2019	3.901	0,02	
£13.000.000 Gatwick Funding 5,25% 2024	14.116	0,07	
£6.000.000 Gatwick Funding 5,75% 2037	6.718	0,03	
£15.000.000 Gatwick Funding 6,125% 2028	17.563	0,09	
£29.000.000 GDF Suez Var. Rate Perp. (4,625%)	29.902	0,15	
€8.000.000 Gecina 4,75% 2019	7.466	0,04	
€17.200.000 Gelf Bond Issuer 3,125% 2018	14.852	0,08	
£5.750.000 Go-Ahead Group 5,375% 2017	6.260	0,03	
€1.131.000 Goldman Sachs Group 4,75% 2021	1.041	0,01	
£23.500.000 Goldman Sachs Group 5,5% 2021	25.362	0,13	
£7.358.000 Goldman Sachs Group 6,125% 2017	8.059	0,04	
\$63.000.000 Goldman Sachs Group 6,75% 2037	43.137	0,22	
£7.000.000 Goldman Sachs Group 6,875% 2038	8.397	0,04	
€9.423.000 Granite Master Issuer FRN 2054 '2005-1-C2'	7.551	0,04	
£5.337.000 Granite Master Issuer FRN 2054 '2005-1-C3'	5.129	0,03	
€8.704.000 Granite Master Issuer FRN 2054 '2005-2-C2'	6.982	0,04	
\$2.152.409 Granite Master Issuer FRN 2054 '2005-4-C2'	1.172	0,01	
£918.000 Granite Master Issuer FRN 2054 '2005-4-C3'	875	0,00	
€6.800.000 Granite Master Issuer FRN 2054 '2005-4-C4'	5.443	0,03	
\$3.000.000 Granite Master Issuer FRN 2054 '2006-1-C2'	1.648	0,01	
\$10.600.000 Granite Master Issuer FRN 2054 '2006-1-C2X'	6.155	0,03	
£3.950.000 Granite Master Issuer FRN 2054 '2006-1-C3'	3.825	0,02	
€10.000.000 Granite Master Issuer FRN 2054 '2006-1-C4'	8.067	0,04	
\$4.305.000 Granite Master Issuer FRN 2054 '2006-2-C2'	2.308	0,01	
€1.500.000 Granite Master Issuer FRN 2054 '2006-2-C3'	1.190	0,01	
£364.000 Granite Master Issuer FRN 2054 '2006-2-C4'	346	0,00	
\$5.000.000 Granite Master Issuer FRN 2054 '2006-3-C2'	2.696	0,01	
€7.400.000 Granite Master Issuer FRN 2054 '2006-3-C3'	5.882	0,03	
\$2.885.000 Granite Master Issuer FRN 2054 '2006-4-C1'	1.520	0,01	
€5.000.000 Granite Master Issuer FRN 2054 '2006-4-C3'	3.972	0,02	
\$8.500.000 Granite Master Issuer FRN 2054 '2007-1-1C1'	4.408	0,02	
\$2.500.000 Granite Master Issuer FRN 2054 '2007-1-2C1'	1.330	0,01	
€1.907.000 Granite Master Issuer FRN 2054 '2007-1-2C2'	1.502	0,01	
€26.350.000 Granite Master Issuer FRN 2054 '2007-1-3C1'	20.983	0,11	

# M&G Optimal Income Fund

## PORTFOLIO

### PORTFOLIO STATEMENT (continued)

as at 31 March 2014

Holding	Value £'000	31.03.14 %	30.09.13 %
<b>'BBB' credit rated bonds (continued)</b>			
£3.000.000 Granite Master Issuer FRN 2054 '2007-1-3C2'	2.852	0,01	
\$4.500.000 Granite Master Issuer FRN 2054 '2007-2-2C1'	2.394	0,01	
€6.600.000 Granite Master Issuer FRN 2054 '2007-2-3C2'	5.239	0,03	
£5.400.000 Granite Master Issuer FRN 2054 '2007-2-3C3'	5.168	0,03	
€2.000.000 Grosvenor Place FRN 2023	1.487	0,01	
£5.494.000 Health Care 4,8% 2028	5.512	0,03	
£23.500.000 Heathrow Funding 6% 2020	26.040	0,13	
£5.000.000 Heathrow Funding 6,25% 2018	5.601	0,03	
£38.000.000 Heathrow Funding 7,125% 2024	45.423	0,23	
£18.000.000 Heineken 2,75% 2023	10.066	0,05	
€25.000.000 Henkel Var. Rate 2104 (5,375%)	21.968	0,11	
\$7.000.000 Hospira 5,2% 2020	4.463	0,02	
£5.697.000 HSBC Capital Funding Var. Rate Perp. (8,208%)	6.102	0,03	
\$9.000.000 Hutchison Whampoa International 6% Perp.	5.705	0,03	
€3.333.000 Hutchison Whampoa Var. Rate Perp. (3,75%)	2.708	0,01	
€2.500.000 Hyde Park CDO FRN 2022	1.886	0,01	
£19.500.000 Iberdrola Finanzas 6% 2022	22.114	0,11	
£9.500.000 Iberdrola Finanzas 7,375% 2024	11.621	0,06	
\$5.000.000 Iceland (Republic of) 4,875% 2016	3.166	0,02	
£2.630.000 Imperial Tobacco Finance 4,875% 2032	2.622	0,01	
£30.000.000 Imperial Tobacco Finance 8,125% 2024	39.144	0,20	
£37.000.000 Imperial Tobacco Finance 9% 2022	49.319	0,25	
\$20.000.000 ING Bank Var. Rate 2023 (4,125%)	12.030	0,06	
€12.500.000 ING Bank Var. Rate 2023 (6,125%)	11.708	0,06	
£19.250.000 ING Bank Var. Rate 2023 (6,875%)	21.336	0,11	
€17.830.000 ING Bank Var. Rate 2026 (3,625%)	14.846	0,08	
£1.500.000 InterContinental Hotels 3,875% 2022	1.501	0,01	
£7.500.000 InterContinental Hotels 6% 2016	8.271	0,04	
€7.729.000 Intesa Sanpaolo 3% 2019	6.693	0,03	
\$56.000.000 Intesa Sanpaolo 3,875% 2018	34.610	0,18	
\$14.800.000 Intesa Sanpaolo 3,875% 2019	9.027	0,05	
€2.458.000 Intesa Sanpaolo 4% 2017	2.208	0,01	
\$15.000.000 Intesa Sanpaolo 5,25% 2024	9.227	0,05	
\$15.000.000 Intesa Sanpaolo 6,5% 2021	10.115	0,05	
€10.000.000 Intesa Sanpaolo 6,625% 2021	9.649	0,05	
£16.861.000 INTU Finance 4,125% 2023	16.825	0,09	
£14.500.000 Italy (Republic of) 5,25% 2034	13.934	0,07	
£28.000.000 Italy (Republic of) 6% 2028	30.470	0,16	
\$1.500.000 JP Morgan Chase Var. Rate Perp. (7,9%)	1.018	0,01	
€50.000.000 Kabel Deutschland 6,5% 2018	43.236	0,22	
€8.045.000 Kabel Deutschland Holding 6,5% 2017	7.087	0,04	
\$2.000.000 Kerr-McGee 6,95% 2024	1.448	0,01	
\$4.480.000 Kinder Morgan Energy Partners 2,65% 2019	2.672	0,01	
\$9.917.000 Kinder Morgan Energy Partners 3,5% 2021	5.855	0,03	
\$25.600.000 Kinder Morgan Energy Partners 4,15% 2024	15.208	0,08	
\$3.500.000 Kinder Morgan Energy Partners 5,8% 2035	2.238	0,01	
\$3.000.000 Kinder Morgan Energy Partners 6,95% 2038	2.136	0,01	

### PORTFOLIO STATEMENT (continued)

as at 31 March 2014

Holding	Value £'000	31.03.14 %	30.09.13 %
<b>'BBB' credit rated bonds (continued)</b>			
£11.500.000 KPN 5% 2026	11.682	0,06	
£10.150.000 KPN 6% 2019	11.391	0,06	
\$4.450.000 KPN 8,375% 2030	3.510	0,02	
\$15.000.000 Kraft Foods Group 3,5% 2022	9.040	0,05	
£5.960.000 LBG Capital No.2 8,5% 2032	6.258	0,03	
£10.000.000 LBG Capital No.2 9% 2029	10.500	0,05	
£3.000.000 LBG Capital No.2 9,875% 2023	3.124	0,02	
£5.000.000 LBG Capital No.2 10,5% 2023	5.342	0,03	
£1.500.000 LBG Capital No.2 11,25% 2023	1.618	0,01	
£26.000.000 Legal & General Group 10% IL 2041	34.451	0,18	
£5.670.000 Legal & General Group Var. Rate Perp. (5,875%)	6.010	0,03	
£12.744.000 Lend Lease Europe 6,125% 2021	13.570	0,07	
€10.000.000 Leo-Mesdag FRN 2019	8.082	0,04	
\$14.881.000 Liberty Mutual 4,25% 2023	8.985	0,05	
€2.916.000 Lithuania (Republic of) 3,375% 2024	2.476	0,01	
£10.000.000 Liverpool Victoria Friendly Society Var. Rate 2043 (6,5%)	9.517	0,05	
€3.000.000 Lloyds Bank 6,5% 2020	2.979	0,02	
£25.000.000 Lloyds Bank 7,625% 2025	30.267	0,15	
£40.000.000 Lloyds Bank Var. Rate 2020 (6,9625%)	41.752	0,21	
£3.000.000 Lloyds Bank Var. Rate 2021 (10,75%)	3.570	0,02	
£9.500.000 Lloyds Bank Var. Rate 2025 (5,75%)	10.109	0,05	
£27.000.000 Lloyds Bank 9,625% 2023	35.756	0,18	
£3.600.000 London Power Networks 5,125% 2016	3.925	0,02	
\$3.000.000 Lorillard Tobacco 6,875% 2020	2.100	0,01	
\$10.000.000 Lorillard Tobacco Company 3,75% 2023	5.664	0,03	
€1.500.000 Ludgate Funding FRN 2061	1.061	0,01	
\$5.555.000 LyondellBasell Industries 6% 2021	3.882	0,02	
£6.175.000 Marks & Spencer 4,75% 2025	6.209	0,03	
£14.000.000 Marks & Spencer 6,125% 2019	15.760	0,08	
£28.000.000 Marks & Spencer 6,125% 2021	31.339	0,16	
\$17.000.000 Marks & Spencer 7,125% 2037	11.231	0,06	
\$40.000.000 Mexico (United Mexican States) 3,5% 2021	24.406	0,12	
\$10.000.000 Mexico (United Mexican States) 4% 2023	6.092	0,03	
\$10.000.000 Mexico (United Mexican States) 4,75% 2044	5.730	0,03	
\$50.000.000 Mexico (United Mexican States) 5,55% 2045	32.088	0,16	
£50.000.000 Mexico (United Mexican States) 5,625% 2114	47.875	0,24	
\$10.000.000 Mexico (United Mexican States) 5,75% 2110	5.928	0,03	
€3.999.977 Michelin 0% 2017 (Michelin) [a]	4.595	0,02	
\$12.000.000 Mizuho Finance (Cayman) 4,6% 2024	7.187	0,04	
£25.825.000 Mondelex International 7,25% 2018	30.884	0,16	
€18.397.000 Mondeléz International 2,375% 2021	15.401	0,08	
\$1.000.000 Mondeléz International 6,5% 2031	729	0,00	
€26.670.000 Mondi Finance 3,375% 2020	23.285	0,12	
€32.500.000 Mondi Finance 5,75% 2017	30.270	0,15	
\$4.750.000 Montell Finance 8,1% 2027	3.702	0,02	
\$7.000.000 Morgan Stanley 4,875% 2022	4.408	0,02	
\$40.000.000 Morgan Stanley 5% 2025	24.627	0,13	
€5.000.000 Morocco (Kingdom of) 4,5% 2020	4.373	0,02	
\$11.495.000 Mylan 4,2% 2023	6.952	0,04	
£5.000.000 National Westminster Bank 6,5% 2021	5.437	0,03	
€30.000.000 Nationwide Building Society 6,75% 2020	30.019	0,15	
€10.000.000 Nationwide Building Society Var. Rate 2023 (4,125%)	8.739	0,04	
£3.334.000 NEXT 4,375% 2026	3.398	0,02	
£6.000.000 NEXT 5,375% 2021	6.704	0,03	



# M&G Optimal Income Fund

## PORTFOLIO

### PORTFOLIO STATEMENT (continued)

as at 31 March 2014

Holding	Value £'000	31.03.14 %	30.09.13 %
<b>'BBB' credit rated bonds (continued)</b>			
£19,800,000 NEX T 5,875% 2016	21,749	0,11	
£30,000,000 NGG Finance Var. Rate 2073 (5,625%)	30,487	0,16	
£1,500,000 NIE Finance 6,375% 2026	1,765	0,01	
€20,907,000 Nordenia Holdings 9,75% 2017	18,586	0,09	
£1,000,000 Northumbrian Water 6,875% 2023	1,213	0,01	
£500,000 Orange 8,125% 2028	675	0,00	
\$6,000,000 Orange 8,5% 2031	5,173	0,03	
€10,955,000 Origin Energy Finance 2,5% 2020	9,095	0,05	
\$3,975,000 PCA 4,5% 2023	2,469	0,01	
\$17,000,000 Pearson Funding Four 3,75% 2022	10,021	0,05	
\$15,000,000 Pernod-Ricard 4,25% 2022	9,278	0,05	
\$11,987,000 Pernod-Ricard 4,45% 2022	7,498	0,04	
€9,500,000 Pernod-Ricard 4,875% 2016	8,460	0,04	
€21,600,000 Pernod-Ricard 5% 2017	19,844	0,10	
\$3,650,000 Pernod-Ricard 5,75% 2021	2,492	0,01	
€3,600,000 Pernod-Ricard 7% 2015	3,131	0,02	
£5,400,000 Petrobras Global Finance 5,375% 2029	4,723	0,02	
\$3,226,000 Petroleos Mexicanos 4,875% 2024	1,999	0,01	
\$7,576,000 Petroleos Mexicanos 6,375% 2045	4,922	0,03	
\$2,500,000 Philippines (Republic of) 4,2% 2024	1,551	0,01	
£3,445,000 PostNL 7,5% 2018	4,031	0,02	
€14,917,000 Prologis 3% 2022	12,614	0,06	
€4,634,000 Prologis International Funding II 2,75% 2022	3,814	0,02	
\$10,000,000 Qwest 6,875% 2033	5,885	0,03	
\$8,400,000 Qwest 6,75% 2021	5,632	0,03	
€8,800,000 Raiffeisen Bank International 6% 2023	7,648	0,04	
\$12,000,000 Reed Elsevier Capital 7,5% 2025	8,622	0,04	
\$4,750,000 Reed Elsevier Capital 8,625% 2019	3,575	0,02	
£4,250,000 Reed Elsevier Investments 5,625% 2016	4,638	0,02	
£20,150,000 Reed Elsevier Investments 7% 2017	23,521	0,12	
£5,000,000 Rentokil Initial 5,75% 2016	5,371	0,03	
€10,000,000 Repsol International Finance 3,625% 2021	8,889	0,05	
£13,986,156 ResLoC UK FRN 2043	12,895	0,07	
\$9,750,000 Reynolds American 7,25% 2037	7,093	0,04	
\$5,000,000 Rhodia 6,875% 2020	3,298	0,02	
€3,500,000 Rhodia 7% 2018	3,008	0,02	
£13,800,000 RL Finance Bonds 6,125% 2043	13,869	0,07	
€1,944,836 RMAC 2006-Ns4 FRN 2044	1,419	0,01	
CHF9,000,000 Royal Bank of Scotland 2,375% 2015	6,179	0,03	
€1,950,000 Royal Bank of Scotland 4,35% 2017	1,695	0,01	
€3,750,000 Royal Bank of Scotland 6,934% 2018	3,542	0,02	
€4,000,000 Royal Bank of Scotland FRN 2017	3,084	0,02	
\$6,000,000 Royal Bank of Scotland Var. Rate 2022 (9,5%)	4,223	0,02	
£9,500,000 RSA Insurance Group Var. Rate 2039 (9,375%)	11,498	0,06	
£4,300,000 RWE Finance 5,625% 2023	4,800	0,02	
£8,000,000 Santander International 3,16% 2015	8,161	0,04	
£6,200,000 Santander Issuances Var. Rate 2019 (7,3%)	6,355	0,03	
£1,000,000 Santander UK 11,5% 2017	1,188	0,01	
£7,000,000 Santander UK Var. Rate 2023 (9,625%)	8,483	0,04	
£4,611,000 Santander UK Var. Rate Perp. (7,037%)	4,823	0,02	
£10,000,000 Scottish Widows 5,5% 2023	10,193	0,05	
£12,500,000 Severn Trent Utilities Finance 3,625% 2026	11,914	0,06	

### PORTFOLIO STATEMENT (continued)

as at 31 March 2014

Holding	Value £'000	31.03.14 %	30.09.13 %
<b>'BBB' credit rated bonds (continued)</b>			
£1,400,000 Severn Trent Utilities Finance 6% 2018	1,577	0,01	
£16,000,000 Siemens Financier. Var. Rate 2066 (6,125%)	17,300	0,09	
\$3,136,000 Smiths Group 6,05% 2014	1,895	0,01	
£7,600,000 Smiths Group 7,25% 2016	8,393	0,04	
€5,000,000 Snam 3,375% 2021	4,445	0,02	
€7,000,000 Snam 5% 2019	6,665	0,03	
\$25,000,000 Société Générale 5% 2024	14,881	0,08	
£3,750,000 Société Générale Var. Rate Perp. (8,875%)	4,189	0,02	
€6,600,000 Solvay Finance 4,199% Perp.	5,514	0,03	
€6,160,000 Solvay Finance 5,425% Perp.	5,345	0,03	
£2,878,000 South Eastern Power Networks Var. Rate 2031 (6,375%)	3,485	0,02	
£7,000,000 Southern Gas Networks 4,875% 2023	7,481	0,04	
£4,765,000 Southern Gas Networks 5,125% 2018	5,264	0,03	
£6,600,000 Southern Water Services Finance Var. Rate 2038 (4,5%)	6,506	0,03	
€37,000,000 Spain (Kingdom of) 3,8% 2024	32,057	0,16	
\$20,000,000 Spain (Kingdom of) 4% 2018	12,659	0,06	
€19,000,000 Spain (Kingdom of) 5,25% 2029	18,965	0,10	
€9,000,000 SSE Var. Rate Perp. (5,625%)	8,011	0,04	
\$10,800,000 SSE Var. Rate Perp. (5,625%)	6,890	0,04	
£25,000,000 Stagecoach 5,75% 2016	27,277	0,14	
£10,000,000 Standard Life Var. Rate 2042 (5,5%)	10,384	0,05	
\$9,950,000 Stanley Black & Decker 5,75% 2053	6,382	0,03	
€2,000,000 Storebrand Livsforsikring Var. Rate 2043 (6,875%)	1,897	0,01	
£7,000,000 Talisman Energy 6,625% 2017	7,879	0,04	
€1,900,000 Telecom Italia 5,25% 2055	1,435	0,01	
\$5,000,000 Telefónica Emisiones 3,992% 2016	3,146	0,02	
£26,000,000 Telefónica Emisiones 5,289% 2022	27,647	0,14	
£8,250,000 Telefónica Emisiones 5,375% 2018	8,961	0,05	
£8,000,000 Telefónica Emisiones 5,375% 2026	8,386	0,04	
£15,250,000 Telefónica Emisiones 5,445% 2029	15,829	0,08	
£36,000,000 Telefónica Emisiones 5,597% 2020	39,263	0,20	
\$9,000,000 Telefónica Emisiones 7,045% 2036	6,501	0,03	
£945,367 Tesco Property Finance 2 6,0517% 2039	1,055	0,01	
£20,289,725 Tesco Property Finance 3 5,744% 2040	21,616	0,11	
£35,704,777 Tesco Property Finance 4 5,8006% 2040	38,250	0,20	
£17,887,699 Tesco Property Finance 5 5,6611% 2041	18,699	0,10	
£6,000,000 Textron 6,625% 2020	6,766	0,03	
£39,000,000 Thames Water Utilities Cayman 5,375% 2025	41,724	0,21	
£29,000,000 Thames Water Utilities Cayman Var. Rate 2030 (5,75%)	31,568	0,16	
\$4,000,000 Time Warner 4% 2022	2,478	0,01	
\$8,000,000 Time Warner 4,05% 2023	4,887	0,02	
\$2,000,000 Time Warner 6,2% 2040	1,391	0,01	
\$10,000,000 Time Warner 6,25% 2041	7,019	0,04	
\$12,000,000 Time Warner 6,5% 2036	8,461	0,04	
\$6,000,000 Time Warner 7,625% 2031	4,764	0,02	
\$11,000,000 Time Warner 7,7% 2032	8,855	0,05	
£3,750,000 Time Warner Cable 5,25% 2042	3,700	0,02	
\$25,000,000 Time Warner Cable 5,25% 2042 'B42'	24,664	0,13	
\$28,000,000 Time Warner Cable 5,75% 2031	29,794	0,15	
\$10,000,000 Time Warner Cable 5,875% 2040	6,510	0,03	
\$12,000,000 Time Warner Cable 6,55% 2037	8,356	0,04	
\$8,136,000 Transportadora de Gas del Perú 4,25% 2028	4,473	0,02	
£8,000,000 UBS Jersey Var. Rate 2024 (6,375%)	9,211	0,05	
€12,000,000 Unicredit 6,95% 2022	11,517	0,06	

# M&G Optimal Income Fund

## PORTFOLIO

### PORTFOLIO STATEMENT (continued)

as at 31 March 2014

Holding	Value £'000	31.03.14 %	30.09.13 %
<b>'BBB' credit rated bonds (continued)</b>			
€11.840.000 Unicredit Var. Rate 2025 (5,75%)	10.662	0,05	
€12.500.000 Uniqa Insurance Var. Rate 2043 (6,875%)	11.348	0,06	
\$8.000.000 United Business Media 5,75% 2020	5.155	0,03	
£7.500.000 United Business Media 6,5% 2016	8.281	0,04	
\$7.000.000 Verizon Communications 2,45% 2022	3.821	0,02	
\$5.000.000 Verizon Communications 2,5% 2016	3.112	0,02	
\$33.000.000 Verizon Communications 3,5% 2021	19.937	0,10	
\$12.000.000 Verizon Communications 4,15% 2024	7.294	0,04	
\$20.000.000 Verizon Communications 4,5% 2020	12.990	0,07	
\$20.164.000 Verizon Communications 4,6% 2021	13.113	0,07	
£31.204.000 Verizon Communications 4,75% 2034	31.119	0,16	
\$5.000.000 Verizon Communications 4,75% 2041	2.887	0,01	
\$10.000.000 Verizon Communications 5,15% 2023	6.561	0,03	
\$24.000.000 Verizon Communications 6% 2041	16.209	0,08	
\$5.000.000 Verizon Communications 6,25% 2037	3.457	0,02	
\$27.000.000 Verizon Communications 6,4% 2033	19.125	0,10	
\$18.500.000 Verizon Communications 6,4% 2038	12.980	0,07	
\$75.000.000 Verizon Communications 6,55% 2043	54.331	0,28	
\$45.000.000 Verizon Communications 6,9% 2038	33.285	0,17	
\$29.000.000 Verizon Communications 7,35% 2039	22.436	0,11	
\$31.500.000 Verizon Communications 7,75% 2030	24.795	0,13	
\$18.000.000 Verizon Communications 8,75% 2018	13.776	0,07	
\$400.000.000 Verizon Global Funding 5,15% 2023	262.445	1,34	
\$15.000.000 Verizon Global Funding 5,85% 2035	9.983	0,05	
\$2.000.000 Verizon Global Funding 7,75% 2032	1.582	0,01	
\$3.000.000 Verizon Maryland 5,125% 2033	1.833	0,01	
\$5.000.000 Verizon New England 7,875% 2029	3.694	0,02	
\$5.000.000 Verizon New York 7,375% 2032	3.593	0,02	
£4.000.000 Verizon Wireless Capital 8,875% 2018	5.096	0,03	
\$4.000.000 Viacom 4,25% 2023	2.467	0,01	
\$22.000.000 Viacom 4,875% 2043	12.594	0,06	
\$10.000.000 Viacom 5,85% 2043	6.569	0,03	
€42.307.000 Volkswagen International Finance Var. Rate Perp. (5,125%)	37.622	0,19	
€12.400.000 Volkswagen Var. Rate Perp. (4,625%)	10.325	0,05	
£7.500.000 Wales & West Utilities Finance Var. Rate 2036 (6,75%)	8.562	0,04	
€24.546.000 Watercraft Capital 5,756% 2034	19.425	0,10	
£7.500.000 Western Power Distribution 3,875% 2024	7.361	0,04	
£10.000.000 Western Power Distribution 5,25% 2023	10.934	0,06	
£19.000.000 Western Power Distribution 6% 2025	21.988	0,11	
\$8.500.000 WPP Finance 4,75% 2021	5.492	0,03	
\$30.000.000 WPP Finance 5,625% 2020	18.874	0,10	
£14.000.000 WPP Finance 6,375% 2020	16.540	0,08	
£21.945.000 WPP Group 6% 2017	24.313	0,12	
\$13.750.000 Wynn Las Vegas 5,375% 2022	8.606	0,04	
£12.000.000 Yorkshire Water Services Var. Rate 2025 (6%)	13.030	0,07	
\$5.500.000 Yum Brands 3,875% 2020	3.365	0,02	
<b>'BB' credit rated bonds</b>		<b>8,75</b>	<b>9,50</b>
£11.145.000 AA Bond Company 9,5% 2043	12.585	0,06	
\$16.000.000 Access Midstream 4,875% 2024	9.577	0,05	
\$5.000.000 ADT 6,25% 2021	3.087	0,02	
\$3.000.000 AES 7,375% 2021	2.050	0,01	
\$3.000.000 Alice Financing 7,875% 2019	1.959	0,01	
€2.700.000 Alice Financing 8% 2019	2.474	0,01	

### PORTFOLIO STATEMENT (continued)

as at 31 March 2014

Holding	Value £'000	31.03.14 %	30.09.13 %
<b>'BB' credit rated bonds (continued)</b>			
£12.500.000 Arrow Global Finance 7,875% 2020	13.559	0,07	
€26.946.605 AyT Hipotecario Mixto FRN 2041	19.348	0,10	
\$12.000.000 Ball 6,75% 2020	7.781	0,04	
\$4.700.000 Banco Bilbao Vizcaya Argentaria Var. Rate Perp. (5,919%)	2.803	0,01	
\$5.000.000 Bank of America Var. Rate Perp. (8,125%)	3.440	0,02	
£3.000.000 Bank of Scotland Capital Fund Var. Rate Perp. (8,117%)	3.096	0,02	
€6.250.000 Barry Callebaut Services 5,375% 2021	5.898	0,03	
\$12.500.000 Barry Callebaut Services 5,5% 2023	7.819	0,04	
\$5.000.000 Bombardier 5,75% 2022	3.012	0,02	
€17.000.000 Bombardier 6,125% 2021	15.176	0,08	
\$23.000.000 Bombardier 7,75% 2020	15.408	0,08	
£12.500.000 British Airways Var. Rate 2016 (8,75%)	14.149	0,07	
€3.545.000 Buzzi Unicem 6,25% 2018	3.312	0,02	
€4.000.000 Calcipar FRN 2014	3.299	0,02	
\$4.482.000 Calpine 7,5% 2021	2.935	0,01	
\$2.500.000 Case New Holland 7,875% 2017	1.756	0,01	
\$8.000.000 CCO Holdings Capital 6,5% 2021	5.087	0,03	
\$2.000.000 CenturyLink 5,625% 2020	1.259	0,01	
\$9.000.000 CenturyLink 5,8% 2022	5.485	0,03	
\$567.000 CenturyLink 6,15% 2019	364	0,00	
\$4.000.000 Centurylink 6,75% 2020	2.541	0,01	
\$22.000.000 CenturyLink 7,6% 2039	12.590	0,06	
\$5.000.000 Centurylink 7,65% 2042	2.823	0,01	
\$2.000.000 Cimarex Energy 5,875% 2022	1.304	0,01	
\$5.000.000 Citigroup Var. Rate Perp. (5,95%)	2.932	0,01	
€3.000.000 CNH Industrial Finance 5,25% 2015 (formerly Fiat Finance & Trade 5,25% 2015)	2.576	0,01	
€9.500.000 CNH Industrial Finance 6,25% 2018 (formerly Fiat Finance & Trade 6,25% 2018)	8.943	0,05	
\$10.000.000 Cogeco Cable 4,875% 2020	5.978	0,03	
€8.000.000 Commerzbank 6,375% 2019	7.595	0,04	
€3.300.000 Commerzbank 6,625% 2019	3.514	0,02	
€6.400.000 Commerzbank 7,75% 2021	6.293	0,03	
\$10.000.000 Commerzbank 8,125% 2023	6.869	0,04	
\$10.000.000 Concho Resources 5,5% 2023	6.193	0,03	
£24.000.000 CPUK Finance Var. Rate 2042 (11,625%)	26.960	0,14	
\$6.000.000 Crestwood Midstream Partners 6,125% 2022	3.767	0,02	
€14.000.000 Crown European Holdings 7,125% 2018	12.231	0,06	
€29.000.000 Crown Newco 7% 2018	30.565	0,16	
\$3.000.000 Denbury Resources 4,625% 2023	1.674	0,01	
\$7.100.000 Dufry Finance 5,5% 2020	4.447	0,02	
€15.000.000 EDP Finance 4,875% 2020	13.614	0,07	
\$6.667.000 EDP Finance 5,25% 2021	4.130	0,02	
£14.604.000 EDP Finance 6,625% 2017	16.112	0,08	
£5.050.000 EDP Finance 8,625% 2024	6.039	0,03	
\$5.000.000 Eksportfinans 2% 2015	2.974	0,02	
£11.768.000 Enel 6,625% 2076	12.133	0,06	
\$6.750.000 Enel 6,75% 2073	4.544	0,02	
€7.120.000 Enel Var. Rate 2072 (6,5%)	6.404	0,03	
£17.500.000 Enterprise Inns 6,375% 2031	16.572	0,08	
£11.884.000 Enterprise Inns 6,5% 2018	12.500	0,06	
€6.680.000 Enterprise Inns 6,875% 2021	6.963	0,04	
£4.500.000 Enterprise Inns 6,875% 2025	4.556	0,02	
£2.500.000 F&C Finance 9% 2016	2.848	0,01	
€7.000.000 Fiat Finance & Trade 7,375% 2018	6.629	0,03	
€12.555.000 Fiat Finance & Trade 7,75% 2016	11.599	0,06	
€12.000.000 FMC Finance 5,25% 2021	11.190	0,06	

# M&G Optimal Income Fund

## PORTFOLIO

### PORTFOLIO STATEMENT (continued)

as at 31 March 2014

Holding	Value £'000	31.03.14 %	30.09.13 %
<b>'BB' credit rated bonds (continued)</b>			
€10.000.000 FMC Finance 6,5% 2018	9.746	0,05	
€11.594.000 Fresenius Finance 4% 2024	9.973	0,05	
\$20.000.000 Fresenius Medical Care 5,625% 2019	12.903	0,07	
\$22.000.000 Fresenius Medical Care 5,75% 2021	14.094	0,07	
\$4.000.000 Fresenius Medical Care 6,5% 2018	2.692	0,01	
\$13.630.000 Fresenius Medical Care 6,875% 2017	9.274	0,05	
\$10.000.000 Fresenius US Finance 4,25% 2021	5.949	0,03	
\$25.500.000 Fresenius US Finance 9% 2015	16.777	0,09	
\$9.000.000 Frontier Communications 8,125% 2018	6.313	0,03	
\$4.000.000 Frontier Communications 8,5% 2020	2.777	0,01	
\$5.000.000 Frontier Communications 8,75% 2022	3.408	0,02	
\$3.000.000 Gestamp Funding Luxembourg 5,625% 2020	1.852	0,01	
€15.000.000 Gestamp Funding Luxembourg 5,875% 2020	13.230	0,07	
£31.000.000 GKN Holdings 5,375% 2022	33.785	0,17	
£30.900.000 GKN Holdings 6,75% 2019	35.913	0,18	
£4.515.000 Grainger 5% 2020	4.724	0,02	
€3.100.000 Greif Luxembourg Finance 7,375% 2021	3.016	0,02	
€5.702.000 Grupo Antolin Dutch 4,75% 2021	4.774	0,02	
€10.000.000 H.J. Heinz Finance 6,25% 2030	10.197	0,05	
€2.500.000 HBOS EURO Finance FRN Var. Rate Perp. (7,627%)	2.011	0,01	
\$42.500.000 HCA 6,5% 2020	28.504	0,15	
\$27.000.000 HCA 7,25% 2020	17.488	0,09	
\$5.000.000 HCA Holdings 4,75% 2023	2.965	0,02	
\$10.000.000 HCA Holdings 5% 2024	5.928	0,03	
\$5.518.000 Hungary (Republic of) 4% 2019	3.295	0,02	
\$7.620.000 Hungary (Republic of) 5,375% 2024	4.590	0,02	
€9.600.000 Iberdrola International Var. Rate Perp. (5,75%)	8.476	0,04	
\$4.545.000 Indonesia (Republic of) 5,875% 2024	2.932	0,01	
\$4.545.000 Indonesia (Republic of) 6,75% 2044	2.987	0,02	
\$7.500.000 Ineos Finance 7,5% 2020	4.934	0,03	
\$2.000.000 Inmarsat Finance 7,375% 2017	1.228	0,01	
\$5.000.000 Israel Electric 7,25% 2019	3.354	0,02	
€2.000.000 Jubilee FRN 2019	1.576	0,01	
£6.000.000 Kelda Finance No.3 5,75% 2020	6.092	0,03	
£8.000.000 KPN Var. Rate 2073 (6,875%)	8.267	0,04	
€10.258.000 Lafarge 4,75% 2020	9.197	0,05	
£9.000.000 Lafarge 6,625% 2017	9.987	0,05	
£33.500.000 Lafarge 10% 2017	40.012	0,20	
£18.558.000 LBG Capital No.1 7,5884% 2020	19.115	0,10	
£5.000.000 LBG Capital No.1 7,8673% 2019	5.150	0,03	
£7.507.000 LBG Capital No.1 7,975% 2024	7.845	0,04	
€4.330.000 LBG Capital No.1 FRN 2020	3.388	0,02	
\$15.000.000 LBG Capital No.1 Var. Rate Perp (8%)	9.666	0,05	
£10.000.000 LBG Capital No.2 7,869% 2020	10.400	0,05	
\$5.000.000 Lennar 12,25% 2017	3.860	0,02	
€20.000.000 Lloyds Bank Var. Rate Perp. (6,375%)	16.978	0,09	
£13.000.000 Lowell Group Financing 10,75% 2019	14.669	0,07	
€1.500.000 Ludgate Funding FRN 2061	977	0,00	
£7.500.000 Lynx I 6% 2021	7.938	0,04	
\$950.000 Meccanica Holdings 6,25% 2019	605	0,00	
\$8.633.000 Metalsa 4,9% 2023	4.836	0,02	
€5.304.000 MPT Operating Partnership 5,75% 2020	4.705	0,02	
£5.000.000 Nationwide Building Society 6,875% Perp.	5.037	0,03	

### PORTFOLIO STATEMENT (continued)

as at 31 March 2014

Holding	Value £'000	31.03.14 %	30.09.13 %
<b>'BB' credit rated bonds (continued)</b>			
€1.500.000 Newgate Funding FRN 2050	957	0,00	
€10.500.000 Nexans 5,75% 2017	9.486	0,05	
\$6.667.000 Office Depot de Mexico 6,875% 2020	4.189	0,02	
€10.000.000 OI European Group 4,875% 2021	8.863	0,05	
€21.500.000 OI European Group 6,75% 2020	21.006	0,11	
€3.065.000 Phoenix PIB Finance 9,625% 2014	2.600	0,01	
€1.351.000 Piaggio 7% 2016	1.176	0,01	
€4.821.000 Picard Groupe FRN 2019	4.078	0,02	
\$5.000.000 R.R. Donnelley & Sons 6,5% 2023	3.140	0,02	
\$3.000.000 Regency Energy Partners 5,875% 2022	1.866	0,01	
€4.000.000 Rexam Var. Rate 2067 (6,75%)	3.538	0,02	
€1.000.000 RMF FRN 2023	705	0,00	
\$7.000.000 Rosetta Resources 5,625% 2021	4.224	0,02	
\$7.000.000 Rosetta Resources 5,875% 2022	4.313	0,02	
€5.000.000 Royal Bank of Scotland 5,5% Perp.	3.728	0,02	
\$35.294.000 Royal Bank of Scotland 6,1% 2023	21.827	0,11	
\$18.000.000 Royal Bank of Scotland 6,125% 2022	11.298	0,06	
€10.000.000 Royal Bank of Scotland Var. Rate 2024 (3,625%)	8.179	0,04	
\$2.320.000 Royal Caribbean Cruises 7,5% 2027	1.554	0,01	
\$15.000.000 Sable International 8,75% 2020	10.119	0,05	
€12.000.000 Sappi Papier Holding 6,625% 2018	10.616	0,05	
\$5.000.000 Sappi Papier Holding 6,625% 2021	3.109	0,02	
\$2.000.000 Sappi Papier Holding 7,75% 2017	1.337	0,01	
\$17.000.000 Sappi Papier Holding 8,375% 2019	11.338	0,06	
\$3.750.000 Schaeffler Finance 7,75% 2017	2.557	0,01	
\$5.000.000 Sirius XM Radio 5,75% 2021	3.124	0,02	
€3.125.000 Smurfit Kappa Acquisitions 5,125% 2018	2.839	0,01	
€20.252.000 Smurfit Kappa Acquisitions 7,75% 2019	18.049	0,09	
€1.000.000 Smurfit Kappa Acquisitions FRN 2020	891	0,00	
£10.285.000 Southern Water (Greensands) Financing 8,5% 2019	11.159	0,06	
\$9.000.000 Sprint Capital 6,9% 2019	5.917	0,03	
\$16.762.000 Sprint Corporation 7,125% 2024	10.388	0,05	
\$24.000.000 Sprint Corporation 7,875% 2023	15.595	0,08	
\$13.500.000 Sprint Nextel 6% 2016	8.867	0,05	
\$3.667.000 Stora Enso 6,404% 2016	2.397	0,01	
\$10.500.000 Stora Enso 7,25% 2036	5.970	0,03	
€2.000.000 Suedzucker International Finance Var. Rate Perp. (5,25%)	1.703	0,01	
CHF31.000.000 Sunrise Communications International 5,625% 2017	21.914	0,11	
€13.000.000 Sunrise Communications International 7% 2017	11.405	0,06	
CHF25.500.000 Sunrise Communications International 7% 2017	18.385	0,09	
\$8.133.000 Taylor Morrison Communities 7,75% 2020	5.387	0,03	
€5.000.000 Telecom Italia 5,875% 2023	5.067	0,03	
£14.750.000 Telecom Italia 6,375% 2019	15.839	0,08	
€3.400.000 Telecom Italia 7,375% 2017	3.795	0,02	
\$1.625.000 Telecom Italia Capital 6,175% 2014	987	0,01	
€15.700.000 Telefonica (Europe) Var. Rate Perp. (6,5%)	13.899	0,07	
€22.500.000 Telefonica (Europe) Var. Rate Perp. (6,75%)	23.259	0,12	
\$2.000.000 T-Mobile USA 5,25% 2018	1.268	0,01	
\$3.500.000 T-Mobile USA 6,25% 2021	2.224	0,01	
\$6.000.000 T-Mobile USA 6,464% 2019	3.856	0,02	
\$30.233.000 T-Mobile USA 6,633% 2021	19.518	0,10	
€15.000.000 Unitymedia Hessen 5,125% 2023	13.119	0,07	
€11.000.000 Unitymedia Hessen 5,5% 2022	9.759	0,05	
\$10.000.000 Unitymedia Hessen 5,5% 2023	6.144	0,03	

# M&G Optimal Income Fund

## PORTFOLIO

### PORTFOLIO STATEMENT (continued)

as at 31 March 2014

Holding	Value £'000	31.03.14 %	30.09.13 %
<b>'BB' credit rated bonds (continued)</b>			
€5.455.000 Unitymedia Hessen 5,625% 2023	4.908	0,03	
€21.383.000 Unitymedia Hessen 5,75% 2023	19.167	0,10	
€44.000.000 Unitymedia Hessen 6,25% 2029	39.642	0,20	
€27.687.000 Unitymedia Hessen 7,5% 2019	24.899	0,13	
\$15.880.000 Unitymedia Hessen 7,5% 2019	10.352	0,05	
€22.000.000 UPCB Finance 7,625% 2020	19.570	0,10	
€28.000.000 UPCB Finance II 6,375% 2020	24.947	0,13	
\$2.500.000 UPCB Finance III 6,625% 2020	1.603	0,01	
\$10.000.000 UPCB Finance V 7,25% 2021	6.624	0,03	
£15.741.000 UPM-Kymmene 6,625% 2017	17.149	0,09	
\$7.000.000 UPM-Kymmene 7,45% 2027	4.532	0,02	
€10.000.000 Veolia Environnement Var. Rate Perp. (4,45%)	8.376	0,04	
€20.000.000 Veolia Environnement Var. Rate Perp. (4,85%)	19.775	0,10	
\$13.333.000 VideoTron 5,375% 2024	8.011	0,04	
\$40.000.000 Virgin Media Finance 5,5% 2025	24.033	0,12	
£21.200.000 Virgin Media Secured Finance 5,5% 2021	22.161	0,11	
£60.000.000 Virgin Media Secured Finance 7% 2018	61.950	0,32	
€3.900.000 Wendel 5,875% 2019	3.704	0,02	
€4.300.000 Wendel 6,75% 2018	4.152	0,02	
£17.000.000 William Hill 7,125% 2016	18.837	0,10	
€6.000.000 Wind Acquisition Finance 7,375% 2018	5.226	0,03	
€10.000.000 Wind Acquisition Finance 7,375% 2018 'SNR'	8.767	0,04	
<b>'B' credit rated bonds</b>		<b>4,60</b>	<b>5,65</b>
\$8.000.000 Abengoa 8,875% 2017	5.347	0,03	
€10.981.000 Abengoa Finance 6% 2021	9.167	0,05	
\$4.040.000 Agrokro 8,875% 2020	2.652	0,01	
€12.300.000 Agrokro 9,875% 2019	11.536	0,06	
CHF10.000.000 Aguila 7,875% 2018	7.193	0,04	
\$10.000.000 Aguila 7,875% 2018 '144A'	6.331	0,03	
\$2.533.000 Altice Financing 8,125% 2024	1.629	0,01	
€1.500.000 Altice Financing 9% 2023	1.405	0,01	
\$3.462.000 Aperam 7,75% 2018	2.184	0,01	
€24.525.000 Ardagh Packaging Finance 7,375% 2017 'BDS'	21.522	0,11	
€3.000.000 Ardagh Packaging Finance 7,375% 2017 'SNR'	2.644	0,01	
€14.000.000 Avis Budget Finance 6% 2021	12.296	0,06	
€23.000.000 Bakkavor Finance 8,25% 2018	24.512	0,13	
€9.656.000 Bakkavor Finance 8,75% 2020	10.758	0,05	
€16.000.000 Bank of Ireland 10% 2022	16.506	0,08	
€10.500.000 Belden 5,5% 2023	8.911	0,05	
£8.135.000 Bond Mission Critical Services FRN 2019	8.189	0,04	
€15.750.000 Boparan Finance 9,875% 2018	16.974	0,09	
£3.000.000 Cable & Wireless International Finance 8,625% 2019	3.463	0,02	
€2.691.000 Cable Comm Systems 7,5% 2023	2.360	0,01	
£5.000.000 Cabot Financial 6,5% 2021	4.997	0,03	
€10.000.000 Cabot Financial Luxembourg 10,375% 2019	11.438	0,06	
€9.000.000 Carlson Wagonlit 7,5% 2019	8.124	0,04	
€14.000.000 Catalent Pharma Solutions 9,75% 2017	11.868	0,06	
\$1.875.000 Cemex 5,875% 2019	1.167	0,01	
\$5.000.000 Cemex 9% 2018	3.267	0,02	
\$5.000.000 Cemex 9,5% 2018	3.459	0,02	

### PORTFOLIO STATEMENT (continued)

as at 31 March 2014

Holding	Value £'000	31.03.14 %	30.09.13 %
<b>'B' credit rated bonds (continued)</b>			
\$3.957.000 Cemex España Luxembourg 9,875% 2019	2.740	0,01	
€17.094.000 Cemex Finance 5,25% 2021	14.243	0,07	
\$17.076.000 Cemex Finance 9,375% 2022	12.015	0,06	
\$500.000 Chrysler 8% 2019	327	0,00	
€6.785.000 Ciech Group Financing 9,5% 2019	6.516	0,03	
\$4.461.000 Cincinnati Bell 8,375% 2020	2.925	0,01	
€23.948.000 Cirsa Funding Luxembourg 8,75% 2018	20.709	0,11	
\$4.742.000 Columbus International 7,375% 2021	2.913	0,01	
\$7.750.000 Community Health Systems 6,875% 2022	4.872	0,02	
\$4.500.000 Convatec Finance International 8,25% 2019	2.785	0,01	
€4.000.000 ConvaTec Healthcare 7,375% 2017	3.508	0,02	
€4.551.000 Creba European Lab 7% 2020	4.101	0,02	
€5.707.000 Deutsche Raststätten 6,75% 2020	5.163	0,03	
€20.504.000 Edcon 9,5% 2018	16.567	0,08	
\$3.380.000 Edcon 9,5% 2018	1.972	0,01	
£15.000.000 EDU UK Bond Company 8,875% 2018	15.610	0,08	
€2.304.000 Eileme 2 11,75% 2020	2.306	0,01	
£17.886.000 Elli Finance UK 8,75% 2019	19.889	0,10	
£11.295.000 Exova 10,5% 2018	12.241	0,06	
€6.000.000 Findus Bond Company 9,125% 2018	5.431	0,03	
\$15.000.000 First Data 6,75% 2020	9.666	0,05	
£16.000.000 Gala Group Finance 8,875% 2018	17.107	0,09	
€2.085.000 Guala Closures FRN 2019	1.748	0,01	
£4.000.000 House of Fraser Funding 8,875% 2018	4.345	0,02	
£10.000.000 HSS Financing 6,75% 2019	10.425	0,05	
€4.211.000 Huntsman International 5,125% 2021	3.605	0,02	
\$857.000 Huntsman International 8,625% 2020	564	0,00	
\$2.273.000 Huntsman International 8,625% 2021	1.530	0,01	
€11.745.000 Inaer Aviation Finance 9,5% 2017	10.391	0,05	
€17.000.000 Ineos Group 5,75% 2019	14.429	0,07	
\$3.000.000 Ineos Group 5,875% 2019	1.834	0,01	
\$4.000.000 Ineos Group 6,125% 2018	2.388	0,01	
\$5.000.000 Intelsat Jackson 7,25% 2020	3.243	0,02	
\$4.000.000 Intelsat Luxembourg 7,75% 2021	3	0,00	
€17.000.000 Intergen 7,5% 2021	17.884	0,09	
€11.610.000 Iron Mountain 6,75% 2018	9.722	0,05	
\$1.500.000 Iron Mountain 7,75% 2019	994	0,01	
\$4.444.000 KB Home 7% 2021	2.857	0,01	
€25.000.000 Kerling 10,625% 2017	22.051	0,11	
€1.423.000 Kerneos Technology Group FRN 2021	1.192	0,01	
€5.000.000 KM Germany Holdings 8,75% 2020	4.642	0,02	
€2.000.000 La Financiere Atalian 7,25% 2020	1.767	0,01	
€1.935.000 Lecta 8,875% 2019	1.574	0,01	
€5.000.000 Magnolia 9% 2020	4.342	0,02	
€5.000.000 Magnolia Finance Var. Rate Perp (MOL Hungarian Oil and Gas) (4%) <sup>[a]</sup>	3.895	0,02	
£4.500.000 Matalan Finance 8,875% 2016	4.615	0,02	
CHF32.975.000 Matterhorn Mobile 6,75% 2019	24.140	0,12	
CHF666.667 Matterhorn Mobile FRN 2019	458	0,00	
€3.719.000 Medi-Partenaires 7% 2020	3.253	0,02	
€2.727.273 Mobile Challenger 8,75% 2019	2.345	0,01	
CHF5.000.000 Mobile Challenger 8,75% 2019	3.523	0,02	
€2.020.000 Nara Cable Funding 8,875% 2018	1.823	0,01	
\$19.574.000 Nara Cable Funding 8,875% 2018	12.819	0,07	
\$5.000.000 Nara Cable Funding 8,875% 2018 '144A'	3.275	0,02	
€8.000.000 Nara Cable Funding II 8,5% 2020	8.005	0,04	
€2.930.000 Ono Finance II 11,125% 2019	2.727	0,01	
€17.400.000 Ontex 7,5% 2018	15.066	0,08	



# M&G Optimal Income Fund

## PORTFOLIO

### PORTFOLIO STATEMENT (continued)

as at 31 March 2014

Holding	Value £'000	31.03.14 %	30.09.13 %
<b>'B' credit rated bonds (continued)</b>			
€2.000.000 Ontex FRN 2018	1.656	0,01	
€5.500.000 Phones4u Finance 9,5% 2018	5.772	0,03	
€2.915.000 Pipe Holdings 9,5% 2015	3.039	0,02	
€13.410.000 Play Finance 2 5,25% 2019	11.342	0,06	
€5.787.000 Play Finance 2 6,5% 2019	5.011	0,03	
€5.340.000 Polish Television Holding 11% 2021	4.958	0,03	
€4.205.000 Portaventura Entertainment 7,25% 2020	3.687	0,02	
€10.000.000 Refresco Group 7,375% 2018	8.707	0,04	
\$29.000.000 Reynolds Group 5,75% 2020	18.224	0,09	
€13.235.000 S&B Minerals Finance 9,25% 2020	12.296	0,06	
€5.000.000 Schaeffler Holding 6,875% 2018	4.407	0,02	
\$4.000.000 Shea Homes Funding 8,625% 2019	2.650	0,01	
€8.000.000 Sisal Holding Istituto di Pagamento 7,25% 2017	6.815	0,03	
\$10.000.000 Sri Lanka (Republic of) 6% 2019	6.294	0,03	
\$1.500.000 Standard Pacific 8,375% 2018	1.065	0,01	
€12.000.000 Styrolution Group 7,625% 2016	10.303	0,05	
\$1.000.000 Taminco Global Chemical 9,75% 2020	677	0,00	
€5.715.000 Techem 6,125% 2019	5.164	0,03	
€9.000.000 Telenet Finance 6,375% 2020	8.042	0,04	
€9.000.000 Telenet Finance III 6,625% 2021	8.073	0,04	
€15.000.000 Telenet Finance V 6,25% 2022	13.597	0,07	
€12.780.000 Telenet Finance V 6,75% 2024	11.706	0,06	
\$5.000.000 Tenet Healthcare 4,375% 2021	2.896	0,01	
\$2.500.000 Tenet Healthcare 4,5% 2021	1.448	0,01	
\$7.000.000 Tenet Healthcare 4,75% 2020	4.223	0,02	
\$1.909.000 Tenet Healthcare 6% 2020	1.227	0,01	
€5.310.000 Trionista Holdco 5% 2020	4.604	0,02	
€3.454.000 Trionista Topco 6,875% 2021	3.110	0,02	
€7.895.000 TVN Finance III 7,375% 2020	7.169	0,04	
€1.586.000 TVN Finance III 7,875% 2018	1.389	0,01	
€7.952.000 Unilabs (Subholding) 8,5% 2018	6.975	0,04	
€6.000.000 Unitymedia Kabel 9,5% 2021	5.745	0,03	
€10.400.000 Unitymedia Kabel 9,625% 2019	9.419	0,05	
€6.000.000 UPC Holding 6,375% 2022	5.329	0,03	
CHF12.500.000 UPC Holding 6,75% 2023	9.284	0,05	
\$9.375.000 Valeant Pharmaceuticals 5,625% 2021	5.914	0,03	
€2.600.000 Verisure Holding 8,75% 2018	2.341	0,01	
€2.786.000 Verisure Holding FRN 2018	2.368	0,01	
€21.000.000 Virgin Media Finance 5,125% 2022	19.346	0,10	
€6.877.000 Virgin Media Finance 8,875% 2019	7.402	0,04	
€6.058.000 Vougeot Bidco 7,875% 2020	6.617	0,03	
\$14.026.000 VTR Finance 6,875% 2024	8.721	0,04	
€2.983.000 Wepa Hygieneprodukte 6,5% 2020	2.698	0,01	
\$7.330.000 Windstream 7,5% 2023	4.610	0,02	
\$1.000.000 Windstream 7,75% 2020	646	0,00	
\$20.700.000 Windstream 7,875% 2017	14.179	0,07	
€3.665.000 Xefin Lux 8% 2018	3.248	0,02	
<b>'CCC' credit rated bonds</b>		<b>0,44</b>	<b>0,53</b>
\$10.000.000 Alcatel Lucent 8,875% 2020	6.494	0,03	
€11.000.000 Ardagh Glass Finance 7,125% 2017	9.293	0,05	
€11.000.000 Ardagh Glass Finance 8,75% 2020	9.810	0,05	
\$1.935.000 Beverage Packaging 6% 2017	1.199	0,01	
€4.000.000 CMA CGM 8,875% 2019	3.333	0,02	
€2.053.000 Edcon 13,375% 2019	1.534	0,01	
€2.000.000 Gala Electric Casinos 11,5% 2019	2.180	0,01	
\$5.333.000 Halcon Resources 9,75% 2020	3.437	0,02	
€500.000 Leopard CLO5 FRN 2023	240	0,00	

### PORTFOLIO STATEMENT (continued)

as at 31 March 2014

Holding	Value £'000	31.03.14 %	30.09.13 %
<b>'CCC' credit rated bonds (continued)</b>			
€8.135.000 Matterhorn Mobile Holdings 8,25% 2020	7.429	0,04	
€4.000.000 New World Resources 7,875% 2018	2.090	0,01	
€21.300.000 Norcell Sweden Holding 10,75% 2019	20.059	0,10	
£1.875.000 Phosphorus Holdco 10% 2019	1.800	0,01	
€4.248.366 R&R Ice Cream 9,25% 2018	3.606	0,02	
\$9.200.000 Reynolds Group 9% 2019	5.915	0,03	
€6.000.000 Stork Technical Services Holdings 11% 2017	5.248	0,03	
<b>'CC' credit rated bonds</b>		<b>0,00</b>	<b>0,06</b>
<b>'D' credit rated bonds</b>			
€9.470.000 Codere Finance Luxembourg 8,25% 2015	3.585	0,02	
\$20.000.000 Codere Finance Luxembourg 9,25% 2019	5.408	0,03	
<b>Bonds with no credit rating</b>		<b>6,08</b>	<b>6,22</b>
€16.000.000 Abengoa 4,5% 2017 (Abengoa) [a]	14.047	0,07	
\$10.000.000 Abengoa Finance 7,75% 2020	6.459	0,03	
£3.000.000 Aggregate Industries 7,25% 2016	3.324	0,02	
£14.001.513 Alba FRN 2042	14.324	0,07	
\$43.500.000 American Tower Trust 3,07% 2048	25.005	0,13	
£15.000.000 Anglian Water (Osprey) Finance 7% 2018	16.021	0,08	
£1.500.000 Annington Repackaging No.1 5,3236% 2023	1.653	0,01	
\$5.715.000 Aquarius & Investments 8,25% IL Perp.	3.810	0,02	
£4.200.000 Arqiva Broadcast Finance 9,5% 2020	4.782	0,02	
£14.085.000 Arran Residential Mtg Fund 1 FRN 2047	14.311	0,07	
€4.762.000 ATON 3,875% 2018	4.000	0,02	
£5.000.000 BAE Systems 10,75% 2014	5.296	0,03	
€10.000.000 Banco Bilbao Vizcaya Argentaria 3,5% 2017	8.946	0,05	
\$5.000.000 Banco Bilbao Vizcaya Argentaria 9% Perp.	3.260	0,02	
€17.100.000 Banco Santander 6,25% Perp.	13.964	0,07	
€10.000.000 Bank of Ireland 10% 2016	9.099	0,05	
€9.000.000 Bank of Ireland Mortgage Bank 2,75% 2018	7.832	0,04	
€10.596.000 Bank of Ireland Mortgage Bank 3,125% 2015	9.070	0,05	
€5.808.000 Bank of Ireland Mortgage Bank 3,625% 2020	5.289	0,03	
£2.000.000 Barclays Bank 9,5% 2021	2.547	0,01	
€4.200.000 BBVA 7% Perp.	3.512	0,02	
€23.347.060 Berica PMI FRN 2057	19.640	0,10	
£500.000 Birmingham Airport 6,25% 2021	544	0,00	
£3.000.000 British Land 1,5% 2017 (British Land) [a]	3.434	0,02	
£550.000 British Land 5,264% 2035	545	0,00	
£1.800.000 British Land 5,357% 2028 (Bearer)	1.869	0,01	
£18.225.000 Brixton 6% 2019	20.929	0,11	
£4.500.000 BUPA Finance 7,5% 2016	5.051	0,03	
€3.800.000 Bureau Veritas 3,125% 2021	3.234	0,02	
€11.600.000 Caixa Geral de Depósitos 3% 2019	9.969	0,05	
€2.593.000 Carlsberg Breweries 7,25% 2016	2.942	0,02	
€10.000.000 Carlyle Global Market Strategies FRN 2200	8.268	0,04	
£1.000.000 Cheltenham & Gloucester 11,75% Perp.	1.565	0,01	
£8.000.000 Close Brothers Group 6,5% 2017	8.689	0,04	
\$3.000.000 Corda Var. Rate 2027	1.803	0,01	
€8.567.000 Corda Var. Rate 2027	7.081	0,04	
£1.000.000 Coventry Building Society 6% 2019	1.152	0,01	
\$15.000.000 Credit Suisse Guernsey Var. Rate 2041 (7,875%)	9.770	0,05	
€13.286.000 Credito Emiliano 3,25% 2020	11.765	0,06	

# M&G Optimal Income Fund

## PORTFOLIO

### PORTFOLIO STATEMENT (continued)

as at 31 March 2014

Holding	Value £'000	31.03.14 %	30.09.13 %
<b>Bonds with no credit rating (continued)</b>			
€3.600.000 Davide Campari-Milano 4,5% 2019	3.208	0,02	
€8.500.000 Davide Campari-Milano 5,375% 2016	7.629	0,04	
€1.528.639 Eirles Two FRN 2020	1.274	0,01	
€3.631.000 EP Energy 4,375% 2018	3.139	0,02	
€5.000.000 FCE Bank 3,25% 2020	4.963	0,03	
€1.250.000 First Hydro Finance 9% 2021	1.637	0,01	
€3.649.754 Florentia FRN 2024 'A'	3.051	0,02	
€1.425.492 Florentia FRN 2024 'B'	1.208	0,01	
€1.068.940 Florentia FRN 2024 'C'	917	0,00	
€299.353 Florentia FRN 2024 'D'	258	0,00	
€299.353 Florentia FRN 2024 'E'	265	0,00	
€36.722.544 German Residential Funding FRN 2024 'FDG13-1A'	30.878	0,16	
€6.947.509 German Residential Funding FRN 2024 'FDG13-1B'	5.839	0,03	
€5.955.007 German Residential Funding FRN 2024 'FDG13-1C'	4.996	0,03	
€7.940.009 German Residential Funding FRN 2024 'FDG13-1D'	6.784	0,03	
€3.970.005 German Residential Funding FRN 2024 'FDG13-1E'	3.398	0,02	
€6.175.193 German Residential Funding FRN 2024 'FDG13-2A'	5.155	0,03	
€1.996.183 German Residential Funding FRN 2024 'FDG13-2B'	1.665	0,01	
€1.497.137 German Residential Funding FRN 2024 'FDG13-2C'	1.256	0,01	
€1.151.798 German Residential Funding FRN 2024 'FDG13-2D'	973	0,00	
€499.046 German Residential Funding FRN 2024 'FDG13-2E'	424	0,00	
€998.092 German Residential Funding FRN 2024 'FDG13-2F'	854	0,00	
£2.814.953 Gosforth Funding FRN 2049 'A1'	2.816	0,01	
£16.849.000 Gosforth Funding FRN 2049 'A2'	16.961	0,09	
£7.692.000 Grosvenor Place FRN 2026	6.369	0,03	
£2.500.000 Hammerson 6% 2026	2.893	0,01	
£5.000.000 Hammerson 6,875% 2020	5.925	0,03	
£2.000.000 Hammerson 7,25% 2028	2.557	0,01	
£15.000.000 Heathrow Finance 5,375% 2019	15.606	0,08	
£25.000.000 Heathrow Finance 7,125% 2017	27.564	0,14	
€5.000.000 HeidelbergCement 7,5% 2020	5.135	0,03	
€6.050.000 HeidelbergCement 9,5% 2018	6.522	0,03	
€2.978.528 Hipoccat 5 FRN 2033	2.300	0,01	
€836.247 IM Caja Laboral FRN 2049	625	0,00	
€2.600.000 Imerys 2,5% 2020	2.176	0,01	
£6.666.000 Infinis 7% 2019	7.233	0,04	
£13.100.000 INTU Jersey 2,5% 2018	13.522	0,07	
£3.204.000 Investec Bank 9,625% 2022	3.603	0,02	
£1.500.000 John Lewis 6,125% 2025	1.740	0,01	
£26.000.000 John Lewis 8,375% 2019	32.152	0,16	
£42.000.000 Lloyds Bank 5,125% 2025	47.536	0,24	
£21.000.000 Lloyds Bank 6% 2029	25.814	0,13	
£4.000.000 Lloyds Bank FRN 2016	3.956	0,02	
£20.000.000 Lloyds Bank FRN 2017	19.989	0,10	
€5.000.000 Louis Dreyfus Commodities 3,875% 2018	4.270	0,02	
£8.812.000 Manchester Airport Funding 4,75% 2034	8.808	0,05	
€2.882.000 Mediaset 5,125% 2019	2.536	0,01	
£3.478.000 Midland Heart Capital 5,087% 2044	3.803	0,02	
£20.000.000 National Express 6,25% 2017	21.996	0,11	

### PORTFOLIO STATEMENT (continued)

as at 31 March 2014

Holding	Value £'000	31.03.14 %	30.09.13 %
<b>Bonds with no credit rating (continued)</b>			
£12.000.000 National Express 6,625% 2020	13.985	0,07	
£6.000.000 Nationwide Building Society 8,625% 2018	7.050	0,04	
€7.500.000 Obrascón Huarte Lain 4,75% 2022	6.254	0,03	
€11.000.000 Obrascón Huarte Lain 7,375% 2015	9.684	0,05	
€7.000.000 Obrascón Huarte Lain 7,625% 2020	6.517	0,03	
£36.000.000 Old Mutual 8% 2021	39.384	0,20	
£20.000.000 Pennon Group Var. Rate Perp. (6,75%)	21.138	0,11	
£1.650.000 Portugal (Republic of) 9% 2016	1.864	0,01	
€6.705.000 Prologis 3,375% 2024	5.675	0,03	
£7.000.000 QED Finance 6,5% 2020	7.462	0,04	
€10.000.000 Rabobank FRN Perp.	8.859	0,05	
€10.000.000 Richmond Park FRN 2027	8.268	0,04	
£10.000.000 Romulus Finance 5,441% 2023	10.752	0,05	
£9.000.000 Safeway 6% 2017	9.715	0,05	
£5.000.000 Sandown Gold FRN 2039	5.108	0,03	
£1.800.000 Segro 5,25% 2015	1.893	0,01	
£8.953.000 Segro 5,5% 2018	9.889	0,05	
£17.800.000 Segro 5,625% 2020	20.043	0,10	
£14.600.000 Segro 6,75% 2021	17.483	0,09	
£2.250.000 Segro 6,75% 2024	2.731	0,01	
£2.800.000 Segro 7% 2022	3.405	0,02	
€7.500.000 Suez Environnement Var. Rate Perp. (4,82%)	6.358	0,03	
€7.835.000 Symrise 4,125% 2017	7.055	0,04	
€39.696.695 Taurus 2013 (GMF1) FRN 2024 'A'	33.224	0,17	
€4.962.087 Taurus 2013 (GMF1) FRN 2024 'B'	4.135	0,02	
€4.066.926 Taurus 2013 (GMF1) FRN 2024 'C'	3.409	0,02	
€3.374.219 Taurus 2013 (GMF1) FRN 2024 'D'	2.821	0,01	
€1.679.653 TDA-14 Mixto FRN 2030	1.350	0,01	
€989.442 TDA-18 Mixto FRN 2045	776	0,00	
£27.000.000 Thames Water (Kemble) Finance 7,75% 2019	29.128	0,15	
£10.381.487 THRONES Mortgages FRN 2044 'A'	10.441	0,05	
£10.000.000 Transport for London 4% 2064	9.758	0,05	
£40.350.000 Treasury War Loan 3,5% Perp.	32.888	0,17	
€3.373.983 Truvo Subsidiary 8,5% 2014	56	0,00	
£5.365.000 UBS Jersey 8,75% 2025	7.459	0,04	
\$11.250.000 UniCredit SPA 8% 2049	6.835	0,03	
€12.445.000 Unione di Banche 3,125% 2020	10.906	0,06	
€5.600.000 Unione di Banche 3,125% 2024	4.819	0,02	
€2.600.000 Unione di Banche 5,25% 2021	2.569	0,01	
€6.755.792 Valencia Hipotecario 2 FRN 2043	5.115	0,03	
€7.981.946 Valencia Hipotecario 3 FRN 2044	6.035	0,03	
£42.000.000 Virgin Media Secured Finance 5,5% 2025	42.240	0,22	
£17.143.000 Virgin Media Secured Finance 6,25% 2029	17.581	0,09	
€5.442.000 Viridian Group Funding 11,125% 2017	5.029	0,03	
\$17.000.000 Viridian Group Funding 11,125% 2017	11.261	0,06	
€1.000.000 Wereldhave 2,875% 2015 (Wereldhave) <sup>[a]</sup>	853	0,00	
£16.000.000 WM Morrison Supermarkets 3,5% 2026	14.650	0,07	
£10.000.000 WM Morrison Supermarkets 4,625% 2023	10.008	0,05	
€4.800.000 Ziggo 8% 2018	4.254	0,02	
<b>Forward currency contracts</b>		<b>(0,31)</b>	<b>0,70</b>
€283.675.213 Bought for £236.129.864 (expires 16.04.14)	(927)	(0,01)	
€(1.150.864.695) Sold for £955.426.632 (expires 16.04.14)	1.215	0,01	
€15.991.780.605 Bought for £13.375.283.632 (expires 23.04.14)	(115.584)	(0,59)	
€(332.342) Sold for £277.836 (expires 23.04.14)	2	0,00	

# M&G Optimal Income Fund

## PORTFOLIO

### PORTFOLIO STATEMENT (continued)

as at 31 March 2014

Holding	Value £'000	31.03.14 %	30.09.13 %
<b>Forward currency contracts (continued)</b>			
€(1.712.483.820) Sold for £1.423.012.890 (expires 21.05.14)	2.863	0,01	
€(3.502.101) Sold for £2.903.461 (expires 30.05.14)	0	0,00	
€(1.533.856.930) Sold for £1.280.254.242 (expires 25.06.14)	7.946	0,04	
CHF47.037.254 Bought for £32.265.267 (expires 16.04.14)	(272)	0,00	
CHF(298.058.007) Sold for £204.175.126 (expires 16.04.14)	1.445	0,01	
CHF71.461.437 Bought for £49.162.082 (expires 23.04.14)	(551)	0,00	
CHF(1.115.964) Sold for £767.026 (expires 23.04.14)	8	0,00	
\$229.870.711 Bought for £138.047.856 (expires 16.04.14)	81	0,00	
\$(2.923.735.265) Sold for £1.785.999.022 (expires 16.04.14)	29.129	0,15	
\$1.666.122.886 Bought for £1.003.400.768 (expires 23.04.14)	(2.179)	(0,01)	
\$(2.953.656) Sold for £1.788.834 (expires 23.04.14)	14	0,00	
\$(1.982.851.327) Sold for £1.205.961.484 (expires 21.05.14)	14.161	0,07	
\$(1.760.768.145) Sold for £1.059.830.359 (expires 25.06.14)	1.232	0,01	
		<b>0,03</b>	<b>(0,31)</b>
<b>Interest rate futures contracts</b>			
(400) 10 Year Japan Govt. Bond Jun 2014	480	0,00	
(10.100) 10 Year US Treasury Note Jun 2014	7.415	0,04	
(4.500) German Euro Bobl Jun 2014	(72)	0,00	
(5.000) German Euro Bund Jun 2014	(1.235)	(0,01)	
(100) German Euro Buxl Jun 2014	(9)	0,00	
(10.000) German Euro Schatz Jun 2014	1.103	0,01	
(14.150) UK Long Gilt Bond Jun 2014	(2.248)	(0,01)	
		<b>1,07</b>	<b>0,87</b>
<b>Credit default swaps</b>			
\$10.000.000 21st Century Fox America Sep 2016	(130)	0,00	
€(10.000.000) Aegon Dec 2017	89	0,00	
€(10.000.000) Aegon Mar 2018	80	0,00	
€10.000.000 AstraZeneca Jun 2017	(216)	0,00	
€10.000.000 AstraZeneca Sep 2021	(234)	0,00	
€(10.000.000) BNP Paribas Dec 2017 Series B5A	663	0,00	
€(10.000.000) BNP Paribas Dec 2017 Series C3A	663	0,00	
€(10.000.000) BNP Paribas Dec 2019	74	0,00	
\$50.000.000 Brazil (Federal Republic of) Jun 2016	(185)	0,00	
\$25.000.000 Brazil (Federal Republic of) Sep 2016	(57)	0,00	
\$20.000.000 Brazil (Federal Republic of) Sep 2016 Series 3119	(46)	0,00	
\$25.000.000 Brazil (Federal Republic of) Sep 2016 Series 3249	(57)	0,00	
\$20.000.000 Brazil (Federal Republic of) Jun 2017	35	0,00	
\$10.000.000 Brazil (Federal Republic of) Jun 2018	92	0,00	
€3.000.000 Daimler Jun 2018	(41)	0,00	
€(10.000.000) Electricité de France Jun 2023	18	0,00	
€(15.000.000) Fiat Jun 2017	1.291	0,01	
\$(10.000.000) General Electric Capital Sep 2016	95	0,00	
\$(10.000.000) General Electric Capital Dec 2017	122	0,00	
\$(20.000.000) General Electric Capital Mar 2023	21	0,00	
\$(10.000.000) General Electric Capital Jun 2023	4	0,00	
\$(25.000.000) General Electric Capital Mar 2024	(39)	0,00	
€(10.000.000) Heathrow Funding Jun 2018	114	0,00	
€(10.000.000) Heathrow Funding Dec 2022	(179)	0,00	
€(20.000.000) Holcim Mar 2024	(1.108)	(0,01)	

### PORTFOLIO STATEMENT (continued)

as at 31 March 2014

Holding	Value £'000	31.03.14 %	30.09.13 %
<b>Credit default swaps (continued)</b>			
€30.000.000 Imperial Tobacco Jun 2018	(406)	0,00	
€(5.000.000) International Consolidated Air Jun 2017	528	0,00	
€(10.000.000) Koninklijke Dec 2017	46	0,00	
€(10.000.000) Lloyds Bank Dec 2017	1.259	0,01	
€(10.000.000) Lloyds Bank Jun 2018 Series 53A	1.376	0,01	
€(10.000.000) Lloyds Bank Jun 2018 Series B5A	1.376	0,01	
\$(96.000.000) Markit CDX North American High Yield Series 16 5 Year Jun 2016	4.181	0,02	
\$(604.800.000) Markit CDX North American High Yield Series 17 5 Year Dec 2016	27.317	0,14	
\$(148.500.000) Markit CDX North American High Yield Series 18 5 Year Jun 2017	7.416	0,04	
\$(650.000.000) Markit CDX North American High Yield Series 19 5 Year Dec 2017	34.120	0,18	
\$(1.125.000.000) Markit CDX North American High Yield Series 20 5 Year Jun 2018	59.207	0,30	
\$(350.000.000) Markit CDX North American High Yield Series 21 5 Year Dec 2018	16.692	0,09	
€(500.000.000) Markit iTraxx Europe Series 20 5 Year Dec 2018	6.192	0,03	
€(30.000.000) Markit iTraxx Europe Sub Fin Series 19 5 Year Jun 2018	4.024	0,02	
€(196.000.000) Markit iTraxx Europe Xover Series 19 5 Year Jun 2018	19.800	0,10	
€(150.000.000) Markit iTraxx Europe Xover Series 20 5 Year Dec 2018	14.550	0,07	
€(50.000.000) Markit iTraxx Europe Xover Series 21 5 Year Jun 2019	4.069	0,02	
\$20.000.000 Markit iTraxx Sovereign Series 4 5 Year Dec 2015	127	0,00	
€10.000.000 Marks & Spencer Mar 2016	(87)	0,00	
€2.000.000 Mediobanca Jun 2018	38	0,00	
\$(20.000.000) MetLife Sep 2015	145	0,00	
\$20.000.000 Rio Tinto Sep 2017	(158)	0,00	
€(40.000.000) Royal Bank of Scotland Jun 2018	4.770	0,02	
€30.000.000 RWE Dec 2015	(316)	0,00	
€10.000.000 Sanofi Sep 2021	(292)	0,00	
€(10.000.000) Société Générale Dec 2017	1.168	0,01	
€(5.000.000) Swedbank Mar 2017	265	0,00	
€(6.000.000) Techem Mar 2019	506	0,00	
€2.000.000 Telecom Italia Mar 2018	57	0,00	
€(20.000.000) Telefónica Mar 2019	(203)	0,00	
\$75.000.000 Turkey (Republic of) Jun 2016	497	0,00	
\$25.000.000 Turkey (Republic of) Sep 2016	176	0,00	
\$10.000.000 Turkey (Republic of) Jun 2017	121	0,00	
€(10.000.000) Volkswagen Jun 2023	136	0,00	
		<b>0,98</b>	<b>0,50</b>
<b>'AAA' rated money market funds <sup>[b]</sup></b>			
191.013.000 Northern Trust Global Fund - Sterling	191.013	0,98	
<b>Portfolio of investments</b>	<b>19.129.740</b>	<b>97,77</b>	<b>98,53</b>
<b>Net other assets</b>	<b>436.356</b>	<b>2,23</b>	<b>1,47</b>
<b>Net assets attributable to shareholders</b>	<b>19.566.096</b>	<b>100,00</b>	<b>100,00</b>
<i>[a] The underlying stock for each convertible bond is shown in brackets.</i>			
<i>[b] Uncommitted surplus cash is placed into 'AAA' rated money market funds with the aim of reducing counterparty risk.</i>			
	<b>Value £'000</b>	<b>31.03.14 %</b>	<b>30.09.13 %</b>
<b>Asset class split</b>			
Equities	1.401.359	7,16	11,92
Bonds	17.574.598	89,82	85,35
Forward currency contracts	(61.417)	(0,31)	0,70
Interest rate futures contracts	5.434	0,03	(0,31)
Credit default swaps	209.766	1,07	0,87
Net other assets	436.356	2,23	1,47
<b>Net assets attributable to shareholders</b>	<b>19.566.096</b>	<b>100,00</b>	<b>100,00</b>

# M&G Optimal Income Fund

## PORTFOLIO

### COUNTERPARTY EXPOSURE

Counterparty	Financial derivative exposure			Total as at 31.03.14 £'000
	Credit default swaps £'000	Forward currency contracts £'000	Futures £'000	
Barclays Bank	5.710	0	0	5.710
BNP Paribas	4.954	0	0	4.954
Citigroup	0	0	0	0
Credit Suisse	83.171	0	0	83.171
Deutsche Bank	38.991	0	0	38.991
Goldman Sachs	18.897	0	0	18.897
HSBC	0	0	0	0
J.P.Morgan	58.302	0	0	58.302
Royal Bank of Scotland	57	0	5.434	5.491
State Street Bank	0	(61.417)	0	(61.417)
UBS	(316)	0	0	(316)
<b>Total</b>	<b>209.766</b>	<b>(61.417)</b>	<b>5.434</b>	<b>153.783</b>

### PORTFOLIO TRANSACTIONS

for the six months ended 31 March 2014

Largest purchases	£'000
UK Long Gilt Mar 2014 <sup>[a]</sup>	1,508,713
UK Long Gilt Dec 2013 <sup>[a]</sup>	1,245,035
German Euro Schatz Mar 2014 <sup>[a]</sup>	912,119
10 Year US Treasury Note Dec 2013 <sup>[a]</sup>	888,207
10 Year US Treasury Note Mar 2014 <sup>[a]</sup>	780,882
Treasury 2,75% 2015 (£)	637,969
German Euro Bund Mar 2014 <sup>[a]</sup>	586,415
Treasury 5% 2025 (£)	486,715
German Euro Bobl Mar 2014 <sup>[a]</sup>	467,982
German Euro Bund Dec 2013 <sup>[a]</sup>	429,653
German Euro Bobl Dec 2013 <sup>[a]</sup>	416,460
Treasury 1,75% 2019 (£)	395,942
10 Year Japan Govt. Bond Dec 2013 <sup>[a]</sup>	368,162
Treasury 4,75% 2020 (£)	345,550
10 Year Japan Govt. Bond Mar 2014 <sup>[a]</sup>	341,166
German Euro Schatz Dec 2013 <sup>[a]</sup>	326,209
Treasury 4,5% 2019 (£)	304,264
Treasury 5% 2014 (£)	263,653
Treasury 2,25% 2014 (£)	201,423
Verizon Communications 5,15% 2023 (\$)	149,859
Northern Trust Global Fund - Sterling <sup>[b]</sup>	1,758,889
Other purchases	4,406,832
<b>Total purchases</b>	<b>17,222,099</b>

Largest sales	£'000
UK Long Gilt Jun 2014 <sup>[a]</sup>	1,542,020
UK Long Gilt Mar 2014 <sup>[a]</sup>	1,508,696
German Euro Schatz Mar 2014 <sup>[a]</sup>	912,115
German Euro Schatz Jun 2014 <sup>[a]</sup>	911,134
10 Year US Treasury Note Mar 2014 <sup>[a]</sup>	780,868
10 Year US Treasury Note Jun 2014 <sup>[a]</sup>	751,429
German Euro Bund Jun 2014 <sup>[a]</sup>	588,580
German Euro Bund Mar 2014 <sup>[a]</sup>	586,413
German Euro Bobl Mar 2014 <sup>[a]</sup>	467,955
German Euro Bobl Jun 2014 <sup>[a]</sup>	464,664
5 Year US Treasury Note Dec 2013 <sup>[a]</sup>	376,250
10 Year Japan Govt. Bond Mar 2014 <sup>[a]</sup>	341,166
10 Year Japan Govt. Bond Jun 2014 <sup>[a]</sup>	337,090
Treasury 3,25% 2044 (£)	299,632
Treasury 2,25% 2014 (£)	250,384
Treasury 5% 2025 (£)	180,234
Treasury 2,25% 2023 (£)	132,929
5 Year US Treasury Note Mar 2014 <sup>[a]</sup>	126,529
5 Year US Treasury Note Jun 2014 <sup>[a]</sup>	125,952
Treasury 1,75% 2017 (£)	102,253
Northern Trust Global Fund - Sterling <sup>[b]</sup>	1,646,318
Other sales	2,450,891
<b>Total sales</b>	<b>14,883,502</b>

<sup>[a]</sup> Purchases and sales of Futures have been included at the value of their exposure.

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



# M&G Optimal Income Fund

## INTERIM FINANCIAL STATEMENTS (unaudited)

For the six months ended 31 March 2014.

### STATEMENT OF TOTAL RETURN

	2014		2013	
	£'000	£'000	£'000	£'000
Income				
Net capital gains		382.258		785.130
Revenue	351.353		230.585	
Expenses	(113.452)		(75.225)	
Finance costs: Interest	(112)		(45)	
Net revenue before taxation	237.789		155.315	
Taxation	(2.719)		(2.207)	
Net revenue after taxation		235.070		153.108
<b>Total return before distributions</b>		<b>617.328</b>		<b>938.238</b>
Finance costs: Distributions		(235.069)		(153.126)
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>382.259</b>		<b>785.112</b>

### STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

	2014		2013	
	£'000	£'000	£'000	£'000
<b>Opening net assets attributable to shareholders</b>		<b>15.559.258</b>		<b>9.561.999</b>
Amounts received on issue of shares	4.127.567		3.341.668	
Amounts paid on cancellation of shares	(719.100)		(516.970)	
		3.408.467		2.824.698
Stamp Duty Reserve Tax		(342)		(182)
Change in net assets attributable to shareholders from investment activities (see above)		382.259		785.112
Retained distributions on Accumulation shares		216.454		133.131
<b>Closing net assets attributable to shareholders</b>		<b>19.566.096</b>		<b>13.304.758</b>

The opening net assets attributable to shareholders for 2014 differs to the closing position in 2013 by the change in net assets attributable to shareholders for the second half of the comparative financial year.

## BALANCE SHEET

	as at 31 March 2014		as at 30 September 2013	
	£'000	£'000	£'000	£'000
<b>Assets</b>				
Investment assets		19.256.572		15.426.126
Debtors	740.735		288.040	
Cash and bank balances	221.588		138.750	
<b>Total other assets</b>		<b>962.323</b>		<b>426.790</b>
<b>Total assets</b>		<b>20.218.895</b>		<b>15.852.916</b>
<b>Liabilities</b>				
Investment liabilities		(126.832)		(96.107)
Creditors				
Net distributions payable on Income shares	(31.672)		(25.614)	
Other creditors	(494.295)		(171.937)	
<b>Total other liabilities</b>		<b>(525.967)</b>		<b>(197.551)</b>
<b>Total liabilities</b>		<b>(652.799)</b>		<b>(293.658)</b>
<b>Net assets attributable to shareholders</b>		<b>19.566.096</b>		<b>15.559.258</b>

## NOTE TO THE FINANCIAL STATEMENTS

### Accounting policies

The interim financial statements have been prepared on the same basis as the audited annual financial statements for the year ended 30 September 2013. They are in accordance with the historical cost convention, as modified by the revaluation of investments, and the Statement of Recommended Practice for Authorised Funds issued by the Investment Management Association in October 2010.

# M&G Optimal Income Fund

## DIRECTORS' STATEMENT

This report has been prepared in accordance with the requirements of the Collective Investment Schemes sourcebook, as issued and amended by the Financial Conduct Authority.

G W MACDOWALL }  
L J MUMFORD } Directors

15 May 2014

# Further Information

## RISK FACTOR

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.

## LIQUIDITY

The ACD's policy is that the fund should normally be close to fully invested but this is subject to the need to retain liquidity for the purpose of effecting the redemption of shares, and the efficient management of the fund in accordance with its objective. There may, therefore, be occasions when there will be higher levels of liquidity, for example following the issue of shares or the realisation of investments. Higher liquidity levels may also arise when the fund's asset allocation policy is changed.

## DILUTION

The actual cost of purchasing or selling a fund's investments may deviate from the mid-market price due to dealing costs and these costs can have an adverse effect on the value of the fund, known as 'dilution'. The Collective Investment Schemes sourcebook, as issued (and amended) by the Financial Conduct Authority, allows the cost of dilution to be recovered from investors on the purchase or redemption of shares by means of a dilution adjustment to the dealing price, and this is the policy which has been adopted by the ACD.

Further information on the ACD's dilution adjustment policy is in the Prospectus, which is available free of charge from the ACD, M&G Securities Limited.

## THE EU SAVINGS DIRECTIVE

The percentage of the M&G Optimal Income Fund held in interest-bearing assets (as defined by the UK rules for the EU Savings Directive 2003/48/EC) is 91,93%.

## PORTFOLIO TURNOVER RATES

The Portfolio Turnover Rate (PTR) is a ratio that reflects the volume of trading within the fund over the course of a 12 month period. The PTR is calculated by taking the sum of all transactions in securities less the sum of all transactions in the fund's shares and is expressed as a percentage of the fund's average net asset value.

The unaudited PTRs for this fund, published for funds currently registered in Switzerland, are as follows:

	as at 31.03.14	as at 30.09.13
M&G Optimal Income Fund	68,22%	76,63%

## TOTAL EXPENSE RATIOS

The Total Expense Ratio (TER) is shown only for those share classes currently available in Switzerland. The TER shows the relevant annualised operating expenses of each share class from the most recent reporting period as a single percentage of the average net asset value for that share class over the same period.

The unaudited TERs for this fund, published for funds currently registered in Switzerland, are as follows:

		Total Expense Ratio	
Share class		31.03.14	30.09.13
		%	%
M&G Optimal Income Fund	Euro Class 'A-H'	1,43	1,44
	Class 'C-H'	0,93	0,95
Swiss franc	Class 'A-H'	1,43	1,44
	Class 'C-H'	0,93	0,94
US dollar	Class 'A-H'	1,43	1,44
	Class 'C-H'	0,93	0,94

M&G Securities Limited is authorised and regulated by the Financial Conduct Authority and provides investment products. The Company's registered office is Laurence Pountney Hill, London EC4R 0HH. Registered in England number 90776.

