

2 February 2023

Dear Investor

**Changes to the target benchmarks for M&G Global Macro Bond Fund and M&G Optimal Income Fund (Each a “Fund”, together the “Funds”)**

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

I am writing to inform you that, effective from Monday 6 March 2023, the target benchmarks for the Funds will change as follows:

<b>Fund</b>	<b>Current target benchmark</b>	<b>New target benchmark</b>
M&G Global Macro Bond Fund	IA Global Mixed Bond Sector	Bloomberg Global Aggregate Index Unhedged USD
M&G Optimal Income Fund	IA Sterling Strategic Bond Sector	A composite index made up of: <ul style="list-style-type: none"><li>• 1/3 Bloomberg Global Treasury Index GBP Hedged</li><li>• 1/3 Bloomberg Global Aggregate Corporate Index GBP Hedged</li><li>• 1/3 Bloomberg Global High Yield Index GBP Hedged</li></ul>

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

The Investment Objective and Benchmark sections in the Prospectus and Key Investor Information Documents will be updated, for each of the Funds, to reflect the changes. A full comparison of the current and updated Investment Objective and Benchmark wording can be found at the end of this letter.

**Please note that there will be no material change to the way in which the Funds are managed, nor to the types of investments they are allowed to hold. The changes will not result in any immediate changes to the Funds’ portfolios, and they will not impact the risk ratings as shown in the Funds’ Key Investor Information Documents.**

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### **Why are the changes happening?**

Both Funds currently use Investment Association (IA) sectors as target benchmarks. The IA is the UK trade body that represents fund managers. Each IA sector is made up of similar funds, usually based on the types of assets which a fund should invest in and may also have a geographic focus.

However there can be differences in the investment objectives and strategies of the funds that make up each IA sector. This is particularly the case with the IA sectors currently used by the Funds, as there are no directly comparable investment strategies that the funds in either sector need to follow. In addition, the share classes of each fund in an IA sector can be denominated in, or hedged to, different currencies. As a result, a sector's performance can be impacted by a variety of factors other than the value of the assets held by the funds in that sector.

With this in mind, we have concluded that the indices which will be used as new target benchmarks will provide a more accurate representation of each Fund's investment universe, and make them more relevant benchmarks against which to assess their respective performances. A significant number of the funds that are part of the IA sectors also use an index benchmark.

The index benchmarks that we have chosen for the Funds are consistent with the benchmarks used by other M&G funds that follow similar investment strategies.

The new benchmark for the M&G Global Macro Bond Fund is a single index that represents the Fund's investment universe.

The new benchmark for the M&G Optimal Income Fund is a composite index representing an evenly weighted allocation to the three main asset classes of the Fund, namely:

- the global government bond market;
- the global investment grade corporate bond market; and
- the global high yield bond corporate market.

### **Making changes to your investment**

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

[www.mandg.co.uk/literature](http://www.mandg.co.uk/literature)

### **Costs of the changes**

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

### **For more information**

If you have any questions about the changes please contact our **Customer Relations** team by calling **0800 390 390**. The team is available from 08:00 to 18:00, Monday to Friday, and from 09:00 to 13:00 on Saturday. To help us deal with your enquiry as quickly as possible please have your M&G client reference when calling us. For your security and to improve the quality of our service, calls may be recorded.

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Please be aware that we are not in a position to give you investment advice. If you are uncertain as to how the changes may affect you, you should consult a financial adviser.

Yours faithfully



Laurence Mumford  
 Director  
 M&G Securities Limited

**Comparison of current and updated Prospectus disclosures for  
 M&G Global Macro Bond Fund  
 M&G Optimal Income Fund**

<b>M&amp;G Global Macro Bond Fund</b>	
<b>Existing fund information (as listed in the Prospectus until 5 March 2023)</b>	<b>Updated fund information (to be listed in the Prospectus from 6 March 2023)</b>
<p><b>Investment Objective</b></p> <p>The Fund aims to provide a higher total return (the combination of capital growth and income) net of the Ongoing Charge Figure, than the average return of the IA Global Mixed Bond Sector over any five-year period.</p>	<p><b>Investment Objective</b></p> <p>The Fund aims to provide a higher total return (the combination of capital growth and income) net of the Ongoing Charge Figure, than the average return of the Bloomberg Global Aggregate Index Unhedged USD over any five-year period.</p>
<p><b>Benchmark</b></p> <p>IA Global Mixed Bond sector</p> <p>The benchmark is a target which the Fund seeks to outperform. The sector has been chosen as the Fund's benchmark as the Fund is a constituent of the sector. The benchmark is used solely to measure the fund's performance and does not constrain the Fund's portfolio construction.</p> <p>The Fund is actively managed.</p> <p>The fund manager has complete freedom in choosing which investments to buy, hold and sell in the Fund.</p> <p>For unhedged Share Classes, the benchmark is shown in the Share Class currency.</p>	<p><b>Benchmark</b></p> <p>Bloomberg Global Aggregate Index Unhedged USD</p> <p>The benchmark is a target which the Fund seeks to outperform. The index has been chosen as the Fund's benchmark as it best reflects the scope of the Fund's investment policy. The benchmark is used solely to measure the Fund's performance and does not constrain the Fund's portfolio construction.</p> <p>The Fund is actively managed.</p> <p>The fund manager has complete freedom in choosing which investments to buy, hold and sell in the Fund.</p> <p>For unhedged Share Classes, the benchmark is shown in the Share Class currency.</p>

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**Comparison of current and updated Prospectus disclosures for  
M&G Optimal Income Fund**

<b>M&amp;G Optimal Income Fund</b>	
<b>Existing fund information (as listed in the Prospectus until 5 March 2023)</b>	<b>Updated fund information (to be listed in the Prospectus from 6 March 2023)</b>
<p><b>Investment Objective</b></p> <p>The Fund aims to provide a higher total return (the combination of capital growth and income), net of the Ongoing Charge Figure, than the average return of the IA Sterling Strategic Bond sector, over any five-year period.</p>	<p><b>Investment Objective</b></p> <p>The Fund aims to provide a higher total return (the combination of capital growth and income), net of the Ongoing Charge Figure, than the average return of the composite index, over any five-year period. The composite index is made up of one third Bloomberg Global Treasury Index GBP Hedged, one third Bloomberg Global Aggregate Corporate Index GBP Hedged and one third Bloomberg Global High Yield Index GBP Hedged.</p>
<p><b>Benchmark</b></p> <p>IA Sterling Strategic Bond sector</p> <p>The benchmark is a target which the Fund seeks to outperform. The sector has been chosen as the Fund's benchmark as the Fund is a constituent of the sector. The benchmark is used solely to measure the Fund's performance and does not constrain the Fund's portfolio construction.</p> <p>The Fund is actively managed. The fund manager has complete freedom in choosing which investments to buy, hold and sell in the Fund.</p> <p>For unhedged Share Classes, the benchmark is shown in the share class currency.</p>	<p><b>Benchmark</b></p> <p>A composite index comprising:</p> <ul style="list-style-type: none"> <li>• 1/3 Bloomberg Global Treasury Index GBP Hedged</li> <li>• 1/3 Bloomberg Global Aggregate Corporate Index GBP Hedged</li> <li>• 1/3 Bloomberg Global High Yield Index GBP Hedged</li> </ul> <p>The benchmark is a target which the Fund seeks to outperform. The composite index has been chosen as the Fund's benchmark as it best reflects the scope of the Fund's investment policy. The benchmark is used solely to measure the Fund's performance and does not constrain the Fund's portfolio construction.</p> <p>The Fund is actively managed. The fund manager has complete freedom in choosing which investments to buy, hold and sell in the Fund.</p> <p>For unhedged Share Classes, the benchmark is shown in the share class currency.</p>