M&G OPTIMAL INCOME FAM FUND

SUPPLEMENT DATED 5 JANUARY 2023

This Supplement contains specific information in relation to **M&G OPTIMAL INCOME FAM FUND** (the "Fund"), a sub-fund **of FAM SERIES UCITS ICAV** (the "ICAV"), an open-ended umbrella type Irish Collective Asset- management Vehicle with variable capital and segregated liability between sub-funds, authorised by the Central Bank on 1 August 2018 pursuant to the UCITS Regulations.

This Supplement forms part of and should be read in the context of and in conjunction with the prospectus of the ICAV dated 1 December 2022 and the addendum thereto (together the "Prospectus").

Due to the Fund's ability to invest in emerging markets securities and financial derivative instruments the Fund may have a higher than average degree of risk. An investment in the Fund should not constitute a substantial proportion of an investment portfolio and may not be appropriate for all investors.

Investment Objective and Policies

The investment objective of the Fund is to maximise total returns through a combination of income and capital appreciation.

The Fund seeks to achieve its investment objective while promoting environmental and/or social characteristics under Article 8 of SFDR as described further below. The Fund does not pursue a sustainable objective and thus it is not classified under Article 9 of SFDR.

The Fund seeks to achieve its investment objective by investing at least 50% of its Net Asset Value in fixed rate debt securities, floating rate debt securities or asset backed securities. The debt securities that the Fund may hold may be rated Investment Grade, below Investment Grade or not be rated by any credit rating agency. The debt securities may be issued by corporates, governments and their agencies, public authorities, quasi- sovereigns and supranational bodies and examples of the debt securities that the Fund may hold include corporate debt securities such as debentures and commercial paper, and sovereign and government issued debt securities such as treasury bills and municipal bonds. The Fund may also hold up to20% of its Net Asset Value in contingent convertible bonds ("CoCos").

The Fund is not restricted on the extent to which it may invest in any geographic region (including emerging markets) or economic sector. Accordingly, issuers of debt securities may be located in any country, including emerging markets, and may be involved in any industry or market sector and their securities may be denominated in any currency. Investment by the Fund, if any, in securities issued by Russian issuers will not exceed 10% of its Net Asset Value and will be limited to securities which are listed and/or traded on the Moscow Exchange. At least 80% of the Net Asset Value will be in Euro or hedged into Euro.

The Investment Manager may acquire debt securities as outlined above with different maturities and durations. The Investment Manager will assess expected changes to interest rates, and adjust the average duration of the Fund's portfolio by buying longer or shorter maturity debt securities.

The Fund may hold up to 20% of its Net Asset Value in equities, which may be denominated in any currency or exposed to any market sector. When investing in corporate debt securities, the Investment Manager will examine the company's capital structure for example secured or unsecured, senior or subordinated debt in order to select a particular investment. At times a company's equity, based on the Investment Manager's assessment of income and capital appreciation (as outlined below) may appear to be a better investment relative to the company's debt that may be acquired in accordance with the Fund's investment policy.

The Fund may also acquire money market instruments such as such as certificates of deposit, commercial paper or bankers' acceptances as well as investing in cash and bank deposits.

In managing the Fund, the Investment Manager employs a top-down and bottom-up investment strategy to select and manage investments. The top-down component consists of allocating investments based on the global investment outlook and considering the macroeconomic environment, including the likely path of growth, inflation and interest rates. The result of this analysis helps to inform the Fund's sensitivity to interest rate movements (understood as duration positioning) and its allocation to the various types of debt securities. The bottom-up component of the investment strategy involves individual credit analysis and selection in by a team of in-house credit analysts, which provides bottom-up analysis of the corporate bond markets to complement the Investment Manager's views.

The Fund may also invest in deposits, warrants, money market instruments such as certificates of deposit, commercial paper or bankers' acceptances and Underlying Funds. Investment in warrants will not be leveraged and will be limited to 10% of the Fund's Net Asset Value.

Direct exposure to the abovementioned investments in India will be achieved in the following manner:

Direct Investment in India
The Fund may invest up to 10% of its Net Asset Value in the abovementioned investments from issuers in India as a Foreign Portfolio Investor registered with the Securities and Exchange Board of India under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019, as may be amended from time-to-time, and for this purpose, the Fund has registered itself as a Category I FPI. This license will allow the Fund to purchase the abovementioned investments in India. An FPI wishing to invest into India must register itself as a designated depositary participant with SEBI for the purpose of the FPI Regulations under the single window clearance mechanism and must comply with the provisions of the FPI Regulations. Depending on their risk profile, applicants for FPI registration must fall under one of two categories. The Fund will register as a Category I FPI, which is the category that applies to entities that are considered to be appropriately regulated by SEBI.

In addition to the above mentioned direct exposure to investments in India, indirect exposure to India may also be achieved through investment in the abovementioned investments, which are listed or traded on one of the Recognised Markets listed in Schedule I of the Prospectus.

No more than 10% of the Fund's Net Asset Value may be invested in units or shares of Underlying Funds within the meaning of Regulation 68(1)(e) of the UCITS Regulations and the purpose of such investment is to gain exposure to the types of investments described herein.

Other than permitted investment in unlisted securities and FDIs, the Fund's investments will be limited to securities and exchange traded FDIs that are traded on the markets listed in Schedule I of the Prospectus.

Benchmark Information

The Fund is actively managed. The Manager has selected to use one third of each of the following indices for performance comparison purposes only:

- Bloomberg Global Aggregate Corporate Total Return Index Value Hedged EUR (Index ticker: LGCPTREH Index);
- Bloomberg Global High Yield Total Return Index Value Hedged EUR (Index ticker: LG30TREH Index); and
- Bloomberg Global Treasury Total Return Index Value Hedged EUR (Index ticker: H00023EU Index)

(the “Indices”).

The Manager does not intend to replicate the composition of such Indices and may at all times exercise total freedom by investing in securities which are not included in the referenced Indices, or which are present in different proportions.

Promotion of Environmental and/or Social Characteristics

The Fund promotes the following characteristics:

1. The Fund promotes that certain minimal environmental and social standards are achieved to mitigate negative impacts on society and the environment. This is achieved by the application of the set of exclusions as further detailed below.

2. The Fund’s weighted average ESG score is better than that of the investment universe (i.e. the sustainability profile of the Fund is better than that of the investment universe, regarding E, S and G pillars that are captured in the ESG score, as further detailed below). The investment universe is the set of all investable securities from which the Investment Manager can select investments, according to the investment objective and policies of the Fund.

The Fund promotes environmental and/or social characteristics through a positive ESG tilt approach, meaning the Fund is positively tilted towards investments with better ESG characteristics as compared to the relevant investment universe. The positive tilt is achieved by the Fund maintaining a weighted average ESG score above the average ESG score of the investment universe.

In addition to the positive tilt, the Investment Manager applies the below set of exclusions:

ESG Criteria	**Rationale**
United Nations Global Compact (**UNGC**)	Any company that is assessed to be in breach of the UNGC principles on human rights, labour, environment protection and anti-corruption.
Freedom House	Any government bond from countries classed as “Not Free” by the Freedom House index based on civil liberties and political rights.

Moreover, the Investment Manager will comply with the Manager’s exclusion policy and list, unless the Investment Manager’s exclusion policy results in a more stringent rule than that or those provided for by the Manager’s exclusion policy, and, in such case, the Investment Manager’s more stringent rule(s) will apply. The Manager’s exclusion policy may be obtained on the Manager’s website at: http://finecoassetmanagement.com/sustainability/. The Manager’s exclusion list may be obtained upon request from the Manager by reaching out to the contact details available on its website at: http://finecoassetmanagement.com/contact/.

The exclusions specifically covered by the Manager’s Exclusion Policy currently include:

a. Issuers that breach the principles of the United Nations Global Compact (UNGC);

b. Issuers involved in the manufacture or product life cycle of controversial weapons (such as but not limited to chemical weapons, cluster munitions and landmines);

c. Issuers deriving a certain percentage of their revenue from the production of tobacco or from other type of involvement in the life cycle of tobacco products such as distribution or licencing activities;

d. Issuers that derive a certain percentage of their revenue from thermal coal extraction and/or arctic drilling;

e. Issuers that contravene the UNGC labour-related principles and International Labour Organisation's ("ILO") broader set of labour standards.

In order to identify securities for purchase, the Investment Manager follows the process below:

- The exclusions listed in the ESG Criteria, in addition to the exclusions applied by the Manager, subject to the rules set out above, are screened out.

- The Investment Manager then performs fundamental analysis taking into consideration the macroeconomic, sector and company specific information as well as analysis of securities and their issuers to identify and take advantage of investment opportunities. In constructing a portfolio positively tilted towards investments with better ESG characteristics, the Investment Manager may nonetheless invest in investments across the full spectrum of ESG ratings.

The Fund includes ESG analysis in its investment decisions on at least:

- 90% of debt securities, money market instruments with an investment grade credit rating; sovereign debt issued by developing countries; and equities issued by large capitalisation companies in developed countries;

- 75% of debt securities and money market instruments with a high yield credit rating; sovereign debt issued by emerging market countries, equities issued by large capitalisation companies in emerging market countries; and equities issued by small and mid-capitalisation companies in any country.

For the purposes of the test above, small capitalisation companies are those with market capitalisation below €5 billion, mid-capitalisation companies are those between €5 billion and €10 billion and large capitalisation companies are those above €10 billion.

In order to evaluate investments, the Fund uses external service providers in addition to the Investment Manager's own assessment. The weighted average ESG score is determined by using scores from MSCI, unless the Investment Manager disagrees with such score, in which case it will substitute its own. The Fund's calculation methodology does not include those securities that do not have an ESG rating, or cash, near cash, some derivatives and some collective investments schemes.

In assessing counterparties and issuers for cash management (including cash and near cash), derivatives, and manufacturers of collective investment schemes, the Investment Manager's ESG analysis focuses on understanding downside risks arising from ESG factors. This principally relates to considering the likelihood of Sustainability Risks affecting the creditworthiness of such entities or otherwise affecting the exposure taken financially. In addition, for derivatives, and collective investment schemes, the Investment Manager considers the underlying exposure and forms a view on whether it is appropriate for the Fund. For derivatives relating to single names or specific baskets of securities, appropriateness is assessed by whether the underlying would be an appropriate investment for the Fund if bought directly.

The Investment Manager manages the Fund in accordance with its ESG Investment Policy (the "ESG Policy") on a continuous basis. The Investment Manager's ESG Policy is available on the Investment Manager's website at the following link: https://www.mandgplc.com/our-business/mandg-investments/responsible-investing-at-mandg-investments.

Use of Financial Derivative Instruments ("FDIs") and other Instruments and Techniques

The Fund may use FDI for investment purposes. The Fund may also engage in transactions in FDI for the purposes of efficient portfolio management and hedging. The types of FDIs that the Fund may use are: futures, forwards, options, credit default swaps, total return swaps and interest rate swaps and the underlying assets of FDIs will be limited to those investments that the Fund may acquire in accordance with its investment policy. Transactions in FDIs will be used for the purpose of meeting the Fund's investment objective, to protect risk to capital as well as hedge against currency risk and duration and the expected effect of the use of these instruments will be to enhance returns and/or reduce inherent risks and (currency, interest rate and credit) affecting the Fund's investments. For information in relation to the risks associated with the use of FDIs, please refer to the "Risk Factors" section of the Prospectus.

Currency forwards: Currency forwards may be used for the purpose of hedging currency exchange risk arising from the redenomination of an asset into a currency other than the Fund's Base Currency or to mitigate the exchange rate risk between the Base Currency of the Fund and the currency designation of a particular share classes where relevant.

Futures and forwards: Futures and forwards may be used to hedge against downward movements in the value of the Fund's portfolio, either by reference to specific securities or markets to which the Fund may be exposed. In addition, futures may be used to manage the Fund's overall portfolio duration, including as may be determined by the Investment Manager increasing the portfolio's duration.

Options: The Fund may acquire options and in particular call options may be used to gain exposure to individual debt securities that the Fund may acquire in accordance with its investment policy and can provide an efficient, liquid and effective mechanism for taking a position in securities. Put options may be used to reduce exposure to bond markets or hedge against downside risk by permitting the Fund to sell investments at a fixed price and thereby protect the value of its portfolio in circumstances of a selloff and decline in market values.

Credit Default Swaps: The Fund may use credit default swaps as a substitute for purchasing debt securities or for the purposes of hedging exposure to debt securities and reducing the credit risk in respect of investments. The Fund may either buy or sell credit protection under credit default swaps. The Fund expects to use credit default swaps for long exposure to certain debt securities and may also take synthetic short positions on debt securities or indices, either as a hedge against a long position or for investment purposes.

Interest Rate Swaps: The Fund will use interest rate swaps to gain exposure to changes in relevant interest rates or to hedge against changes in relevant interest rates.

Total Return Swaps: The Fund may enter into total return swaps to gain exposure to debt securities and asset- backed securities referred to in the Fund's investment policy. The Fund's maximum exposure to total return swaps, based on the notional value of such instruments, is 50% of its Net Asset Value and is anticipated that the Fund will have exposure in the range of 0% to 25% of its Net Asset Value through total return swaps.

Inflation Swap: An inflation swap operates in a similar way to an interest rate swap except that it is an agreement negotiated between two parties to exchange payments at a fixed or floating rate in return for payments based on realised inflation over the relevant period. Inflation swaps can allow the inflation sensitivity profile of the Fund to be changed more efficiently than through the use of physical cash markets. They may also be used to express views on the future level of inflation.

Long/Short Exposure

The Fund may as part of its investment strategy hold short positions exclusively through derivatives including through total return swaps and credit default swaps on debt securities, currencies or interest rates. Short positions will be used to hedge against price movements of debt securities or bond markets generally by taking short positions in individual debt securities or debt securities indices through the use of swaps. Currency swaps may be used to hedge foreign exchange risk arising when investments are denominated in a currency other than the Fund's Base Currency or to protect against anticipated depreciation in the value of a currency. The expected maximum level of long derivative positions which the Fund may hold is 200% of its Net Asset Value, measured on a gross basis using the sum of notionals of the derivatives held by the Fund. The expected maximum level of short derivative positions which the Fund may hold is 300% of its Net Asset Value, measured on a gross basis using the sum of notionals of the derivatives held by the Fund. The Fund may also take short positions to hedge long positions in debt securities, currencies and interest rates, in order to try to mitigate volatility and preserve the value of the Fund.

Exposure to Indices: The Fund may take exposure to indices through the use of credit default swaps and total return swaps as outlined above. The exposure to indices, if any, will comply with the conditions and limits set down in the Central Bank's guidance entitled "UCITS Financial Indices". When an index does not comply with the diversification requirements established by the UCITS Regulations, the Fund will apply a "look- through" approach which allows the Manager to analyse the Fund's exposure to the index by looking through the derivative position which gives the Fund the relevant indirect exposure to the underlying indices. This allows the Fund to ensure that it meets the risk spreading requirements of the UCITS Regulations. Following this "look through" analysis, if the Fund's consolidated exposure does not meet the risk spreading requirements of the UCITS Regulations, the Fund will have to address this by reducing said exposure. It is not possible to identify the specific indices that the Fund will take exposure to (which may change from time to time), however, the underlying assets of such indices will be corporate or government debt securities that the Fund may acquire in accordance with its investment policy. The Investment Manager will not use indices that rebalance more frequently than monthly, such rebalancing is not expected to have a material effect on the costs incurred within the index. The indices, if any, that the Fund takes exposure to will be included in the financial statements of the ICAV and details of the indices, including details of websites where additional information can be obtained, will be available to Shareholders on request from the Manager.

Securities Lending Agreements: Securities lending is the temporary transfer of securities by a lender to a borrower, with agreement by the borrower to return equivalent securities to the lender at pre agreed time. These agreements will only be used for efficient portfolio management to enhance overall returns to the Fund through the receipt of finance charges for the lending of its securities and are subject to the conditions and limits set out on the Central Bank UCITS Regulations. The Fund's exposure to securities lending transactions is expected to be 5% of the Fund's Net Asset Value, subject to a maximum exposure of 30% of the Fund's Net Asset Value.

Risk Measurement - Global Exposure and Leverage

Market risk created through the use of derivatives will be measured daily using the absolute value-at-risk (VaR) approach. VaR is a risk measurement technique designed to estimate the potential loss in the Fund's portfolio over a set period at a certain confidence level, and is based on statistical analysis of historical price trends and volatilities. The VaR of the Fund shall be calculated daily and shall not exceed 20% per cent of the Net Asset Value of the Fund, based on a 1 month holding period and a "one-tailed" 99 per cent confidence interval using a historical observation period of at least 1 year.

The level of gross leverage, calculated based on the sum of the absolute value of notionals of the derivatives used, in accordance with the requirements of the Central Bank, is expected to be 200% of the Fund's Net Asset Value. There is a possibility of higher leverage levels than this expected level. The expected level of leverage is calculated based on the sum of the absolute value of notionals of the derivatives used, does not take into account any netting and hedging arrangements and therefore is not a risk-adjusted method of measuring leverage.

Investor Profile

The Fund is suitable for investors seeking income and capital growth over the long term (i.e. 5+ years) through investment in a portfolio of debt securities and who are willing to accept a low to moderate level of volatility.

SFDR Classification: The Manager has categorised the Fund as meeting the provisions set out in Article 8 of SFDR, as further described in Annex II at the end of this Supplement.[1]

Additional Sustainability Disclosure

When assessing the Sustainability Risk associated with the Fund's underlying investments, the Investment Manager is attempting to understand the likelihood of the risk that the value of such underlying investments could be materially negatively impacted by an environmental, social or governance event or condition (see definition of Sustainability Risk in the main body of the Prospectus)).

While the Investment Manager integrates Sustainability Risk into the Fund's investment decision making process as described below, the output of such Sustainability Risk integration is not the determining factor, considered in the investment decisions of the Investment Manager in respect of the assets which the Fund may buy and/or hold. Accordingly, the Investment Manager may buy and/or hold assets which may expose the Fund to either high or low levels of Sustainability Risk.

The Investment Manager integrates Sustainability Risk into its investment decision making process as detailed further above.

It has been determined that the Fund may have a lower prospect of being impacted by Sustainability Risk given that the Fund falls within the meaning of Article 8 of SFDR. To the extent that Sustainability Risk occurs, there may be a sudden, material negative impact on the value of an investment, and hence the Net Asset Value of the Fund. Such negative impact may result in an entire loss of value of the relevant investment(s) and may have an equivalent negative impact on the Net Asset Value of the Fund. The Manager and the Investment Manager acknowledge that the Fund's exposure to Sustainability Risks is changeable and shall keep the Fund's exposure to these risks under periodic review. Where the Manager and the Investment Manager considers, as a result of such a review, that the Fund's approach to the management of sustainability risks is to materially change, these disclosures will be updated accordingly.

It is possible that such an assessment may influence a decision by the Investment Manager not to make an investment or dispose of an existing investment that would otherwise be considered as attractive to invest in or retain when confirming the factors considered to financial-related elements such as financial position, revenue, capital structure etc.

Additional information is available on the Investment Manager's website at https://www.mandgplc.com/our-business/mandg-investments/responsible-investing-at-mandg-investments.

Taxonomy Disclosure

While the Fund promotes environmental and/or social characteristics within the meaning of Article 8 of the SFDR, it should be noted that as the investments underlying this Fund do not take into account the EU criteria for environmentally sustainable economic activities within the meaning of the Taxonomy Regulation, the Fund's portfolio alignment with the Taxonomy Regulation is not calculated. It follows that the Fund does not currently commit to investing more than 0% of its assets in investments aligned with the Taxonomy Regulation. The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable

[1] The information contained in Annex II has been completed using information provided by the Investment Manager of the Fund.

economic activities.

Please refer to the section of the Prospectus entitled "Sustainable Finance Disclosures" for further information.

Base Currency: Euro

Investment Manager

The Manager has appointed M&G Investment Management Limited of 10 Fenchurch Avenue, London, EC3M 5AG, United Kingdom to act as the investment manager pursuant to an investment management agreement dated 31 July 2018. The Investment Manager will provide discretionary investment management services to the Fund subject to the overall supervision of the Manager. The Investment Manager's principal business and occupation is to provide investment management services to clients.

Offer of Shares

The following Classes of Shares are available for subscription:

Share Class	Initial Offer Price	Initial Offer Period	Currency Denomination and Hedged Class		Sales Charge	Minimum Initial Subscription and Minimum Subsequent Subscription	Distribution Type
Class L Acc	€100	Closed	Euro	No	Yes/4%	€1,000 / €100	Accumulating
Class L Dist	€100	Closed	Euro	No	Yes/4%	€1,000 / €100	Distributing
Class A Acc	€100	Closed	Euro	No	No	€1,000 / €100	Accumulating
Class I Acc	€100	Closed	Euro	No	No	€1,000,000 / €100	Accumulating
Class D Acc*	€100	2 December 2022 - 1 June 2023	Euro	No	No	€500/ €100	Accumulating
Class J Acc	€10,000	2 December 2022 - 1 June 2023	Euro	No	No	€1,000,000 / €100	Accumulating
Class J Dist	€10,000	2 December 2022 - 1 June 2023	Euro	No	No	€1,000,000 / €100	Distributing

*Class D Shares in the Fund shall only be made available for subscription to such entities or persons as the Manager may determine from time to time in its absolute discretion.

During the initial offer period Shares are available for subscription at the initial offer price as indicated in the table above. Where the initial offer period has closed, Shares will be available at the prevailing

Net Asset Value of each Class of Shares.

Application for Shares

Full details on how to purchase Shares are described in the Prospectus under the section titled "Application for Shares". Investors should note the following Dealing Deadline and Valuation Point that shall apply in respect of applications for Shares of the Fund:

"**Dealing Deadline**" means 11:59am (Irish time) on the relevant Dealing Day; and

"**Valuation Point**" means 12:00pm (Irish time) on the relevant Dealing Day.

Applications for Shares may be made to the Paying Agent or the Administrator (whose details are set out in the Application Form). Applications received by the Paying Agent or the Administrator prior to the Dealing Deadline for any Dealing Day will be processed on that Dealing Day. Any applications received after the Dealing Deadline for a particular Dealing Day will be processed on the following Dealing Day, unless the Directors in their absolute discretion, in exceptional circumstances, otherwise determine to accept one or more applications received after the Dealing Deadline for processing on that Dealing Day, provided that such application(s) have been received prior to the Valuation Point for the particular Dealing Day.

Fees and Expenses

Fees and expenses are payable out of the Fund and details of how Fees are accrued and paid, and details of other general management and fund charges, are set out in the Prospectus under the heading "Fees and Expenses".

Manager's Fee
The Manager shall be entitled to a management fee of up to 2.25% per annum (plus VAT, if any) of the Net Asset Value of each Class of Shares. The fees of the Investment Manager shall be paid out of the Manager's fees and not out of the assets of the Fund.

Administrator's Fee
Up to 0.3% per annum (plus VAT, if any) of the Net Asset Value of each Class of Shares.

Depositary's Fee
Up to 0.2% per annum (plus VAT, if any) of the Net Asset Value of each Class of Shares.

Sales Charge
Up to 4% of the value of the gross subscription, except in respect of an Underlying Fund which is managed, directly or by delegation, by the Manager or by any other entity with which the Manager is linked by common management or control, or by a substantial direct or indirect holding; in which case, in order to avoid double- charging, either (i) the Underlying Fund will waive any sales charge, or (ii) any sales charge will be waived in respect of the Fund. In respect of scenario (ii) above, the principle of equal and fair treatment of the investors will at all times be met by the Fund in accordance with the Central Bank UCITS Regulations.

If a sales charge fee is incurred, Shareholders should view their investment as medium to long-term.

Risk Factors: The attention of investors is drawn to the section headed "Risk Factors" in the Prospectus.

Contingent Convertible Bond Risk

In addition, investors should note the risks of investing in contingent convertible bonds ("CoCos"). CoCos are usually issued by financial institutions and convert to equity when a predetermined trigger is met, such as when the issuer's capital or balance sheet falls in value. The existence of these trigger events creates a different type of risk from traditional bonds and can result in a partial or total loss of value or alternatively they may be converted into shares of the issuing company which may also have suffered a loss in value. Investing in CoCos carry the following (non-exhaustive) list of risks:

- Trigger level risk: Each instrument has its own characteristics and trigger levels differ and determine exposure to a conversion risk depending on the common equity tier 1 (CET1) (which is highest quality capital layer) distance to the trigger level. The trigger could be activated either through a material loss in capital as represented in the numerator or an increase in risk weighted assets as measured in the denominator.

- Coupon cancellation risk: Coupon payments on certain types of CoCo are entirely discretionary and may be cancelled by the issuer at any point, for any reason, and for any length of time.

- Capital structure inversion risk: CoCo investors may suffer a loss of capital when equity holders do not. In certain scenarios, holders of CoCos will suffer losses ahead of equity holders, e.g., when a high trigger principal write-down CoCo is activated.

- Call extension risk: As CoCos can be issued as perpetual instruments investors may not be able to recover their capital on the optional reimbursement dates provided for in the terms of issue.

- Unknown risk: CoCos are relatively new instruments and their behaviour during a period of stress and testing of conversion levels may be highly unpredictable. In a stressed environment, when the underlying features of these instruments will be put to the test, it is uncertain how they will perform.

- Valuation risk: CoCos' often provide attractive yield which may be viewed as a complexity premium. Relative to more highly rated debt issues of the same issuer or similarly rated debt issues of other issuers, CoCos tend to compare favourably from a yield standpoint. The risk is whether investors fully consider the risk of conversion or coupon cancellation.

ANNEX II

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Product name: M&G OPTIMAL INCOME FAM FUND
Legal entity identifier: 635400ZSWNWUL3K7NJ24

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

☐ **Yes**	☒ **No**
☐ It will make a minimum of **sustainable investments with an environmental objective:** ___%	☒ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 20% of sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☒ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☒ with a social objective
☐ It will make a minimum of **sustainable investments with a social objective:** ___%	☐ It promotes E/S characteristics, but **will not make any sustainable investments**

What environmental and/or social characteristics are promoted by this financial product?

The Fund promotes the use of an Exclusionary Approach and a Positive ESG Tilt (as defined below):

The Fund excludes certain potential investments from its investment universe to mitigate potential negative effects on the environment and society. For securitised investments such as asset-backed securities (ABS), this also includes assessing them against the Investment Manager's proprietary scoring methodology ("Exclusionary Approach").

The Fund maintains a weighted average ESG rating that is higher than that of its investment universe (“Positive ESG Tilt”). In constructing a portfolio positively tilted towards investments with better ESG characteristics, the Investment Manager may nonetheless invest in investments across the full spectrum of ESG ratings. At an individual security level, the Investment Manager favours investments with better ESG characteristics where this is not detrimental to the pursuit of the financial investment objective. No reference benchmark has been designated for the purpose of attaining the Fund’s promoted environmental and/or social characteristics.

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?

The sustainability indicators selected to demonstrate the attainment of the promoted environmental and/or social characteristics are:

- Exclusionary approach: Percentage (%) of NAV held in excluded investments
- Exclusionary approach: Percentage (%) of ABS below the Investment Manager’s threshold for alignment
- Positive ESG Tilt: Portfolio weighted average ESG score versus investment universe weighted average ESG score.

What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?

The Fund may allocate to sustainable investments of any type, i.e. investments with an environmental, and/or a social objective. The Fund is not required to favour any specific type of sustainable investment. The Investment Manager uses a series of proprietary tests based on available data to determine whether and how an investment makes positive contribution(s) towards environmental and social objectives.

How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?

Sustainable investments that the Fund intends to make do not cause significant harm to any environmental or social sustainable investment objective as they are required to pass a series of tests, including:

1. Whether they represent significant exposure to businesses the Investment Manager considers harmful
2. Principal Adverse Impact indicators considered to render the investment incompatible with sustainable investment (violations of the UN Global Compact Principles or the OECD Guidelines for Multinational Enterprises, social violations by sovereigns such as being subject to sanctions, negative effects on biodiversity sensitive areas)
3. Other Principal Adverse Impact indicators form part of a materiality assessment to understand whether any exposures are compatible

with sustainable investment

How have the indicators for adverse impacts on sustainability factors been taken into account?

The Investment Manager's research process includes consideration of Principal Adverse Impact indicators for all investments where data is available (i.e. not just for sustainable investments), which allows the Investment Manager to make informed investment decisions.

The Fund's consideration of Principal Adverse Impact indicators is used as part of understanding the operating practices of the investments purchased by the Fund.

Investments held by the Fund are then subject to ongoing monitoring and a quarterly review process.

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

All investments purchased by the Fund must pass the Investment Manager's good governance tests, and in addition, sustainable investments must also pass tests to confirm they do no significant harm, as described above. These tests embed a consideration of the OECD Guidelines and UN Guiding Principles.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

Does this financial product consider principal adverse impacts on sustainability factors?

✖ Yes, for sustainable investments, principal adverse impacts are a key part of assessing such investments do

not do significant harm as explained above. For other investments the Investment Manager's research process

includes consideration of Principal Adverse Impact indicators for all investments where data is available, which

allows the Investment Manager to make informed investment decisions, as explained above.

Information on how the principal adverse impacts were taken into account will be provided in the Fund's annual resport.

☐ No

What investment strategy does this financial product follow?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

Consideration of ESG Factors is fully integrated into analysis and investment decisions. In order to identify securities for purchase, the Investment Manager reduces the potential investment universe as follows:

1. The exclusions listed in the ESG Criteria are screened out.
2. The Investment Manager then performs further analysis, including consideration of ESG factors, to identify and take advantage of investment opportunities. The Investment Manager favours issuers with better ESG characteristics where this is not detrimental to the pursuit of the financial investment objective. This process should result in a portfolio with better ESG characteristics. In constructing a portfolio positively tilted towards investments with better ESG characteristics, the Investment Manager may nonetheless invest in investments across the full spectrum of ESG ratings.
3. The Investment Manager then performs further analysis to consider the valuation of these companies and the appropriate time to purchase in consideration of the Fund's financial objective.

The Fund's ESG Criteria apply to at least:

• 90% of debt securities, money market instruments with an investment grade credit rating; sovereign debt issued by developed countries; and equities issued by large capitalisation companies in developed countries;

• 75% of debt securities and money market instruments with a high yield credit rating; sovereign debt issued by emerging market countries; equities issued by large capitalisation companies in emerging market countries; and equities issued by small and mid-capitalisation companies in any country.

The Manager's exclusion list which is based on the Manager's exclusion policy and compiled by the Manager will apply. Exclusion categories considered in the exclusion policy are United Nations Global Compact Principles, Controversial Weapons, Tobacco, Climate Change and Forced Labour. See link below to the Manager's website for more detail on the application of the exclusion policy.

- ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

  The following elements are binding:

  - The Fund's exclusions;
  - The Fund's Positive ESG Tilt;
  - The amount of the Fund aligned to the promoted environmental and/or social characteristics; and
  - Minimum levels of sustainable investments.

  Where it is in the best interests of investors, the Fund may temporarily deviate from one or more of these elements, for example if the Investment Manager considers it prudent to hold high levels of cash in response to market conditions.

- ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

  0%

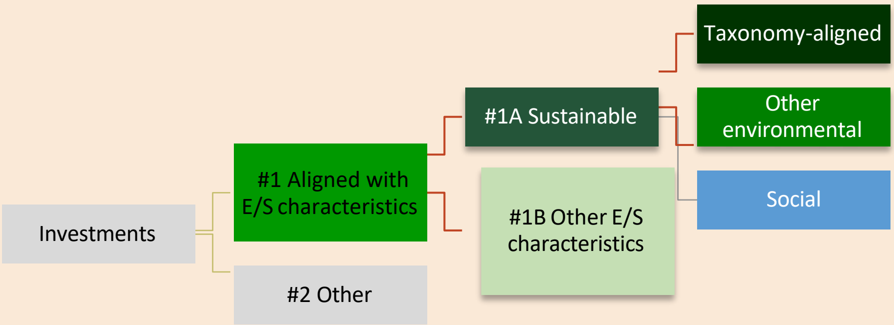
Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

- ***What is the policy to assess good governance practices of the investee companies?***

  The Investment Manager operates a data driven quantitative good governance test used to consider investments into companies. M&G excludes investments in securities that are considered as failing the Investment Manager's good governance test.

Asset allocation describes the share of investments in specific assets.

What is the asset allocation planned for this financial product?



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:
- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

The Investment Managers expects at least 70% of the Fund to be aligned to the promoted E/S characteristics. At least 20% of the Fund will be in Sustainable Investments.

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

***How does the use of derivatives attain the environmental or social characteristics promoted by the financial product*?**

Derivatives may be considered aligned with the promoted environmental and/or social characteristics on the following basis:

Exclusions:
1. Where a derivative represents exposure to a single name it must be a permitted investment for the Fund.
2. Where a derivative represents exposure to a diversified financial index, it must deliver an evidencable alignment to the promoted characteristics.

To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

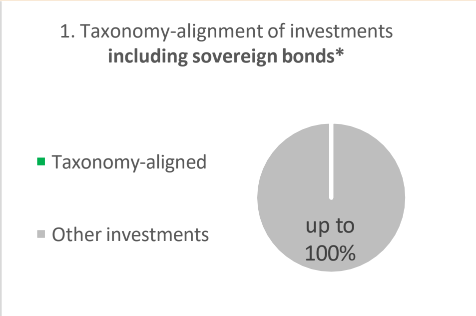
0%

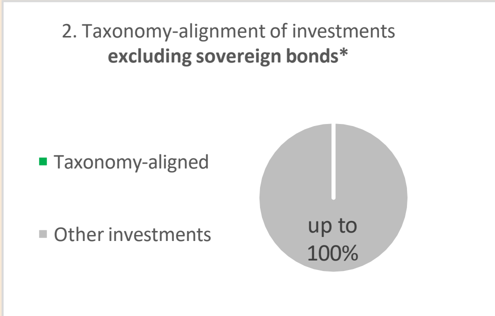
Whilst the minimum mandatory allocation to Taxonomy-aligned sustainable investments is 0%, the Fund is permitted to allocate to such investments, which would form part of its overall allocation to sustainable investments with environmental objectives.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.





* *For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures*

What is the minimum share of investments in transitional and enabling activities?

0%

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

5%

What is the minimum share of socially sustainable investments?

5%

What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

The Fund may hold cash, near cash and money market funds, FX, interest rate derivatives and similar derivatives (which may include certain technical trades such as government bond futures used for duration trades) as "Other" investments, for any purpose permitted by the Fund's investment policy. No minimum environmental or social safeguards are applied.

Derivatives used to take investment exposure to diversified financial indices (excluding technical trades), and funds (i.e. UCITS and other UCIs) may be held for any reason permitted by the Fund's investment policy and will be subject to such minimum environmental or social safeguard tests as the Investment Manager considers appropriate, for example a minimum weighted ESG score test.

The Fund may also hold as Other investments those investments where insufficient data exists to determine the investments' alignment with the promoted characteristics. It is also possible that the Fund may hold investments that are not in line with the promoted characteristics, e.g. as a result of a merger or other corporate action, or as a result of the characteristics of a previously acquired investment changing. Where this happens, the Fund will generally seek to dispose of them in the best interests of investors, but may not always be able to do so immediately.

Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

No

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

- ***How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?***

  Not Applicable

- ***How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?***

  Not Applicable

- ***How does the designated index differ from a relevant broad market index?***

  Not Applicable

- ***Where can the methodology used for the calculation of the designated index be found?***

  Not Applicable

Where can I find more product specific information online?

More product-specific information can be found on the website:

Further details on the Responsible Investment Policy, summary investment process and Exclusion Policy can be found on the Manager's website at the following link FAM - Sustainability | Fineco FAM - Fineco FAM (finecoassetmanagement.com)