

21 March 2025

Dear Investor

### **Closure of the M&G Charibond Charities Fixed Interest Fund (Charibond)**

**This letter has been sent to you because you are invested in the above fund. We recommend that you read it, along with the enclosed documentation, carefully.**

I am writing to inform you of the upcoming closure of Charibond. If you have recently sold or instructed the sale of your holding, you may disregard this letter.

#### **Why is M&G closing Charibond?**

Charibond was originally launched in 1976 as a specialist charity fixed income fund with a charitable objective of furthering the charitable purposes of the charities invested in it. It converted to its current structure as a Charity Authorised Investment Fund (a “CAIF”) in 2019. Its investment aim is to provide a higher total return (the combination of capital growth and income), net of the Ongoing Charge Figure, than that of a composite index+ comprising one half Gilts and one half UK corporate bonds, over any five-year period.

+The composite index is 50% of the ICE BoAML 1-15 Gilt Index and 50% of the ICE BoAML 1-15 Non Gilt Index.

The UK charity landscape has evolved over the years with charities becoming more sophisticated and strategic in their investment approach. This has reduced the appeal of a one-size-fits all fixed income fund and Charibond’s assets under management has been in steady decline for a number of years. We believe this trend will continue and there is limited potential for future growth. As the fund size declines further, it will become increasingly challenging for the fund to be diversified and have scale to be efficient and commercially viable.

After having considered a number of options we have decided to close Charibond. The closure process will start on **Thursday 19 June 2025** and dealing in Charibond will be suspended from **12:00 noon**.

#### **What do I need to do?**

The options available to you are detailed in the enclosed brochure, which also provides answers to the most commonly asked questions. You should read this brochure carefully before sending your instructions.

continued overleaf

You can use the enclosed Option Form to give us your instructions. Either return the form in the reply-paid envelope provided, alternatively you can give your instructions by calling our **Charities helpline** on **0800 917 4472**. Further details on giving you instructions can be found on page 6 of the brochure, in the section "Giving your instructions".

**We must receive your instructions before 12:00 noon on Thursday 19 June 2025.**

**What if I don't send my instruction before that date?**

If you do not send us any instructions, your units will be sold and your proceeds will be sent to you by Monday 30 June 2025 in line with the terms and conditions.

**For more information**

If you have any further questions about the Charibond closure, please contact our **Charities helpline** on **0800 917 4472**. The team is available from 09:00 to 17:00, Monday to Friday. 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. For alternative ways to get in touch please visit the "Contact us" section of our website at [www.mandg.com/investments/charities/en-gb](http://www.mandg.com/investments/charities/en-gb).

Please be aware that we are not in a position to give you investment advice. If you are uncertain as to how to proceed, you should consult a financial adviser. You can find Information on how to access financial advice on our website [www.mandg.co.uk/getfinancialadvice](http://www.mandg.co.uk/getfinancialadvice)

Yours faithfully

A handwritten signature in black ink, reading "Laurence Mumford". The signature is written in a cursive, flowing style.

Laurence Mumford  
Director  
M&G Securities Limited

## Important information relating to the closure of the M&G Charibond Charities Fixed Interest Fund (Charibond)

If you are in any doubt as to the action to be taken please call our **Charities helpline** on **0800 917 4472** or consult your **financial adviser**, if you have one, immediately.

Your options and answers to questions you may have about the closure

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## Key Actions and Dates

To exit Charibond before closure	
Deadline for receipt of sell and switch requests.	Before 12:00 noon on Thursday 19 June 2025
If you remain in Charibond until closure (the default option)	
Suspension of dealing in units and start of the closure process:	12:00 noon on Thursday 19 June 2025
Estimated date for completion of the sale of Charibond's assets:	Tuesday 24 June 2025
Unitholders will receive proceeds by:	Monday 30 June 2025
(within four business days in line with our terms and conditions)	

# Key information

## Why is M&G closing the M&G Charibond Charities Fixed Interest Fund (Charibond)?

The M&G Charibond Charities Fixed Interest Fund (Charibond) was originally launched in 1976 as a specialist charity fixed income fund with a charitable objective of furthering the charitable purposes of the charities invested in it. It converted to its current structure as a Charity Authorised Investment Fund (a “CAIF”) in 2019. Its investment aim is to provide a higher total return (the combination of capital growth and income), net of the Ongoing Charge Figure, than that of a composite index+ comprising one half Gilts and one half UK corporate bonds, over any five-year period.

+The composite index is 50% of the ICE BoAML 1-15 Gilt Index and 50% of the ICE BoAML 1-15 Non Gilt Index.

The UK charity landscape has evolved over the years with charities becoming more sophisticated and strategic in their investment approach. This has reduced the appeal of a one-size-fits all fixed income fund and Charibond’s assets under management has been in steady decline for a number of years. We believe this trend will continue and there is limited potential for future growth. As the fund size declines further, it will become increasingly challenging for the fund to be diversified and have scale to be efficient and commercially viable.

After having considered a number of options we have decided to close Charibond. The closure process will start on **Thursday 19 June 2025** and dealing in Charibond will be suspended from **12:00 noon**.

## What are the options for Unitholders?

The different options for Unitholders are outlined in the following pages. None of the options detailed carry any associated charge from M&G.

Please read the information carefully and send us your instructions using the Option Form provided or by contacting our **Charities helpline** on **0800 917 4472\***.

Please note that we need to receive your instructions before **12:00 noon on Thursday 19 June 2025**.

\*If you instruct us by phone, your holding will be sold at the next valuation point.

**If you do not send us any instructions, your units will be sold and your proceeds will be sent to you within four business days from Tuesday 24 June 2025 in line with our terms and conditions.**

## Important information

All stated tax implications are based on our current understanding of UK tax legislation and will depend on your tax status. If you are in any doubt as to your own position in regard to this issue, you should consult a tax adviser or financial adviser.

Over the three months leading up to the closure date Charibond may hold higher levels of Gilts than would normally be the case.

The fund may receive an unexpected windfall after it has closed. Whilst this scenario is unusual, it may result in a small surplus needing to be returned to Unitholders sometime after Tuesday 24 June 2025. Please see the section “What will happen if there is any surplus cash at the end of the closure process?” on page 8 for more details.

Termination accounts are not finalised until sometime after the closure process and the report will be published on our website. Should termination not be completed before the end of any future annual accounting periods ending 31 October each year or half-yearly accounting periods ending 30 April each year, we would additionally publish on our website the long report and financial statements within two months of the half-yearly accounting periods and within four months of the end of the annual accounting periods. All reports are available on the website [www.mandg.com](http://www.mandg.com) within the Literature section and by filtering ‘Annual Report’ and ‘Interim Report’.

If you would like to receive a paper copy of any of these reports they will be available on request by calling our **Charities helpline**.

# Your options

## Option A: sell your investment

### Before the closure commences:

- You can sell your holding at any time. You can instruct us by completing the enclosed Option Form. You can send the form to us using the reply-paid envelope. Instructions sent by post must reach us before **12:00 noon on Thursday 19 June 2025**. Please complete and sign the enclosed Option Form, selecting Option A. Alternatively, you can instruct us by phone via our **Charities helpline**. If you instruct us by phone, your holding will be sold at the next valuation point.

More details can be found on “Giving your instructions” on page 6.

You will be sent your proceeds within four business days of us receiving the instruction.

### Once the closure process starts (the default option):

- If we have not received instructions from you before **12:00 noon on Thursday 19 June 2025**, your units will be sold and your proceeds will be sent to you within four business days of Tuesday 24 June 2025 in line with our terms and conditions.

For your protection, and to minimise the risk of financial crime, we are required by law to verify the identity of all our customers. If we have not been able to verify your identity we will not be able to make a payment to you and will need to contact you to obtain verification. If you would like to confirm whether your identity has been verified, please call our **Charities helpline**.

As long as we have been able to verify your identity, your proceeds will be paid out according to the payment instructions we hold on your account. If we don't hold verified bank or building society account details for you, the payment will be made by cheque. If you do not wish to receive your payment by cheque, the latest opportunity to provide or update your bank account details prior to closure is 18 June 2025.

## Option B: switch to an alternative specialist M&G charity fund

### Switch to an alternative specialist M&G charity fund

- You may do this at any time before **12:00 noon on Thursday 19 June 2025**.

We do not have another fixed income fund in the specialist M&G charity fund range. We have an equity fund (M&G Equities Investment Fund for Charities (Charifund)) and a multi asset fund (M&G Charity Multi Asset Fund). Information on these two other charity funds can be found at **[www.mandg.com/investments/charities/en-gb](http://www.mandg.com/investments/charities/en-gb)** or by contacting our **Charities helpline**.

Once you have found the right fund(s) for you and read the relevant Key Investor Information Document(s) (KIIDs) and Prospectus, you can instruct us by completing the enclosed Option Form. You can send the form to us using the reply-paid envelope. Instructions sent by post must reach us before **12:00 noon on Thursday 19 June 2025**. Please complete and sign the enclosed Option Form, selecting Option B. More details can be found on “Giving your instructions” on page 6. Alternatively, you can instruct us by phone via our **Charities helpline**. If you instruct us by phone, your holding will be sold at the next valuation point.

We will send you confirmation of your new holding(s) in your chosen fund(s) once the switch has taken place.

## Other M&G options

M&G also offers a range of funds for investment, including fixed income funds, that are not specialist charity funds nor authorised as a CAIF. To see if your charity is able to invest in these funds, please contact our **Charities Team** by email **[charities@mandg.com](mailto:charities@mandg.com)** who will respond to your query, or contact the **Charities helpline**.

## Important considerations associated with the options

We are not permitted to provide investment advice, but we are happy to talk you through the various options.

None of the options detailed above carry any associated charge from M&G.

Please be aware both Options A and B set out above will be deemed a disposal of units for capital gains tax (CGT) purposes. Charities are usually exempt from CGT, and so both Options should not result in any tax liability for your charity, but this will depend upon individual circumstances.

When considering your options, you should be clear of the tax consequences of each option. If you are in any doubt as to the suitability or tax consequences of the options you should contact a financial or tax adviser.

# Your questions answered

We realise that you may have some questions on the closure of Charibond and what your options are. With this in mind we have set out to answer the most commonly asked questions. If you have any further questions, please do not hesitate to contact our **Charities helpline**.

Please be aware that we are not in a position to give you investment or tax advice, so if you are uncertain as to how to proceed, you should consult a financial adviser. You can find Information on how to access financial advice on our website [www.mandg.co.uk/getfinancialadvice](http://www.mandg.co.uk/getfinancialadvice)

## Giving your instructions

### Q. How should I communicate what I want to do and when will my instruction be actioned?

#### Communicating your decision

We need to receive your instructions before **12:00 noon on Thursday 19 June 2025**. You can:

- complete the enclosed Option Form to provide your instructions and return it in the reply-paid envelope provided.
- call our **Charities helpline**.

If you are instructing us to switch your investment to an alternative M&G charity fund, please ensure that you have read the KIID(s) for the fund(s) you have chosen and the Prospectus. For free up-to-date copies of the KIIDs or Prospectus please visit the website or call our **Charities helpline**.

#### Actioning your instructions

Instructions received before the relevant cut off dates will be processed as per our usual terms and conditions of business:

- instructions received before 12:00 noon on a business day will be dealt at that day's valuation point;
- instructions received on a non-business day or after 12:00 noon on a business day will be dealt at the next business day's valuation point.

For your protection, and to minimise the risk of financial crime, we are required by law to verify the identity of all our customers. If we have not been able to verify your identity we will not be able to make a payment to you and will need to contact you to obtain verification. If you would like to confirm whether your identity has been verified, please call our **Charities helpline**.

### How your proceeds will be paid if you choose to sell prior to 12:00 noon on Thursday 19 June 2025

As long as we have been able to verify your identity, your proceeds will be paid out within four business days according to the payment instructions we hold on your account. If we don't hold verified bank or building society account details for you, the payment will be made by cheque.

### Q. What if I don't do anything?

If you do not send us any instructions, your units will be sold and your proceeds will be sent to you within four business days from Tuesday 24 June 2025 in line with our terms and conditions.

## If you are switching to another M&G charity fund

### Q. Will I hold the same number of units if I switch to another fund?

When switching to another fund, you will not receive the same number of individual units, but you will hold units to the same value as you did in Charibond on the date of the switch (based on the published price of each fund on that date).



### Q. Will I hold units of the same type if I switch into another fund?

You will be able to choose either income or accumulation units in the fund you have selected. Please ensure that you have read the relevant KIID(s) for the fund(s) you have chosen. For free up-to-date copies of the KIIDs please visit the website or call our **Charities helpline**.

### Q. What will happen to my income instructions?

If you switch to income units in another specialist M&G charity fund, your existing income instructions will remain in force. However, if you already are a Unitholder in the fund you are switching into, your existing income instruction for the fund you are switching into will take precedence.

## Your investment

### Q: Does the closure affect my other investments with M&G?

No – it does not affect any other investment(s) you have with us.

### Q. I invest by Direct Debit. What will happen to that?

The last dates we will take a Direct Debit payment for Charibond will be 22 May 2025, 2 June 2025 and 10 June 2025 depending on which day of the month your payments are currently being made.

If you switch your investment into another M&G charity fund, we will redirect your monthly payments to your new fund with effect from the next contribution date following receipt of your instruction. You do not need to complete a new Direct Debit Instruction as your existing instructions will automatically transfer to the new fund when you switch. However, if you already happen to be making a regular contribution to the fund you are switching into, the amounts of your two Direct Debits will be combined with effect from the next contribution date after we receive your instruction. In all other respects, your instructions for the fund you are switching into will take precedence.

Last Direct Debit payment	Cut-off to cancel last Direct Debit payment Charibond
22 May 2025	8 May 2025
2 June 2025	16 May 2025
10 June 2025	27 May 2025

If you sell your units in the window between the cut off to cancel a Direct Debit and the Direct Debit collection date itself, your investment may go ahead on collection date. In this scenario, your new units will be sold approximately 10 business days after the collection date or upon the completion of the Charibond closure, whichever is sooner.

If we have not received instructions from you before **12:00 noon on Thursday 19 June 2025**, your holding including your last Direct Debit payment will be sold on Tuesday 24 June 2025 and you will be sent the proceeds within four business days in line with our terms and conditions.

### Q: How can I find out what the value of my investment in Charibond is?

You can find out the value of your investment by calling our **Charities helpline**.

## Costs of the closure

### Q. Will I be charged for the closure?

Administrative or publishing charges incurred in the closure will be borne by M&G. Transaction costs associated with selling the portfolio will be paid by Charibond.

None of the options detailed above carry any associated charge from M&G.

### Q. Will I pay more charges as Charibond reduces in size prior to its closure?

No fixed costs are included in the annual charge, which will remain unchanged and you will not pay more.

## Tax information

### Q. Will I have to pay capital gains tax (CGT)?

Charities are usually exempt from CGT and so Options A and B outlined should not result in any tax liability for your charity but this will depend upon individual circumstances.

When considering your options, you should be clear of the tax consequences of all of the options.

If you are in any doubt as to the tax consequences of your action you should contact a tax adviser or financial adviser.

## Other

### Q. What will happen if there is any surplus cash after the Charibond closure?

If we have surplus cash after the Charibond closure it may be paid to Unitholders, net of the costs of making payment, who were invested on Thursday 19 June 2025.

For your protection, and to minimise the risk of financial crime, we are required by law to verify the identity of all our customers. If we have not been able to verify your identity we will not be able to make a payment to you. If you would like to confirm whether your identity has been verified, please call our **Charities helpline**.

Please note that Unitholders who sell or switch their investment in Charibond prior to Thursday 19 June 2025 will not be entitled to payment of any surplus cash.

## Further information

If you have any further questions about the Charibond closure, please contact our **Charities helpline** on **0800 917 4472**. The team is available from 09:00 to 17:00, Monday to Friday. 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. For alternative ways to get in touch please visit the "Contact us" section of our website at [www.mandg.com/investments/charities/en-gb](http://www.mandg.com/investments/charities/en-gb)

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