

16 May 2025

Dear Investor

Changes to the M&G Equities Investment Fund for Charities (Charifund)

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

I am writing to inform you of changes we are making to improve the visibility of investment exclusions and restrictions that apply to Charifund (ie what it cannot invest in). The changes, which will become effective on Monday 16 June 2025 (the “**Effective Date**”), are being made to improve clarity and transparency of the investment approach and bring Charifund in line with other UK funds managed by M&G. The changes will be reflected in the Prospectus and Key Investor Information Documents (“**KIIDs**”).

Please note that there will be no change to Charifund’s investment process, and the changes will not result in any realignment of its portfolio nor impact its risk profile.

A comparison of the current and revised Investment Objective and Investment Policy Prospectus wording and the investment exclusions and restrictions wording can be found in the appendices at the end of this letter.

What are the changes?

The fund manager has long followed an ethical approach allied with perceived investor values as part of the investment approach, supported by an Advisory Committee. The Advisory Committee is an independent consultative body tasked with representing the interests of investors for our charity funds, including providing feedback on the funds’ investment objectives, policies and strategies.

The ethical approach informs investment guidelines aiming to restrict investment in companies and/or sectors that do not align with the perceived values of investors. Historically these have not been disclosed in the Prospectus and KIIDs, but as interest in environmental, social and governance (“**ESG**”) factors has increased, details of exclusions and restrictions will now be formalised within the documents.

continued overleaf

It should be noted that Charifund already excludes investment in companies involved in the production of tobacco, which is stated in the Investment Policy within the Prospectus. It also adheres to M&G corporate policies on thermal coal and controversial weapons (both policies are available on our website www.mandg.com/who-we-are/mandg-investments/responsible-investing-at-mandg-investments).

Charifund's exclusions and restrictions being added to the Prospectus

A table detailing the investment exclusions and restrictions will be added into a new section within the Prospectus entitled "Exclusions, Thresholds and Exceptions". This table can be found in Appendix 2, but in summary Charifund will exclude or restrict investment in companies that are:

- Assessed to be in severe, repeated and/or systemic breach of international global norms guided by international standards including the UN Global Compact
- Involved in thermal coal extraction (see M&G Thermal Coal Investment Policy)
- Involved in unconventional oil and gas extraction
- Producing, directing or publishing adult entertainment
- Involved in gambling related services
- Producing or distributing tobacco
- Involved in controversial weapons (see M&G Controversial Weapons Policy)
- Producing or selling defence and other weapons

Third-party information systems are used to identify and filter out companies that carry out the excluded or restricted activities so the fund manager cannot include them in the portfolio. The third-party "screens" are from data vendors such as MSCI and Bloomberg. The ESG information that third-party data vendors provide may be incomplete, inaccurate or unavailable. Therefore, there may be a risk of a company being incorrectly included or excluded from Charifund's portfolio.

Making changes to your investment

You may sell your investment in Charifund, or switch it to an alternative M&G specialist charity fund, free of charge, at any point before or after the change has taken place subject to our Terms and Conditions. We do not have another equity fund but we do have a multi asset fund (M&G Charity Multi Asset Fund). Information on this specialist charity fund can be found at www.mandg.com/charities or by contacting our **Charities helpline**.

Costs of the changes

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

For more information

If you have any further questions about the changes to Charifund, 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/charities

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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 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

Yours faithfully



Laurence Mumford
Director, M&G Securities Limited

Encl:

- Appendix 1: Comparison of previous and new Prospectus wording for the M&G Equities Investment Fund for Charities (Charifund)
- Appendix 2: Exclusions, Thresholds and Exceptions to be applied to the M&G Equities Investment Fund for Charities (Charifund) Prospectus

Appendix 1: Comparison of previous and new Prospectus wording for the M&G Equities Investment Fund for Charities (Charifund)

M&G Equities Investment Fund for Charities (Charifund)	
Current	As from Monday 16 June 2025
<p>Charitable Objective The Fund's charitable objective will be to further the charitable purposes of the Charities that directly or indirectly hold units in the Fund from time to time.</p>	
<p>Investment Objective The Fund has three aims:</p> <ul style="list-style-type: none"> • To provide an annual yield above that available from the FTSE All-Share Index; • To provide an income stream that increases every year; • To provide a level of capital growth, net of the Ongoing Charge Figure, that is higher than inflation over any ten-year period, as measured by the UK Retail Prices Index (RPI). <p>There is no guarantee that the Fund will achieve its investment objective over this, or any other, period and investors may not get back the original amount they invested.</p>	<p>Investment Objective The Fund aims to:</p> <ul style="list-style-type: none"> • Provide an annual yield above that available from the FTSE All-Share Index; • Provide an income stream that increases every year; • Provide a level of capital growth, net of the Ongoing Charge Figure, that is higher than inflation over any ten year period, as measured by the UK Retail Prices Index (RPI). <p>There is no guarantee that the Fund will achieve its investment objective over this, or any other, period and investors may not get back the original amount they invested.</p>
<p>Investment Policy At least 70% of the Fund is invested in equity securities and equity-related securities of companies across any sectors and market capitalisations, that are incorporated, domiciled, listed or do most of their business in the United Kingdom.</p> <p>The Fund may also invest in other transferable securities, including the shares of non-UK companies cash and near cash directly or via collective investment schemes (including funds managed by M&G).</p> <p>Companies involved in the production of tobacco are excluded from the investment universe.</p> <p>Derivatives may be used for Efficient Portfolio Management and hedging.</p>	<p>Investment Policy At least 70% of the Fund is invested in equity securities and equity-related securities of companies across any sectors and market capitalisations, that are incorporated, domiciled, listed or do most of their business in the United Kingdom.</p> <p>The Fund may also invest in other transferable securities, including the shares of non-UK companies, cash and near cash, directly or via collective investment schemes (including funds managed by M&G).</p> <p>The Fund does not pursue an ESG outcome, however as part of the investment selection process the Fund uses screens to exclude certain investments as set out below.</p> <p>Derivatives may be used for Efficient Portfolio Management and hedging.</p>

Appendix 2 – Exclusions, Thresholds and Exceptions to be applied to the M&G Equities Investment Fund for Charities (Charifund) Prospectus

The fund manager uses negative screens set up in monitoring systems to filter the investment universe. These screens typically use third party data vendors such as MSCI and Bloomberg. This system is supplemented by the fund manager's research process, which may result in exceptions against such monitoring, as described below.

Issue	Criteria
Global Norms	
Global Norms including the UN Global Compact (UNGC)	The fund manager will exclude companies assessed to be in severe, repeated and/or systemic breach of international global norms, where the fund manager considers engagement to be unlikely to lead to remediation and/or mitigate against the risk of recurrence. Our assessment of global norms is guided by international standards including UN Global Compact, OECD Guidelines for Multinational Enterprises, ILO Declaration on fundamental Principles and Rights at Work and UN Guiding Principles.
Environmental issues	
Thermal Coal Extraction	The Fund applies the M&G Investments Thermal Coal Investment Policy; a copy may be found on our website.
Unconventional Oil and Gas Extraction	Companies that derive revenues from the unconventional extraction of oil and gas (defined as oil sands and Arctic drilling) are restricted. A 10% revenue threshold applies.
Social issues	
Adult Entertainment	The Fund excludes companies that derive revenues from producing, directing or publishing adult entertainment. A 10% revenue threshold applies.
Gambling	Companies that derive revenues from the provision of gambling-related services are excluded. A 10% revenue threshold for such companies is applied.
Tobacco	Companies that derive revenues from activities related to the tobacco industry are excluded. A 0% revenue threshold for tobacco producers and a 10% revenue threshold for distributors is applied.
Controversial weapons	Companies involved in anti-personnel mines, cluster munitions, chemical and biological weapons, nuclear weapons outside the non-proliferation treaty, depleted uranium and incendiary white phosphorous munitions, blinding laser, non-detectable fragment weapons are excluded. A 0% revenue threshold for such companies is applied.

Defence and Other Weapons	<p>Companies that derive revenues from the production or sale of weapons systems, components, and support systems and services, or the manufacture and retail of civilian firearms and ammunition are excluded. For the avoidance of doubt, this does not include the provision of generic systems and services that are not weapons-specific.</p> <p>A 5% revenue threshold for such companies is applied.</p>
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Approach to Exclusions

In systematically applying the exclusions as negative screening there may be circumstances where the fund manager grants exceptions. For example:

1. The fund manager may disagree with data or opinions provided by third parties, and decide to categorise an investment differently. For example, data provided from data vendors can be stale and we may have access to more accurate information from researching the relevant company.
2. As revenue data is backwards-looking (e.g. it comes from the company's accounts covering their previous year's activities) it can arise from activities the company is no longer undertaking (eg if the relevant business has been sold) or from extraordinary income streams that are not expected to persist. In such cases, the fund manager will consider how large the exposure is compared to the threshold and how long that exposure is expected to persist, as part of making a reasonable estimation of what the current value for the offending revenue would be. An exception may be granted if the fund manager concludes the company would be within the threshold, if fresher data was available.