

26 June 2026

Dear Shareholder

Please refer to Appendix 2 for a full list of your ESIF Account Names and Numbers

**Changes to:**

- **M&G Senior Asset Backed Credit Fund**
  - **M&G Investment Grade ABS Fund**
- (each a “Fund”, together the “Funds”),  
both sub-funds of European Specialist Investment Funds (the “Company”)

**We recommend that you read this letter carefully.**

Defined terms used in this letter have the same meaning as in the Company’s Prospectus, unless otherwise defined hereafter.

I am writing to inform you of the following changes to the Funds:

1. Changes to the expected average level of leverage of the **M&G Senior Asset Backed Credit Fund** and the **M&G Investment Grade ABS Fund**
2. Introduction of investment quality restrictions to the **M&G Senior Asset Backed Credit Fund**

**Please note that there will be no change to the way the Funds are managed. The changes will not result in any realignment of the Funds’ portfolios and there will also be no material change to the Funds’ overall risk profiles.**

1. **Changes to the expected average level of leverage of the M&G Senior Asset Backed Credit Fund and the M&G Investment Grade ABS Fund**

The Funds’ Supplements within the Prospectus were amended on 23 June 2026 to specify that their expected average level of leverage under normal market conditions will generally not exceed 150% of their Net Asset Values when calculated in accordance with the “Sum of Notionals” approach – see details below.

continued overleaf

For the **M&G Senior Asset Backed Credit Fund**, this will represent a **decrease from 400% to 150%**, and for the **M&G Investment Grade ABS Fund** this will represent an **increase from 100% to 150%**.

**Please note that there will be no change to the Funds' Investment Objectives, Investment Policies and Investment Approaches.**

#### **Why is the change happening?**

In accordance with UCITS regulation, each Fund's expected average level of leverage is determined using the "Sum of Notionals" approach. This approach shows each Fund's "gross" total of derivative exposure by aggregating the sum of notional exposure of all derivatives used by each Fund, including those used for share class hedging and risk reduction purposes such as portfolio currency hedging. The approach does not take into account any netting of derivative positions against equivalent "offsetting" positions. An offsetting position is a trade that cancels or offsets some or all of the market risk of an open position.

For the **M&G Senior Asset Backed Credit Fund**, since launch, the average level of leverage under normal market conditions has consistently been lower than the 400% currently stated in the Fund Supplement. Reducing the expected average level of leverage to no higher than 150% provides a more accurate description of the Fund, whilst retaining flexibility for the future.

For the **M&G Investment Grade ABS Fund**, increasing the Fund's expected average level of leverage provides greater flexibility for the future.

## **2. Introduction of investment quality restrictions to the M&G Senior Asset Backed Credit Fund**

Effective from 31 July 2026, we will introduce an Additional Investment Restrictions section in the Fund Supplement. The restrictions reflect the requirements of the German Versicherungsaufsichtsgesetz ("**VAG**"). The VAG sets out standards for the types of investments German insurance companies and pension funds may hold, including specific credit quality restrictions for fixed income securities. While the Fund already complies with these requirements, explicitly disclosing these restrictions in a stand-alone section is expected to make the Fund more attractive for investors subject to these requirements, which we believe will increase its potential for future growth opportunities.

The Additional Investment Restrictions can be found in full at the end of this letter.

**Please note that there will be no change to the Fund's Investment Objective and Investment Approach.**

#### **What is the VAG?**

The VAG aims to ensure the security, liquidity and quality of assets backing long-term liabilities for German insurance companies and pension funds. Under VAG requirements, Asset-backed securities ("**ABS**") have to meet specific credit quality and transparency criteria, whilst any exposure to below investment grade ABS must be disclosed and managed within defined limits.

#### **Administration costs associated with the changes**

All administration costs associated with implementing the changes will be borne by M&G.

continued

**Making changes to your investment**

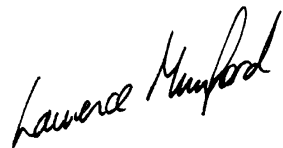
You may sell your investment, or switch into another Fund of the Company, free of charge, at any point before or after the changes have taken place, in accordance with the terms set out in the Company's Prospectus.

**For more information**

If you have any further queries, please do not hesitate to contact your Client Director, Maria Stott (institutional.client.directors@mandg.com).

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 sincerely



Laurence Mumford  
Chair, European Specialist Investment Funds

Enc. Appendix 1: Additional Investment Restrictions to be added to the M&G Senior Asset Backed Credit Fund Supplement on 31 July 2026  
Appendix 2: Full list of your ESIF Account Names and Numbers

**Appendix 1:**  
**Additional Investment Restrictions to be added to**  
**the M&G Senior Asset Backed Credit Fund Supplement on 31 July 2026**

The Additional Investment Restrictions are shown below in **bold**.

**“Investment Policy**

The Fund invests in Asset-Backed Securities and other floating rate instruments that are Investment Grade (i.e. at the time of investment are rated at least BBB- or equivalent by a recognised rating agency, such as Standard & Poor’s, Fitch or Moody’s, or in the case of unrated securities, securities which are deemed to be of comparable credit quality by the Investment Manager) and denominated in any currency.

In usual market conditions, at least 70% of the portfolio will be invested in Asset Backed Securities and at least 80% of the portfolio is expected to be subject to a credit rating of at least AA-; this is a credit rating which is above that included in the definition of “Investment Grade” in the Prospectus and will mean that these are usually in the senior tranches for Asset Backed Securities which are towards the top of the capital structure.

**Additional Investment Restrictions**

**The Fund may only invest into ABS or credit-linked instruments that, at the time of purchase, are rated at least Investment Grade. In the event of a downgrade, which causes the security or instrument to be rated below Investment Grade referred to above, such securities or instruments may remain in the Fund provided in aggregate they represent less than 3% of the Net Asset Value of the Fund. To the extent that the aggregate value of such securities or instruments is more than 3% of the Net Asset Value of the Fund, any which have not been upgraded within a six-month period, will be sold.**

**In the case of split ratings by recognised rating agencies, the lower of the two highest ratings must be used. Where the lower of the two highest ratings does not meet the requirements stated above, the Investment Manager may replace it with its own internal rating based on quantitative analysis, which may be higher. Similarly, where there is only one rating by a recognised rating agency and this does not meet the requirements stated above, the Investment Manager may replace it with its own internal rating based on quantitative analysis, which may be higher. The Fund will under no circumstances rely exclusively on external ratings in determining the credit risk of a financial instrument.**

**The Fund will only invest in Collective Investment Schemes which have equivalent restrictions in respect of the above rating requirements.”**

**Appendix 2: Full list of your ESIF Account Names and Numbers**

<b>European Specialist Investment Funds ("ESIF") Account Name</b>	<b>ESIF Account Number</b>