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Ecclesfield Parish Council
Council Offices
Mortomley Lane
High Green
Sheffield
S35 3HS



15 May 2024

Dear Sir/Madam

Change to our funds' dilution policy

This letter is for your information only. You do not need to take action, but we recommend you give the letter careful consideration to fully understand the changes.

We are writing to inform you that from Monday 22 July 2024 (the 'Effective Date'), M&G Securities Limited ('M&G') will be amending its dilution policy, which is detailed in the funds' prospectuses. This letter provides information on the dilution policy, what it is, the changes being made and the impact of the changes on your investment.

What is a dilution policy?

When investors buy or sell units in a fund, the fund manager has to buy or sell investments (for example company units or bonds) within the fund. This incurs investment dealing costs, such as broker commission, taxes and duties. These costs are paid by the fund and are therefore indirectly borne by existing investors in that fund. The investment dealing costs reduce performance and this affects all investors in the fund. This effect is known as 'dilution', as it dilutes the value of the fund.

A dilution policy aims to protect ongoing investors against the impact of dilution and describes the measures in place to do this.

The change will also deliver an improved and more efficient dilution process.

How does our dilution policy work?

At M&G, when the fund manager has to buy or sell assets (to either invest cash from investors or to provide them with cash in exchange for their units), the calculation of the fund units' daily price is adjusted to take into account the costs of buying or selling assets held by the fund. This is known as a dilution adjustment (often referred to as 'swinging pricing' in a process known as 'swinging the price'). This ensures that these investment dealing costs are borne by those investors who have been buying or selling units in the fund, rather than by ongoing investors in the fund. The daily unit price published on the M&G website takes into account any dilution adjustment.

continued overleaf

A downside of applying a dilution adjustment is that it can increase the size of fund unit price movements. At M&G, we currently try to reduce these fluctuations in unit price through investing our own capital in our funds.

Why is the policy changing?

The current policy for applying a dilution adjustment is bespoke to M&G and so is not always easily understood by investors. The new policy moves us in line with common market practice. As such we believe it will be better understood by investors.

What is changing?

We will continue to apply a dilution adjustment to reduce the impact of dilution on our funds. However, we are changing the way we apply the dilution adjustment. From the Effective Date, we will introduce a minimum threshold for the application of the dilution adjustment. This means that the dilution adjustment will only come into force on days when investors, taken together, are either buying or selling amounts in a fund that exceed the minimum threshold or where M&G believes it is in the best interest of investors. As a result, M&G will no longer need to actively manage fluctuations on a daily basis.

The change may lead to a slight increase in the amount of dilution experienced by each fund. We estimate this could result in an additional cost of between less than 0.01% and 0.12% per annum per fund, or approximately the equivalent of between less than £1 and £12 per annum for every £10,000 invested. Please note that these figures were calculated based on data for the 12 months to December 2023 and could be higher or lower in the future.

There will be no change in the way you deal in the funds, and daily prices will still be published on our website at www.mandg.co.uk/charities

If you would like more detail on the change in process used to manage dilution, please visit our website at www.mandg.co.uk/charities or contact us using the details below.

Legal and administration costs associated with making the changes

All legal and administration costs associated with making the changes will be borne by M&G.

For more information

If you have any queries regarding the information included in this letter I would ask you to contact our administrators in the first instance; please write to the **M&G Charity Team** at PO Box 9038, Chelmsford CM99 2XF; alternatively, you may email the team at charities@mandg.co.uk or call the Charities Helpline on **0800 917 4472**. The Helpline is open from 09:00 to 17:00 Monday to Friday. Calls may be recorded.

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. 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



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