

Key Information Document



This document provides you with key information about this investment product. It is not marketing material. The information is required by law to help you understand the nature, risks, costs, potential gains and losses of this product and to help you compare it with other products.

The Equities Investment Fund for Charities (Charifund) Sterling Class – Income units ISIN no. GB0005494629

Managed by M&G Securities Limited

M&G Securities Limited is authorised in the UK and regulated by the Financial Conduct Authority. Website: mandg.co.uk/charities
(For further information please call 0800 917 4472)

The key information is accurate as at 30 September 2019

What is this product?

Type

Charifund is an authorised unit trust and qualifies as an Alternative Investment Fund.

Objective

The Trust is designed to provide a high and growing income for charities, while at the same time protecting their capital from the erosive effects of inflation over a rolling ten year period. There is no guarantee that the Trust will achieve a positive return over this, or any other, period and investors may not get back the original amount they invested. The units are a suitable investment for the equity portion of charitable funds. Normally the Managers' policy is to invest in a portfolio mainly of equities and convertible stocks to provide a yield significantly more than that of the FTSE All-Share Index.

Investment policy

The units are a suitable investment for the equity portion of charitable funds. Any UK charity, including those in Scotland and Northern Ireland, can invest in Charifund. Charifund's portfolio comprises approximately 100 stocks. The fund invests mainly in a well-diversified portfolio of high yielding UK stocks with the objective of generating a high income and increasing the annual distribution. The aim is to provide a level of income that is significantly higher than that of the FTSE All-Share Index. The high yield premium attached to the fund generally means that there is a bias towards good value, out-of-favour stocks. The emphasis on yield helps to identify shares that are cheap and to avoid those that are expensive. Good quality companies with attractive dividend growth prospects are identified from the available universe of high yielding stocks as those that exhibit a strong business franchise, competitiveness and good turnover and dividend growth. In view of the yield premium, the portfolio is constructed quite differently from the FTSE All-Share Index and therefore will usually move at a quite different speed from the index in the short run.

Benchmark

Yield: FTSE All-Share Index

Capital growth: UK Retail Prices Index (RPI)

The fund manager makes active investment decisions for the fund. The benchmarks are targets which the fund seeks to outperform. The target benchmarks are used solely to measure the fund's performance and income objective.

Glossary terms

Dividend yield: Annual income distributed as a percentage of the unit price.

Intended retail investor

This product is for charities, with basic investment knowledge, seeking rising income and growth through an actively managed fund invested in company shares. Investors should be looking to invest for at least ten years and should appreciate that their capital will be at risk and that the value of their investment and any derived income may fall as well as rise.

Term of the PRIIP

The fund does not have a fixed term and may be wound up only under the FCA regulations, in which case, you will be given notice.

What are the risks and what could I get in return?

Risk indicator



! The risk indicator assumes you keep the product for 10 years. The actual risk can vary significantly if you cash in at an early stage and you may get back less.

The summary risk indicator is a guide to the level of risk of this product compared to other products. It shows how likely it is that the product will lose money because of movements in the market or because we are not able to pay you.

We have classified this product as 3 out of 7, which is a medium-low risk class. This rates the potential losses from future performance at a medium-low level, and poor market conditions are unlikely to impact the capacity of M&G Securities Limited to pay you.

Any other risks materially relevant to the PRIIP not included in the summary risk indicator are described in the Prospectus.

This product does not include any protection from future market performance so you could lose some or all of your investment.

If we are not able to pay you what is owed, you could lose your entire investment.

However, you may benefit from a consumer protection scheme (see the section 'what happens if we are unable to pay you'). The indicator shown above does not consider this protection.

Performance scenarios

Investment of £10,000		1 year	5 years	10 years (Recommended holding period)
Scenarios				
Stress scenario	What you might get back after costs	£5,235.49	£5,433.69	£4,087.31
	Average return each year	-47.65 %	-11.48 %	-8.56 %
Unfavourable scenario	What you might get back after costs	£9,169.14	£9,524.95	£10,885.75
	Average return each year	-8.31 %	-0.97 %	0.85 %
Moderate scenario	What you might get back after costs	£10,547.70	£13,007.87	£16,905.05
	Average return each year	5.48 %	5.40 %	5.39 %
Favourable scenario	What you might get back after costs	£12,097.27	£17,711.27	£26,174.28
	Average return each year	20.97 %	12.11 %	10.10 %

- This table shows the money you could get back over the next 1, 5 and 10 years, under different scenarios, assuming that you invest £10,000.
- The scenarios shown illustrate how your investment could perform. You can compare them with the scenarios of other products.
- The scenarios presented are an estimate of future performance based on evidence from the past on how the value of this investment varies, and are not an exact indicator. What you get will vary depending on how the market performs and how long you keep the investment/product.
- The stress scenario shows what you might get back in extreme market circumstances, and it does not take into account the situation where we are not able to pay you.
- The figures shown include all the costs of the product itself, but may not include all the costs that you pay to your advisor or distributor. The figures do not take into account your personal tax situation, which may also affect how much you get back.

What happens if M&G Securities Limited is unable to pay out?

NatWest Trustee and Depository Services Limited (the 'Trustee') is responsible for the safekeeping of the assets of the fund under a depository agreement. In case of default of M&G Securities Limited the assets of fund will not be affected. If the Trustee or its delegates fails to fulfil its regulatory and contractual obligations, equivalent assets/value will be returned to the fund.

If the Trustee or its delegates encounter financial difficulties, the fund could suffer a loss. Your charity may be entitled to compensation by the Financial Services Compensation Scheme (FSCS). The maximum level of compensation for claims against firms declared in default is £50,000 per person per firm. Further information about compensation arrangements can be found on the Financial Services Compensation Scheme website www.fscs.org.uk

What are the costs?

Presentation of costs

The Reduction in Yield (RIY) shows what impact the total costs you pay will have on the investment return you might get. The total costs take into account one-off, ongoing and incidental costs.

The amounts shown here are the cumulative costs of the product itself, for three different holding periods. They include potential early exit penalties. The figures assume you invest £10,000. The figures are estimates and may change in the future.

Cost over time

The person selling you or advising you about this product may charge you other costs. If so, this person will provide you with information about these costs, and show you the impact that all costs will have on your investment over time.

Investment of £10,000			
Scenarios	If you cash in after 1 year	If you cash in after 5 years	If you cash in at the end of 10 years (Recommended holding period)
Total costs	£68.09	£425.33	£1,123.60
Impact on return (RIY) per year	0.68 %	0.68 %	0.68 %

Composition of costs

The table below shows:

- the impact each year of the different types of costs on the investment return you might get at the end of the recommended holding period;
- the meaning of the different cost categories.

This table shows the impact on return per year			
One-off costs	Entry costs	0.00 %	There are no entry costs on this product.
	Exit costs	0.00 %	There are no exit costs on this product.
Ongoing costs	Portfolio transaction costs	0.05 %	The impact of the costs of us buying and selling underlying investments for the product.
	Other ongoing costs	0.60 %	The impact of the costs that we take each year for managing your investments.
Incidental costs	Performance fees	0.00 %	There is no performance fee on this product.

How long should I hold it and can I take money out early?

Recommended holding period of this fund is 10 years.

The recommended holding period was selected in accordance with the fund's objective.

You can request that the fund redeems your units on any dealing day. If the instructions are received by 12:00 noon UK time, they will be carried out at that day's price.

The request may be made:

- in writing to: M&G Charity Department, PO Box 9038, Chelmsford CM99 2XF
- or by phone: 0800 917 4472

How can I complain?

If you wish to make a complaint about any aspect of the service provided by M&G Securities Limited, please contact M&G Group:

- in writing to: M&G Group, PO Box 9038, Chelmsford CM99 2XF
- or by phone: 0800 917 4472

If your complaint is not dealt with to your satisfaction, you may then complain to the Financial Ombudsman Service:

- in writing to: The Financial Ombudsman Service, South Quay Plaza, 183 Marsh Wall, London E14 9SR
- or consult their website: www.financial-ombudsman.co.uk

Other relevant information

Please visit www.mandg.co.uk/charities where you can obtain:

- the annual and interim reports and financial statements
- the Important Information for M&G Charity Fund Investors
- the up-to-date Key Investor Document

For further information about the trust, please contact: 0800 917 4472