



M&G Charity Multi Asset Fund

Annual Long Report and audited Financial Statements
for the period from 15 November 2019 to 2 November 2020

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Manager's Report

The Manager of M&G Charity Multi Asset Fund presents its Annual Long Report and audited Financial Statements for the period from 15 November 2019 to 2 November 2020.

Fund information

The fund is an authorised unit trust, regulated as a Charity Authorised Investment Fund and a non-UCITS retail scheme as defined in the FCA Regulations under number 106838. The fund is also a Common Investment Fund under the Charities Act 2011 and a charity registered with the Charity Commission for England and Wales under number 844280.

The fund was launched on 15 November 2019, following the conversion of The National Association of Almshouses Common Investment Fund.

The fund qualifies as an alternative investment fund under the Alternative Investment Fund Managers Directive.

M&G Securities Limited (the Manager) is authorised by the FCA as Alternative Investment Fund Manager while M&G Investment Management Limited is the investment adviser.

A unitholder is not liable for the debts of the fund and will not be liable to make any further payment to the fund after paying the purchase price of the units.

Charities registered in England, Scotland, Wales and Northern Ireland can invest in the fund.

Fund manager

Tristan Hanson

Tristan Hanson is employed by M&G FA Limited which is an associate of M&G Securities Limited.

At the start of the review period Jenny Rodgers was the fund manager.

Manager

M&G Securities Limited

10 Fenchurch Avenue, London EC3M 5AG, UK

Telephone: 020 7626 4588

(Authorised and regulated by the Financial Conduct Authority)

Directors of the Manager

C Dobson (non executive director), N M Donnelly*, S A Fitzgerald, P R Jelfs, M McGrade (non executive director), L J Mumford

* Resigned 30 June 2020

Advisory committee

The members of the committee, which acts as a consultative committee to M&G Securities Limited, are:

N C Talbot Rice (Chairman), P F Blake-Roberts, D S S Chichester, W Hartley Russell MVO, D L Wilson, HVB Vinnicombe.

Investment adviser

M&G Investment Management Limited, UK

10 Fenchurch Avenue, London EC3M 5AG, UK

(Authorised and regulated by the Financial Conduct Authority)

Registrar

SS&C Financial Services Europe Ltd*,

SS&C House, St. Nicholas Lane, Basildon, Essex SS15 5FS, UK

(Authorised and regulated by the Financial Conduct Authority)

SS&C Financial Services Europe Ltd act as the administrators for Charifund.

* DST Financial Services Europe Ltd changed its name to SS&C Financial Services Europe Ltd on 31 March 2020.

Trustee

NatWest Trustee & Depositary Services Limited is the Trustee of the fund and for the purposes of the Alternative Investment Fund Managers Directive (AIFMD) they are also the Depositary.

NatWest Trustee & Depositary Services Limited, House A, Floor 0, Gogarburn, 175 Glasgow Road, Edinburgh EH12 1HQ, UK

(Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority)

Independent auditor

Ernst & Young LLP

Atria One, 144 Morrison Street, Edinburgh EH3 8EX

Investor information

The Prospectus and Trust Deed as well as the latest Annual or Interim Long Report and Financial Statements are available free of charge on request from the following address. The Trust Deed can also be inspected at our offices or at the office of the Trustee.

Customer services and administration

M&G Charity Team, PO Box 9038, Chelmsford CM99 2XF

Telephone: 0800 917 4472

If you need more information about investing, please contact us direct. Alternatively, if you wish to obtain advice as to whether this investment is suitable for your needs, you should consult a financial adviser.

If you would like a list of financial advisers in your area, please visit www.unbiased.co.uk

We can answer your questions and take your instructions between 9.00am and 5.00pm Monday to Friday. For security purposes, and to improve the quality of our service, we may record and randomly monitor telephone calls.

Manager's Report

Investor information (continued)

If you already invest with us, please quote your M&G holding reference number (shown on your income vouchers or statements) when you contact the M&G Charity Team. Please note that M&G Securities Limited does not offer investment advice or make any recommendations regarding investments.

Directors' statement

The report is signed in accordance with the requirements of the Collective Investment Schemes sourcebook, as issued and amended by the Financial Conduct Authority.

M&G Securities Limited
15 December 2020

Manager's Report

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.

Investment objective

The fund has two aims:

- 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* over any five-year period.
- To provide an annual yield of at least 3%.

There is no guarantee that the fund will achieve its investment objective over this, or any other, period. The income distributions and the value of investments may rise and fall and investors may not recoup the amount they originally invested.

*Comprising of 45% of the FTSE All-Share Index, 30% of the MSCI ACWI (ex UK) Index, 12.5% of the ICE BoAML 1-15 Gilt Index and 12.5% of the ICE BoAML 1-15 Non-Gilt Index.

Investment policy

The fund invests in collective investment schemes, typically funds managed by M&G, to gain exposure to a diversified range of asset classes including equities, fixed income securities, property, cash and near cash. These assets may be from anywhere in the world, including emerging markets.

The fund's exposure to these assets will normally be within the following ranges: 60-90% in equities, 0-40% in fixed income securities and cash, and 0-15% in other assets. The fund may also hold and invest in cash and near cash directly.

Derivatives may be used for Efficient Portfolio Management and hedging. The fund invests in funds that may use derivatives for investment purposes.

Investment approach

The fund invests indirectly across a range of assets through investments in other funds, typically managed by M&G. The fund manager has a flexible approach to the allocation of capital between different types of assets in response to changes in economic conditions and asset values. This approach combines in-depth research to work out the value of assets over the short to medium term with analysis of market reactions to events to identify investment opportunities. In particular, the fund manager seeks to respond when asset prices move away from a reasonable sense of 'fair' value due to market reactions to events. The fund tends to have a bias towards underlying funds with an income focus to achieve its investment objective.

Benchmark

45% FTSE All-Share Index, 30% MSCI ACWI (ex UK) Index, 12.5% ICE BoAML 1-15 Gilt Index and 12.5% ICE BoAML 1-15 Non-Gilt Index.

The fund is actively managed. The benchmark is a target which the fund seeks to outperform. The composite index has been chosen as it best reflects the scope of the fund's investment policy and is used solely to measure the fund's performance. The target yield referenced in the investment objective has been chosen as it is an achievable target given the fund's investment policy. The target benchmark and target yield do not constrain the fund's portfolio construction.

Risk profile

The fund invests globally in a broad range of assets. Exposure to the different asset classes is gained through investments in other funds, typically managed by M&G. The fund is, therefore, subject to the price volatility of global financial markets, including emerging markets, and fluctuations in currency exchange rates.

The fund adopts a flexible approach to the allocation of capital between asset classes in response to changes in economic conditions and the valuation of assets, in order to take advantage of perceived investment opportunities as they arise. For the underlying funds, diversification across regions, industries and market capitalisation is key in managing liquidity risk and default risks as well as reducing market risk.

The fund tends to have a bias towards underlying funds with an income focus and an aim to invest in good-quality companies with attractive dividend growth prospects to achieve its investment objective. However dividend distributions from the underlying funds' holdings are not guaranteed and may vary.

The fund's risks are measured and managed as an integral part of the investment process.

Investment review

As at 3 November 2020, from 15 November 2019 to 2 November 2020

Distribution summary

During the period under review (from 15 November 2019, the date at which the fund was launched as a Charity Authorised Investment Fund, up to 2 November 2020) interim distributions of 0.8p gross per Income unit were paid in February, May and August. A final distribution of 1.1p will be paid on 15 December 2020 to bring the annual distribution to 3.5p, representing a 4.67% yield at the end of the fund's financial period.

Manager's Report

Investment review (continued)

Maintaining these levels of distribution has entailed making use of fund reserves built up in prior periods. There is significant uncertainty with regard to the income environment in the period ahead, although the fund does retain some reserve with which to smooth payments in challenging conditions.

The fund's distribution is shown in the 'Specific unit class performance' tables in this report.

Performance review

The fund's decline in net asset value over the period was primarily attributable to sharp declines in global stockmarkets amidst pandemic-driven panic in the first quarter of 2020.

While the fund was able to capture the recovery from the depths of market pessimism by adding to stockmarket exposures in March (see the 'Investment Activities' section below), it remains below the levels at which it started the period.

Within equities, the fund's greater weighting in the UK, and particularly UK stocks which offer higher levels of income, has proved detrimental. One of the most notable trends over the period has been the outperformance of US technology stocks. By contrast, stockmarkets that are more sensitive to global growth, or which tend to offer a higher proportion of their returns in dividends, have understandably struggled against a backdrop of lockdowns and dividend suspensions. As at the end of October, the Nasdaq Index is up close to 30% since mid-November 2019, while the UK's FTSE All-Share Index is down by close to 20% in total return terms (the combination of capital growth and income).

This dynamic has manifested itself in weak performance from the fund's two largest positions, the M&G Dividend Fund and M&G Equities Investment Fund for Charities (Charifund). Other positions in the M&G Global Listed Infrastructure Fund, M&G Global Dividend Fund and M&G Episode Income Fund have also struggled, though to a lesser extent. These losses were only modestly offset from gains in new positions in the M&G Global Select Fund and M&G Positive Impact Fund.

The contribution from fixed income exposures in the portfolio over the period was muted. UK government bond (gilt) yields fell markedly (resulting in rising prices) in the first quarter of 2020, reflecting investor desire for safety and expectations of ongoing easy monetary policy (keeping borrowing costs low). The fund has limited exposure to the UK bond market via M&G Charibond which partly benefited from this trend. (Bonds are loans in the form of a security, usually issued by a government – government bonds – or company – corporate bonds – which normally pay a fixed rate of interest over a given time period, at the end of which the initial amount borrowed is repaid.)

A position in emerging market bonds via the M&G Emerging Markets Bond Fund also had a moderate impact. Like global stockmarkets, most bonds in emerging markets generally weakened in the first quarter of 2020, before recovering somewhat. In addition, many emerging market currencies weakened significantly over the period, although the fund's preference for 'hard currency' bonds (as opposed to 'local currency' bonds and typically issued in the US dollar) meant that there was limited exposure to this trend.

Investment activities

The key changes to the portfolio came in the early part of 2020, as rapid and correlated declines across assets suggested a degree of panic and short-termism was taking hold in markets. This type of environment offers potential opportunities to a strategy such as that followed by the M&G Multi Asset team, whereby a willingness to be brave when others are fearful, and maintain a long-term perspective, are seen as key elements to delivering return over the long term.

In response to the pandemic-driven declines in March, exposure to global stockmarkets was increased through the addition of new positions in the M&G Global Select Fund and M&G Positive Impact Fund. This additional exposure allowed the portfolio to capture the strong recovery in markets over the subsequent months. Following that recovery, equity exposure in the portfolio was reduced at the start of June, though the new positions were retained (capital was instead taken from the UK-based funds and M&G Global Dividend Fund) in order to add diversification to the portfolio.

The fund ended the period with around 80% exposure to company shares (including listed infrastructure), 7% in developed market bonds and 5% in emerging market bonds, with the remaining 8% in cash.

This represents a preference for stocks versus the fund benchmark 'neutrality' of 75% (the fund may hold a minimum of 60% and a maximum of 90%) and below benchmark exposure to very low yielding bonds. After having cut back positions following the partial recovery in June, the fund retains relatively high levels of cash. This will offer the flexibility to add capital to areas of weakness should volatility such as that seen in March create attractive investment opportunities in the period ahead.

Outlook

New lockdowns in Europe towards the end of the period raised the spectre of further damage to the global economy. This has prompted some weakness in stockmarkets, although in the main the summer has been a period of relative calm given the extent of disruption we saw in the first part of the year, and the shocks faced by the global economy.

The approach of the fund in such phases is to be patient, and seek to respond to those opportunities that are created when volatility does re-emerge. In the meantime, a preference for stockmarkets

Manager's Report

Investment review (continued)

versus developed market fixed income assets seems appropriate given prevailing valuations. While developed market government bonds have traditionally offered short-term safety, the very low yields on offer today suggest that the cost in terms of returns foregone for such insurance is very high. Not only that, but the vulnerability of such assets to any meaningful pick-up in inflation (whether or not this is a direct result of stimulus measures around the world) means that they could actually prove to be adding rather than reducing risk in a multi-asset portfolio.

Just as the world has changed dramatically in the period under review, so it can change just as dramatically in the next 12 months. It seems obvious today that investors need to seek hiding places from the effects of the virus, the US election and Brexit negotiations, and yet the stories that everyone is worried about today are often not the influences that matter for markets into the future.

The M&G Charity Multi Asset Fund approach rests upon seeking to hold assets that make sense over the long term, and also trying to respond to extreme volatility when markets create opportunities over shorter time frames. This can make for uncomfortable and disappointing periods such as the last 12 months, but an ability to tolerate such phases is often a far more useful path to achieving investment objectives than chasing past returns.

Tristan Hanson

Fund manager

Tristan Hanson is employed by M&G FA Limited (formerly M&G Limited), which is an associate of M&G Securities Limited. Until 31 December 2019, Jenny Rodgers was the fund manager.

The fund's investment portfolio and details of portfolio transactions are set out on page 6.

Please note that the views expressed in this Report should not be taken as a recommendation or advice as to how M&G Charity Multi Asset Fund or any holding mentioned is likely to perform. If a charity wishes to obtain financial advice as to whether an investment is suitable for its needs, it should consult a financial adviser.

Investments

Portfolio statement

as at 2 November Holding		2020 '000	2020 %
	EQUITIES	134,618	82.49
	Equity portfolios ^[a]	134,618	82.49
3,355,463	M&G Dividend Fund	28,908	17.71
723,559	M&G Episode Income Fund	8,261	5.06
4,178,704	M&G Equities Investment Fund for Charities (Charifund)	48,696	29.84
14,029,960	M&G Global Dividend Fund	30,960	18.97
7,173,431	M&G Global Listed Infrastructure Fund	8,023	4.92
255,027	M&G Global Select Fund	5,743	3.52
3,008,368	M&G Positive Impact Fund	4,027	2.47
	FIXED INCOME	15,970	9.79
	Fixed income portfolios ^[a]	15,970	9.79
5,637,112	M&G Charibond Charities Fixed Interest Fund (Charibond)	7,041	4.32
7,096,003	M&G Emerging Markets Bond Fund	8,929	5.47
Portfolio of investments		150,588	92.28
	CASH EQUIVALENTS	11,496	7.04
	'AAA' rated money market funds ^[b]	11,496	7.04
11,496,000	Northern Trust Global Funds - Sterling	11,496	7.04
Total portfolio (notes 2c & 2d on page 11)		162,084	99.32
Net other assets / (liabilities)		1,116	0.68
Net assets attributable to unitholders		163,200	100.00

All securities are on an official stock exchange listing except where referenced.

^[a] Related party.

^[b] Uncommitted surplus cash is placed into 'AAA' rated money market funds with the aim of reducing counterparty risk.

Top portfolio transactions

for the period to 2 November 2020	
Purchases	£'000
M&G Equities Investment Fund for Charities (Charifund)	111,325
M&G Global Dividend Fund	46,821
M&G Dividend Fund	41,418
M&G Charibond Charities Fixed Interest Fund (Charibond)	19,788
M&G Emerging Markets Bond Fund	9,450
M&G Episode Income Fund	9,450
M&G Global Listed Infrastructure Fund	9,450
M&G Global Select Fund	5,161
M&G Positive Impact Fund	3,430
Total purchases	256,293
Sales	£'000
M&G Equities Investment Fund for Charities (Charifund)	47,522
M&G Global Dividend Fund	13,383
M&G Charibond Charities Fixed Interest Fund (Charibond)	12,790
M&G Dividend Fund	2,439
M&G Global Listed Infrastructure Fund	785
Total sales	76,919

Purchases and sales exclude the cost and proceeds of 'AAA' rated money market funds.

Financial highlights

Fund performance

The fund was launched on 15 November 2019. The performance figures have not been calculated as the fund has not yet operated for a 12-month period.

Please note past performance is not a guide to future performance and the value of investments, and the income from them, will fluctuate. This will cause the fund price to fall as well as rise and a charity may not get back the original amount it invested.

Fund level performance

Fund net asset value

	2020 £'000
as at 2 November	
Fund net asset value (NAV)	163,200

Performance since launch

As the fund has not yet operated for a 12 month period, the performance since launch graph and long-term performance figures have not been calculated.

Operating charges and portfolio transaction costs

We explain below the payments made to meet the ongoing costs of investing and managing the fund, comprising operating charges and portfolio transaction costs.

Operating charges

Operating charges include payments made to M&G and to providers independent of M&G:

- **Annual charge:** Charge paid to M&G covering the annual cost of M&G managing and administering the fund and the costs of third parties providing services to the fund. This charge rolls all costs that make up the operating charges into one annual charge.
For every £1 billion of a fund's net asset value, a discount of 0.02% will be applied to that fund's annual charge (up to a maximum of 0.12%).
- **Extraordinary legal and tax expenses:** Costs that specifically relate to legal or tax claims that are both exceptional and unforeseeable. Such expenses are uncommon, and would not be expected in most years. Although they result in a short-term cost to the fund, generally they can deliver longer term benefits for investors.

The operating charges paid by each unit class of the fund are shown in the following performance tables. These charges do not include portfolio transaction costs or any entry and exit charges (also known as initial and redemption charges). The charging structures of unit classes may differ, and therefore the operating charges may differ.

Operating charges are in line with the ongoing charges shown in the Key Investor Information Document, other than where there have been extraordinary legal or tax expenses, or an estimate has been used for the ongoing charge because a material change has made the operating charges unreliable as an estimate of future charges.

Portfolio transaction costs

Portfolio transaction costs are incurred by funds when buying and selling investments. These costs vary depending on the types of investment, their market capitalisation, country of exchange and method of execution. They are made up of direct and indirect portfolio transaction costs:

- **Direct portfolio transaction costs:** Broker execution commission and taxes.
- **Indirect portfolio transaction costs:** 'Dealing spread' – the difference between the buying and selling prices of the fund's investments; some types of investment, such as fixed interest securities, have no direct transaction costs and only the dealing spread is paid.

Investments are bought or sold by a fund when changes are made to the investment portfolio and in response to net flows of money into or out of the fund from investors buying and selling units in the fund.

To protect existing investors, portfolio transaction costs incurred as a result of investors buying and selling units in the fund are recovered from those investors through a 'dilution adjustment' to the price they pay or receive. M&G Charity Multi Asset Fund does not directly incur portfolio transaction costs other than the dilution adjustment and the direct portfolio transaction costs incurred by the underlying funds.

Further information on this process is in the Prospectus, which is available free of charge on request by calling the M&G Charity Team on 0800 917 4472.

Financial highlights

Specific unit type performance

The following tables show the performance of each unit type. All 'Performance and charges' percentages represent an annual rate except for the 'Return after operating charges' which is calculated as a percentage of the opening net asset value per unit (NAV). 'Dilution adjustments' are only in respect of direct portfolio transaction costs.

Historic yields for the current year are calculated as at 13 November 2020.

Income unit performance

The unit type was launched on 15 November 2019. for the period to 2 November		2020
Change in NAV per unit		UK p
Opening NAV		86.87
Return before operating charges and after direct portfolio transaction costs		(9.15)
Operating charges		(0.38)
Return after operating charges		(9.53)
Distributions		(3.50)
Closing NAV		73.84
Direct portfolio transaction costs		UK p
Costs before dilution adjustments		0.00
Dilution adjustments ^[a]		0.00
Total direct portfolio transaction costs		0.00
Performance and charges		%
Direct portfolio transaction costs ^[b]		0.00
Operating charges		0.50
Return after operating charges		-10.97
Historic yield		4.37
Effect on yield of charges offset against capital		0.50
Other information		
Closing NAV (£'000)		36,651
Closing NAV percentage of total fund NAV (%)		22.46
Number of units		49,635,229
Highest unit price (UK p)		91.98
Lowest unit price (UK p)		64.10

Accumulation unit performance

The unit type was launched on 15 November 2019. for the period to 2 November		2020
Change in NAV per unit		UK p
Opening NAV		9,185.46
Return before operating charges and after direct portfolio transaction costs		(974.61)
Operating charges		(41.01)
Return after operating charges		(1,015.62)
Distributions		(371.71)
Retained distributions		371.71
Closing NAV		8,169.84
Direct portfolio transaction costs		UK p
Costs before dilution adjustments		0.00
Dilution adjustments ^[a]		0.00
Total direct portfolio transaction costs		0.00
Performance and charges		%
Direct portfolio transaction costs ^[b]		0.00
Operating charges		0.50
Return after operating charges		-11.06
Historic yield		4.20
Effect on yield of charges offset against capital		0.00
Other information		
Closing NAV (£'000)		126,549
Closing NAV percentage of total fund NAV (%)		77.54
Number of units		1,548,978
Highest unit price (UK p)		9,725.55
Lowest unit price (UK p)		6,838.75

^[a] In respect of direct portfolio transaction costs.

^[b] As a percentage of average net asset value.

M&G Charity Multi Asset Fund

Financial statements and notes

Financial statements

Statement of total return

		2020	
for the period to 2 November	Note	£'000	£'000
Income			
Net capital gains / (losses)	5		(27,348)
Revenue	7	7,449	
Expenses	8	(834)	
Net revenue / (expense) before taxation		6,615	
Taxation	9	0	
Net revenue / (expense) after taxation			6,615
Total return before distributions			(20,733)
Distributions	10		(6,609)
Change in net assets attributable to unitholders from investment activities			(27,342)

Statement of change in net assets attributable to unitholders

		2020	
for the period to 2 November		£'000	£'000
Opening net assets attributable to unitholders			0
Amounts received on issue of units		1,227	
Add: Value of in specie transfers received		186,904	
Amounts paid on cancellation of units		(3,391)	
			184,740
Change in net assets attributable to unitholders from investment activities (see above)			(27,342)
Retained distributions on Accumulation units			5,802
Closing net assets attributable to unitholders			163,200

M&G Charity Multi Asset Fund

Financial statements and notes

Financial statements (continued)

Balance sheet

as at 2 November	Note	2020 £'000
Assets		
Fixed assets		
Investments		150,588
Current assets		
Debtors	11	1,469
Cash and bank balances	12	241
Cash equivalents		11,496
Total assets		163,794
Liabilities		
Creditors		
Distribution payable		(546)
Other creditors	13	(48)
Total liabilities		(594)
Net assets attributable to unitholders		163,200

M&G Charity Multi Asset Fund

Financial statements and notes

Notes to the financial statements

1 Statement of compliance

The financial statements have been prepared in compliance with UK Financial Reporting Standard 102 (FRS 102) and in accordance with both the Charities (Accounts and Reports) Regulations 2008 and the Statement of Recommended Practice for Authorised Funds issued by the Investment Association in May 2014 (2014 SORP) and amended in June 2017.

2 Summary of significant accounting policies

a) Basis of preparation

There are no material events that have been identified that may cast significant doubt on the Fund's ability to continue as a going concern for at least the next twelve months from the date these financial statements are authorised for issue. The Manager believes that the Fund has adequate resources to continue in operational existence for the foreseeable future and, following consideration of the impact of COVID-19 they continue to adopt the going concern basis in preparing the financial statements. The Manager has made an assessment of the fund's ability to continue as a going concern which is made as at the date of issue of these financial statements and considers liquidity, declines in global capital markets, investor intention, known redemption levels, expense projections, key service provider's operational resilience, and the impact of COVID-19.

The financial statements are prepared on a going concern basis, under the historical cost convention as modified by the revaluation of certain financial assets and liabilities measured at fair value through profit or loss.

b) Functional and presentational currency

The functional and presentational currency is UK sterling.

c) Exchange rates

Transactions in currencies other than the fund's functional currency are translated at the rate of exchange ruling on the date of the transaction and where applicable assets and liabilities are translated into the fund's functional currency at the rate of exchange ruling as at 12 noon on 2 November 2020 being the last business day of the accounting period.

d) Investments – recognition and valuation

The provisions of both Section 11 and Section 12 of FRS 102 have been applied in full. All investments have been designated as fair value through profit and loss and recognised initially at fair value, which is normally the transaction price (excluding transaction costs and accrued interest).

At the end of the reporting period all investments have been measured at their fair value using the prices and the portfolio holdings determined at 12 noon on 2 November 2020, the last valuation point of the accounting period, as this is not materially different from a valuation carried out at close of business on the balance sheet date.

Where separate bid and offer prices are available, the bid price is used for investment assets and the offer price for investment liabilities. Otherwise, the single price or most recent transaction price is used. Interest accrued is not included in the fair value. The methods of determining fair value for the principal classes of investment are:

- Equities and debt securities which are traded on an active market are included at the quoted price, which is normally the bid price, excluding any accrued interest in respect of bonds.
- Equities traded on the Alternative Investment Market (AIM), whose liquidity cannot be guaranteed, are included at their quoted bid price as this represents the most objective and appropriate method of valuation.
- Collective investment schemes operated by the Manager are included at either their cancellation price for dual priced funds or their single price for single priced funds.
- Collective investment schemes operated by another manager are included at either their bid price for dual priced funds or their single price for single priced funds.
- Other equities and debt securities which are unquoted or not actively traded on a quoted market are included at a value estimated by the Manager using an appropriate valuation technique, excluding any accrued interest in respect of bonds.

e) Recognition of income and expenses

- Dividends, including ordinary stock dividends, from equity investments are recognised when the security is quoted ex-dividend.
- Distributions from collective investment schemes are recognised when the scheme is priced ex-distribution.
- Interest income, including coupons from debt securities and bank interest is recognised on an accruals basis.
- Underwriting commission is recognised when the issue takes place.
- Revenue from derivatives is recognised on an accruals basis.
- Fee rebates from investing in other collective investment schemes are recognised on an accruals basis.
- Expenses are recognised on an accruals basis.

f) Treatment of income and expenses

- Any increases or decreases in the fair value of investments and gains and losses realised on sales of investments are treated as capital and recognised in net capital gains / (losses).
- Ordinary equity dividends, including ordinary stock dividends are treated as revenue.
- Special equity dividends, share buy backs or additional share issues may be treated as revenue or capital depending on the facts of each particular case.
- The value of any enhancement to a stock dividend is treated as capital.

M&G Charity Multi Asset Fund

Financial statements and notes

Notes to the financial statements

2 Summary of significant accounting policies (continued)

f) Treatment of income and expenses (continued)

- Distributions from collective investment schemes are treated as revenue in nature, except for any element of equalisation, which represents the average amount of income included in the price paid for the collective investment scheme, which is treated as capital.
- Debt security interest comprises the coupon interest and the difference between the purchase price and the expected maturity price spread over its expected remaining life. This is treated as revenue with the difference adjusting the cost of the units and treated as capital.
- Other interest income, such as bank interest is treated as revenue.
- Underwriting commission is treated as revenue, except where the fund is required to take up all or some of the shares underwritten, in which case a proportion of the commission received is deducted from the cost of the shares and treated as capital.
- The treatment of the income on derivative contracts depends upon the nature of the transaction. Both motive and circumstances are used to determine whether the returns should be treated as capital or revenue. Where positions are undertaken to protect or enhance capital, and the circumstances support this, the returns are recognised in net capital gains; similarly where the motives and circumstances are to generate or protect revenue, and the circumstances support this, the returns are included within net revenue before taxation. Where positions generate total returns it will generally be appropriate to apportion such returns between capital and revenue to properly reflect the nature of the transaction.
- Expenses relating to the purchase and sale of investments are treated as capital; all other expenses are treated as revenue.
- Rebates of charges from holdings in collective investment schemes are treated as revenue or capital in accordance with the underlying scheme's distribution policy.

g) Tax

Dividends and similar income receivable are recognised at an amount that includes any withholding tax but excludes irrecoverable tax credits. Any withholding tax suffered is shown as part of the tax charge.

Tax is accounted for at the appropriate rate of corporation tax with relief for double taxation taken where appropriate. The tax accounting treatment follows the principal amounts involved.

Deferred tax is recognised in respect of temporary timing differences that have originated but not reversed by the balance sheet date. Deferred tax is measured on a non-discounted basis,

at the average rate of tax expected to apply in the period in which it expects the deferred tax to be realised or settled. A deferred tax asset is only recognised to the extent that it is more likely than not that the asset will be recovered.

The fund is a registered charity and is therefore not currently liable to corporation tax on its revenue or capital gains.

h) Allocation of returns to unit types

The annual charge is directly attributable to individual unit types. All other returns are apportioned to the fund's unit types pro-rata to the value of the net assets of the relevant unit type on the day that the income or expenses are recognised.

All available net revenue accounted for in accordance with the above policies, adjusted to exclude the amortisation in respect of the effective yield on debt securities, is distributed in accordance with the distribution policy to holders of Income units or retained and reinvested for holders of Accumulation units. Should expenses and taxation together exceed revenue, there will be no distribution and the shortfall will be met from capital.

Distributions which have remained unclaimed by unitholders for more than six years are credited to the capital property of the fund.

3 Risk management policies

In pursuing the fund's investment objective, as set out in the Manager's Report, the Manager accepts market price risk and currency risk in relation to the investment portfolio. Generally, the Manager does not seek to hedge these exposures since it believes that, in the long term, such hedging would be detrimental to total return. Accordingly, although permitted by the Prospectus, the fund has not used derivative instruments.

In the context of the fund's objective, the Manager may, on occasion, make an investment with a view to securing a particular dividend to enhance distributable income. This can act as a constraint on short-term capital performance.

Since the objective of the fund is to deliver returns over the long term, transactions with the sole objective of realising short-term returns are not undertaken.

The fund's assets comprise securities that can be readily realised to meet obligations that may arise when investors sell their units. As noted on page 19 the Manager's policy is that the fund should normally be close to fully invested (i.e. with liquidity of 5% or less).

These policies have been consistently applied since the beginning of the accounting period.

4 Distribution policy

In order to conduct a controlled dividend flow to unitholders, distributions will be at the fund manager's discretion, up to the maximum of the distributable income available at the end of the year. The fund is permitted to retain in reserves up to 15% of the current year's income.

M&G Charity Multi Asset Fund

Financial statements and notes

Notes to the financial statements

4 Distribution policy (continued)

In determining the amount available for distribution to Income units, the annual charge is offset against capital, increasing the amount available for distribution whilst restraining capital performance to an equivalent extent.

5 Net capital gains / (losses)

	2020
for the period to 2 November	£'000
Non-derivative securities	(28,366)
Management charge rebates taken to capital	1,018
Net capital gains / (losses)	(27,348)

6 Portfolio transactions and associated costs

The following tables show portfolio transactions and their associated transaction costs. For more information about the nature of the costs please see the section on 'Operating charges and portfolio transaction costs' on page 7.

	2020
for the period to 2 November	£'000
a) Purchases	
Collective investment schemes	
Collective investment schemes before transaction costs	256,293
Total purchases	256,293
b) Sales	
Collective investment schemes	
Collective investment schemes before transaction costs	76,919
Total sales	76,919
c) There were no direct portfolio transaction costs	

7 Revenue

	2020
for the period to 2 November	£'000
Distributions from collective investment schemes: non-taxable	6,511
Distributions from collective investment schemes: taxable	906
Interest distributions	26
Other income	2
Rebate of ongoing charges from underlying funds	4
Total revenue	7,449

8 Expenses

	2020
for the period to 2 November	£'000
Payable to the Manager or associate	
Annual charge	834
Total expenses	834

Audit fees for the financial year ending 2020 were £3,000 (including VAT).

9 Taxation

	2020
for the period to 2 November	£'000
a) Analysis of charge in the period	
Corporation tax	0
Deferred tax (note 9c)	0
Total taxation	0
b) Factors affecting taxation charge for the period	
Net revenue / (expense) before taxation	6,615
Corporation tax at 20%	1,323
Effects of:	
Distributions from collective investment schemes: non-taxable	(1,302)
Net revenue not taxable due to charitable status	(21)
Total tax charge (note 9a)	0
c) Provision for deferred taxation	
Provision at the start of the period	0
Deferred tax in profit and loss account (note 9a)	0
Provision at the end of the period	0

There is no unrecognised deferred tax asset at the period end. The Trustee considers that the fund will maintain its charitable status indefinitely and will, therefore, not be subject to corporation tax under current legislation.

10 Distributions

	2020	
for the period to 2 November	Inc ^[a]	Acc ^[b]
	£'000	£'000
Dividend distributions		
First interim	394	1,333
Second interim	394	1,336
Third interim	394	1,344
Final	546	1,789
Total net distributions		7,530
Income deducted on cancellation of units		22
Income received on issue of units		(943)
Distributions		6,609
Net revenue / (expense) per statement of total return		6,615
Expenses offset against capital		189
Undistributed income carried forward		(195)
Distributions		6,609

^[a] Distributions payable on Income units.

^[b] Retained distributions on Accumulation units.

11 Debtors

	2020
as at 2 November	£'000
Amounts receivable on issues of units	71
Debt security interest receivable	39
Dividends receivable	1,283
Management charge rebates due	39
Tax recoverable	25
Other debtors	12
Total debtors	1,469

12 Cash and bank balances

	2020
as at 2 November	£'000
Cash held as bank balances	241
Total cash and bank balances	241

M&G Charity Multi Asset Fund

Financial statements and notes

Notes to the financial statements

13 Other creditors

	2020 £'000
as at 2 November	
Annual charge payable	32
Other creditors	16
Total other creditors	48

14 Contingent assets, liabilities and outstanding commitments

There were no contingent assets, liabilities or outstanding commitments at the balance sheet date.

15 Unit types in issue

The following table shows each type of unit in issue during the period. Each unit type has the same rights on winding up.

Unit type	Opening 15.11.19	Movements Issued	Cancelled	Closing 02.11.20
Sterling				
Income unit	0	50,086,229	(451,000)	49,635,229
Accumulation unit	0	1,585,508	(36,530)	1,548,978

16 Related parties

M&G Securities Limited, together with NatWest Trustee & Depositary Services Limited, are regarded as controlling parties and therefore related parties of the fund by virtue of having the ability to act in concert in respect of the operations of the fund.

M&G Securities Limited acts as principal on all the transactions of units in the fund. The aggregate monies received through creations, and paid on cancellations, are disclosed in the 'Statement of change in net assets attributable to unitholders' and note 10. Amounts due to / from M&G Securities Limited in respect of unit transactions at the period end are disclosed in notes 11 and 13 where applicable.

Amounts paid to M&G Securities Limited in respect of the annual charge and amounts paid to NatWest Trustee & Depositary Services Limited in respect of trustee services are disclosed in note 8. Amounts due at the period end in respect of the Manager's annual charge are disclosed in note 13.

Neither M&G Securities Limited nor NatWest Trustee & Depositary Services Limited entered into any other transactions with the fund during the period. NatWest Trustee & Depositary Services Limited as trustees of the fund are / may be trustees of charities that invest in the fund.

At the balance sheet date, there were no material shareholders from within M&G plc, of which M&G Securities Limited is a wholly owned subsidiary.

The M&G Charity Multi Asset Fund has an Advisory Committee which is independent of the Manager and Trustee. The Advisory Committee is a consultative body and is tasked with representing the interests of the unitholders. The Advisory Committee is paid a fee in respect of the services provided to M&G Charity Multi Asset Fund. The fee is paid by M&G Ltd and is not borne by the fund.

17 Events after the balance sheet date

Between 2 November 2020 and 10 December 2020 the value of investments has risen. For further details on the share class movements, please refer to the below table:

Net asset	31.10.20	10.12.20	% Change
Sterling			
Income unit	73.84	83.82	13.51%
Accumulation unit	8,169.84	9,273.64	13.51%

18 Fair value analysis

Financial instruments have been measured at their fair value and have been classified below using a hierarchy that reflects the significance of the inputs used in measuring their fair value:

Level 1: Unadjusted quoted price in an active market for an identical instrument

This includes instruments such as publicly traded equities, highly liquid bonds (e.g. Government bonds) and exchange traded derivatives (e.g. futures) for which quoted prices are readily and regularly available.

Level 2: Valuation technique using observable market data

This includes instruments such as over-the-counter (OTC) derivatives, debt securities, convertible bonds, mortgage-backed securities, asset-backed securities and open-ended funds which have been valued using models with observable market data inputs.

Level 3: Valuation technique using unobservable inputs

This refers to instruments which have been valued using models with unobservable data inputs. This includes single broker-priced instruments, suspended/unquoted securities, private equity, unlisted closed-ended funds and open-ended funds with restrictions on redemption rights.

	Assets 2020 £'000	Liabilities 2020 £'000
as at 2 November		
Basis of valuation		
Level 1	0	0
Level 2	150,588	0
Level 3	0	0
	150,588	0

In accordance with FRS 102 (22.4a) the units in issue for each class meet the definition of a puttable instrument as the unitholders have the right to sell the units back to the issuer. The units in the fund may be issued and redeemed on any business day at the quoted price. These units are not traded on an exchange. However, the price is observable and transactions within the fund take place regularly at that price. The units in issue as detailed in note 15 meet the definition of a level 2 financial instrument 'Valuation techniques using observable market data'.

19 Risk management policies

The general risk management policies for the fund are set out in note 3 to the financial statements on page 12.

M&G Charity Multi Asset Fund

Financial statements and notes

Notes to the financial statements

20 Market risk sensitivity

A five per cent increase in the value of the fund's investment portfolio would have the effect of increasing the return and net assets by £7,529,000. A five per cent decrease would have an equal and opposite effect.

21 Currency risk sensitivity and exposure

Currency risk is not considered significant for the fund and is therefore not disclosed.

22 Interest rate risk sensitivity and exposure

As the majority of the fund's financial assets are non-interest bearing, the risk is not considered significant and is therefore not disclosed.

23 Credit risk exposure

Credit risk is not considered significant for the fund and is therefore not disclosed.

24 Dividend distribution tables

This fund pays quarterly ordinary distributions and the following table sets out the distribution periods.

Quarterly distribution periods

	Start	End	Xd	Payment
First interim	15.11.19	01.02.20	04.02.20	29.02.20
Second interim	04.02.20	01.05.20	04.05.20	31.05.20
Third interim	04.05.20	01.08.20	02.08.20	31.08.20
Final	02.08.20	02.11.20	03.11.20	15.12.20

The following tables set out for each distribution the rates per unit for both Group 1 and Group 2 units.

Group 1 units are those purchased prior to a distribution period and therefore their income rate is the same as the distribution rate.

Group 2 units are those purchased during a distribution period and therefore their distribution rate is made up of income and equalisation. Equalisation is the average amount of income included in the purchase price of all Group 2 units and is refunded to the holders of these units as a return of capital. Being capital it is not liable to Income Tax. Instead, it must be deducted from the cost of units for Capital Gains Tax purposes. The tables below show the split of the Group 2 rates into the income and equalisation components.

Income units

Ordinary distributions for the period to 2 November	Group 2		Group 1 & 2 Distribution	
	Income	Equalisation	2020	2019
	2020	2020	2020	2019
	UK p	UK p	UK p	UK p
First interim	0.1525	0.6475	0.8000	n/a
Second interim	0.2511	0.5489	0.8000	n/a
Third interim	0.0000	0.8000	0.8000	n/a
Final	0.0000	1.1000	1.1000	n/a

Accumulation units

Ordinary distributions for the period to 2 November	Group 2		Group 1 & 2 Distribution	
	Income	Equalisation	2020	2019
	2020	2020	2020	2019
	UK p	UK p	UK p	UK p
First interim	25.4129	59.1771	84.5900	n/a
Second interim	32.2543	53.0957	85.3500	n/a
Third interim	37.6857	48.6043	86.2900	n/a
Final	50.3940	65.0883	115.4823	n/a

Reports

Manager's responsibilities

The Manager is required to prepare annual and interim long reports for the fund. It must ensure that the financial statements are prepared in accordance with the Charities Statement of Recommended Practice issued by the Charity Commission; the Statement of Recommended Practice for Financial Statements of UK Authorised Funds (SORP) issued by the Investment Association; and UK Financial Reporting Standards and give a true and fair view of the net revenue or expense and the net capital gains or losses for the accounting period, and the financial position at the end of that period.

The Manager is required to keep proper accounting records, and to manage the fund in accordance with the Collective Investment Schemes sourcebook, as issued (and amended) by the FCA, the Charities Act 2011, the Trust Deed and the Prospectus, and to take reasonable steps for the prevention and detection of fraud or other irregularities.

Statement of the Trustee's responsibilities and report of the Trustee

To the unitholders of The M&G Charity Multi Asset Fund for the period ended 2 November 2020.

The Trustee must ensure that the Scheme is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes sourcebook, the Investment Funds Sourcebook, the Financial Services and Markets Act 2000, as amended, (together 'the Regulations'), the Trust Deed and Prospectus (together 'the Scheme documents') as detailed below.

The Trustee must in the context of its role act honestly, fairly, professionally, independently and in the interests of the Scheme and its investors.

The Trustee is responsible for the safekeeping of all custodial assets and maintaining a record of all other assets of the Scheme in accordance with the Regulations.

The Trustee must ensure that:

- the Scheme's cashflows are properly monitored and that cash of the Scheme is booked into the cash accounts in accordance with the Regulations;
- the sale, issue, redemption and cancellation of units are carried out in accordance with the Regulations and the Scheme documents;
- the value of units in the Scheme is calculated in accordance with the Regulations;
- any consideration relating to transactions in the Scheme's assets is remitted to the Scheme within the usual time limits;
- the Scheme's income is applied in accordance with the Regulations; and

- the instructions of the Alternative Investment Fund Manager ('the AIFM') are carried out (unless they conflict with the Regulations).

The Trustee also has a duty to take reasonable care to ensure that the Scheme is managed in accordance with the Regulations and the Scheme documents in relation to the investment and borrowing powers applicable to the Scheme.

Having carried out such procedures as we consider necessary to discharge our responsibilities as Trustee of the Scheme, it is our opinion, based on the information available to us and the explanations provided, that in all material respects the Scheme, acting through the AIFM:

- i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Scheme's units and the application of the Scheme's income in accordance with the Regulations and the Scheme documents, and
- ii) has observed the investment and borrowing powers and restrictions applicable to the Scheme and has been managed in accordance with the Regulations and the Scheme documents.

Edinburgh
15 December 2020

NatWest Trustee & Depositary
Services Limited

Reports

Independent auditor's report to the unitholders and Charity Trustees of The M&G Charity Multi Asset Fund

We have audited the financial statements of The Equities Investment Fund for Charities ("the fund") for the period ended 2 November 2020 which comprise the Statement of Total Return and Statement of Change in Net Assets Attributable to Unitholders together with the Balance Sheet, the related notes 1 to 24 including a summary of significant accounting policies and the Distribution Tables. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland'.

In our opinion the financial statements:

- give a true and fair view of the financial position of the fund as at 2 November 2020 and of the net revenue and net gains on the scheme property of the fund for the period then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; and

have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the manager's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the manager has not disclosed in the financial statements any identified material uncertainties that may cast

significant doubt about the fund's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The manager is responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the rules of the Collective Investment Schemes sourcebook of the Financial Conduct Authority

In our opinion:

- the financial statements have been properly prepared in accordance with the Statement of Recommended Practice relating to Authorised Funds, the rules of the Collective Investment Schemes sourcebook of the Financial Conduct Authority and the Trust Deed;
- the information given in the manager's report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- there is nothing to indicate that proper accounting records have not been kept or that the financial statements are not in agreement with those records.

Reports

Independent auditor's report to the unitholders and Charity Trustees of The M&G Charity Multi Asset Fund

Matters on which we are required to report by exception

We have nothing to report in respect of the following matter in relation to which the rules of the Collective Investment Schemes sourcebook of the Financial Conduct Authority require us to report to you if, in our opinion:

- we have not received all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

Responsibilities of the manager

As explained more fully in the manager's responsibilities statement as set out on page 16, the manager is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the manager is responsible for assessing the fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the manager either intends to liquidate the fund or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the unitholders of the fund, as a body, pursuant to Paragraph 4.5.12 of the rules of the Collective Investment Schemes sourcebook of the Financial Conduct Authority. Our audit work has been undertaken so that we might state to the unitholders of the fund those matters we are required

to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the fund and the unitholders of the fund as a body, for our audit work, for this report, or for the opinions we have formed.

Edinburgh
15 December 2020

Ernst & Young LLP
Statutory Auditor

Other regulatory disclosures

Assessment of value

From June 2020, we have published an annual assessment of the value delivered to investors in this fund. The assessment will cover, amongst other things, an assessment of our charges, the quality of our services, and how we compare to our competitors. This will be available at www.mandg.co.uk

respect of fixed remuneration and £1,767,069 in respect of variable remuneration) was paid to individuals whose actions may have a material impact on the risk profile of the AIFM, of which £55,360 related to senior management.

Liquidity

The Manager's policy is that the fund should normally be close to fully invested (i.e. with liquidity of 5% or less) but this is subject to the need to retain liquidity for the purpose of effecting the redemption of units and the efficient management of the Scheme in accordance with its objective. There may, therefore, be occasions when there will be higher levels of liquidity, for example following the issue of units or the realisation of investments. Higher liquidity levels may also arise when the fund's asset allocation policy is changed or when the Manager believes that market conditions warrant it.

Remuneration

In line with the requirements of the Alternative Investment Fund Managers Directive ("AIFMD"), M&G Securities Limited (the "AIFM") is subject to a remuneration policy which is consistent with the principles outlined in the European Securities and Markets Authority guidelines on sound remuneration policies under the AIFMD.

The remuneration policy is designed to ensure that any relevant conflicts of interest can be managed appropriately at all times and that the remuneration of employees is in line with the risk policies and objectives of the alternative investment funds managed by the AIFM. Further details of the remuneration policy can be found here: <https://www.mandgplc.com/our-business/mandg-investments/mandg-investments-business-policies>. The remuneration policy and its implementation is reviewed on an annual basis, or more frequently where required, and is approved by the M&G plc Board Remuneration Committee.

The AIFM is required under the AIFMD to make quantitative disclosures of remuneration. These disclosures are made in line with M&G's interpretation of currently available guidance on quantitative remuneration disclosures. As market or regulatory guidance evolves, M&G may consider it appropriate to make changes to the way in which quantitative disclosures are calculated. Members of staff and senior management typically provide both AIFMD and non-AIFMD related services and have a number of areas of responsibility. Therefore, only the portion of remuneration for those individuals' services which may be attributable to the AIFM is included in the remuneration figures disclosed. Accordingly the figures are not representative of any individual's actual remuneration.

M&G Securities Limited does not directly employ any staff members. However, for the financial year ended 31 December 2019, aggregate remuneration of £2,263,768 (£496,699 in

Appendix

Income and prices						
	Distributed	Reinvested	Income units		Accumulation units	
	UK p	UK p	Highest	Lowest	Highest	Lowest
	UK p	UK p	UK p	UK p	UK p	UK p
Financial period						
2020 ^[a]	3.500	371.7123	91.98	64.10	9,725.55	6,838.75

^[a] To 31 October 2020.

Please note that with effect from 29 September 2014 the fund adopted a fully swinging single price model.

Please note past performance is not a guide to future performance and the value of investments, and the income from them, will fluctuate. This will cause the fund price to fall as well as rise and a charity may not receive back the original amount it invested.

Glossary

Accumulation shares: A type of share where distributions are automatically reinvested and reflected in the value of the shares.

Accumulation units: A type of unit where distributions are automatically reinvested and reflected in the value of the units.

Asset: Anything having commercial or exchange value that is owned by a business, institution or individual.

Asset allocation: Apportioning a portfolio's assets according to risk tolerance and investment goals.

Asset class: Category of assets, such as cash, company shares, fixed income securities and their sub-categories, as well as tangible assets such as real estate.

Bond: A loan in the form of a security, usually issued by a government or company, which normally pays a fixed rate of interest over a given time period, at the end of which the initial amount borrowed is repaid.

Bond issue: A set of fixed income securities offered for sale to the public by a company or government. If the bonds are sold for the first time, it is called a 'new issue'.

Bottom-up selection: Selecting stocks based on the attractiveness of a company.

Bunds: Fixed income securities issued by the German government.

Capital: Refers to the financial assets, or resources, that a company has to fund its business operations.

Capital growth: Occurs when the current value of an investment is greater than the initial amount invested.

Capital return: The term for the gain or loss derived from an investment over a particular period. Capital return includes capital gain or loss only and excludes income (in the form of interest or dividend payments).

Cash equivalents: Deposits or investments with similar characteristics to cash.

Charity Authorised Investment Fund (CAIF) : An investment entity that is both a registered charity and an authorised investment fund. The CAIF must comply with charity law as well as financial services laws and regulations, and is usually treated as a registered charity for tax purposes.

Comparative sector: A group of funds with similar investment objectives and/or types of investment, as classified by bodies such as the Investment Association (IA) or Morningstar™. Sector definitions are mostly based on the main assets a fund should invest in, and may also have a geographic focus. Sectors can be the basis for comparing the different characteristics of similar funds, such as their performance or charging structure.

Consumer Prices Index (CPI): An index used to measure inflation, which is the rate of change in prices for a basket of goods and services. The contents of the basket are meant to be representative of products and services we typically spend our money on.

Convertible bonds: Fixed income securities that can be exchanged for predetermined amounts of company shares at certain times during their life.

Corporate bonds: Fixed income securities issued by a company. They are also known as bonds and can offer higher interest payments than bonds issued by governments as they are often considered more risky.

Coupon: The interest paid by the government or company that has raised a loan by selling bonds.

Credit: The borrowing capacity of an individual, company or government. More narrowly, the term is often used as a synonym for fixed income securities issued by companies.

Credit default swaps (CDS): Are a type of derivative, namely financial instruments whose value, and price, are dependent on one or more underlying assets. CDS are insurance-like contracts that allow investors to transfer the risk of a fixed income security defaulting to another investor.

Credit rating: An independent assessment of a borrower's ability to repay its debts. A high rating indicates that the credit rating agency considers the issuer to be at low risk of default; likewise, a low rating indicates high risk of default. Standard & Poor's, Fitch and Moody's are the three most prominent credit rating agencies. Default means that a company or government is unable to meet interest payments or repay the initial investment amount at the end of a security's life.

Credit rating agency: A company that analyses the financial strength of issuers of fixed income securities and attaches a rating to their debt. Examples include Standard & Poor's and Moody's.

Credit risk: Risk that a financial obligation will not be paid and a loss will result for the lender.

Credit selection: The process of evaluating a fixed income security, also called a bond, in order to ascertain the ability of the borrower to meet its debt obligations. This research seeks to identify the appropriate level of default risk associated with investing in that particular bond.

Credit spread: The difference between the yield of a corporate bond, a fixed income security issued by a company, and a government bond of the same life span. Yield refers to the income received from an investment and is expressed as a percentage of the investment's current market value.

Default: When a borrower does not maintain interest payments or repay the amount borrowed when due.

Default risk: Risk that a debtholder will not receive interest and full repayment of the loan when due.

Derivatives: Financial instruments whose value, and price, are dependent on one or more underlying assets. Derivatives can be used to gain exposure to, or to help protect against, expected changes in the value of the underlying investments. Derivatives may be traded on a regulated exchange or traded over the counter.

Developed economy/market: Well-established economies with a high degree of industrialisation, standard of living and security.

Dilution adjustments: The dilution adjustment is used to protect ongoing investors against the transaction charges incurred in investing or divesting in respect of creations and cancellations. The dilution adjustment is made up of the direct and indirect transaction charges. In the financial statements the direct transaction charges as a percentage of average NAV will be disclosed. This percentage will take account of those direct transaction charges that have been recovered through the dilution adjustment leaving a percentage that just represents the costs incurred in portfolio management.

Distribution: Distributions represent a share in the income of the fund and are paid out to Income shareholders or reinvested for Accumulation shareholders at set times of the year (monthly, quarterly, half-yearly or annually). They may either be in the form of interest distributions or dividend distributions.

Distribution yield: Expresses the amount that is expected to be distributed by the fund over the next 12 months as a percentage of the share price as at a certain date. It is based on the expected gross income less the ongoing charges.

Diversification: The practice of investing in a variety of assets. This is a risk management technique where, in a well-diversified portfolio, any loss from an individual holding should be offset by gains in other holdings, thereby lessening the impact on the overall portfolio.

Glossary

Dividend: Dividends represent a share in the profits of a company and are paid out to the company's shareholders at set times of the year.

Duration: A measure of the sensitivity of a fixed income security, also called a bond, or bond fund to changes in interest rates. The longer a bond or bond fund's duration, the more sensitive it is to interest rate movements.

Duration risk: The longer a fixed income security, also called a bond, or bond fund's duration, the more sensitive and therefore at risk it is to changes in interest rates.

Emerging economy or market: Economies in the process of rapid growth and increasing industrialisation. Investments in emerging markets are generally considered to be riskier than those in developed markets.

Equities: Shares of ownership in a company.

Exchange traded: Usually refers to investments traded on an exchange, such as company shares on a stock exchange.

Ex-dividend, ex-distribution or XD date: The date on which declared distributions officially belong to underlying investors.

Exposure: The proportion of a fund invested in a particular share/fixed income security, sector/region, usually expressed as a percentage of the overall portfolio.

Fixed income security: A loan in the form of a security, usually issued by a government or company, which normally pays a fixed rate of interest over a given time period, at the end of which the initial amount borrowed is repaid. Also referred to as a bond.

Floating rate notes (FRNs): Securities whose interest (income) payments are periodically adjusted depending on the change in a reference interest rate.

Foreign exchange: The exchange of one currency for another, or the conversion of one currency into another currency. Foreign exchange also refers to the global market where currencies are traded virtually around the clock. The term foreign exchange is usually abbreviated as 'forex' and occasionally as 'FX'.

Foreign exchange (FX) strategy: Currencies can be an asset class in its own right, along with company shares, fixed income securities, property and cash. Foreign exchange strategy can therefore be a source of investment returns.

Forward contract: A contract between two parties to buy or sell a particular commodity or financial instrument at a pre-determined price at a future date. Examples include forward currency contracts.

Fundamentals (company): A basic principle, rule, law, or the like, that serves as the groundwork of a system. A company's fundamentals pertain specifically to that company, and are factors such as its business model, earnings, balance sheet and debt.

Fundamentals (economic): A basic principle, rule, law, or the like, that serves as the groundwork of a system. Economic fundamentals are factors such as inflation, employment, economic growth.

Futures: A futures contract is a contract between two parties to buy or sell a particular commodity or financial instrument at a predetermined price at a future date. Futures are traded on a regulated exchange.

Gilts: Fixed income securities issued by the UK government.

Government bonds: Fixed income securities issued by governments, that normally pay a fixed rate of interest over a given time period, at the end of which the initial investment is repaid.

Hedging: A method of reducing unnecessary or unintended risk.

High water mark (HWM): The highest level that a fund's NAV (net asset value) has reached at the end of any 12-month accounting period.

High yield bonds: Fixed income securities issued by companies with a low credit rating from a recognised credit rating agency. They are considered to be at higher risk of default than better quality, ie higher-rated fixed income securities but have the potential for higher rewards. Default means that a company or government is unable to meet interest payments or repay the initial investment amount at the end of a security's life.

Historic yield: The historic yield reflects distributions declared over the past 12 months as a percentage of the share price, as at the date shown.

Income yield: Refers to the income received from an investment and is usually expressed annually as a percentage based on the investment's cost, its current market value or face value.

Index: An index represents a particular market or a portion of it, serving as a performance indicator for that market.

Income shares: A type of share where distributions are paid out as cash on the payment date.

Income units: A type of unit where distributions are paid out as cash on the payment date.

Index tracking: A fund management strategy that aims to match the returns from a particular index.

Index-linked bonds: Fixed income securities where both the value of the loan and the interest payments are adjusted in line with inflation over the life of the security. Also referred to as inflation-linked bonds.

Inflation: The rate of increase in the cost of living. Inflation is usually quoted as an annual percentage, comparing the average price this month with the same month a year earlier.

Inflation risk: The risk that inflation will reduce the return of an investment in real terms.

Initial public offering (IPO): The first sale of shares by a private company to the public.

Interest rate risk: The risk that a fixed income investment will lose value if interest rates rise.

Interest rate swap: An agreement between two parties to swap a fixed interest payment with a variable interest payment over a specified period of time.

Investment Association (IA): The UK trade body that represents fund managers. It works with investment managers, liaising with government on matters of taxation and regulation, and also aims to help investors understand the industry and the investment options available to them.

Issuer: An entity that sells securities, such as fixed income securities and company shares.

Investment grade bonds: Fixed income securities issued by a company with a medium or high credit rating from a recognised credit rating agency. They are considered to be at lower risk from default than those issued by companies with lower credit ratings. Default means that a company or government is unable to meet interest payments or repay the initial investment amount at the end of a security's life.

Issuer: An entity that sells securities, such as fixed income securities and company shares.

Leverage: When referring to a company, leverage is the level of a company's debt in relation to its assets. A company with significantly more debt than capital is considered to be leveraged. It can also refer to a fund that borrows money or uses derivatives to magnify an investment position.

Liquidity: A company is considered highly liquid if it has plenty of cash at its disposal. A company's shares are considered highly liquid if they can be easily bought or sold since large amounts are regularly traded.

Glossary

Long position: Refers to ownership of a security held in the expectation that the security will rise in value.

Macroeconomic: Refers to the performance and behaviour of an economy at the regional or national level. Macroeconomic factors such as economic output, unemployment, inflation and investment are key indicators of economic performance. Sometimes abbreviated to 'macro'.

Maturity: The length of time until the initial investment amount of a fixed income security is due to be repaid to the holder of the security.

Modified duration: A measure of the sensitivity of a fixed income security, called a bond, or bond fund to changes in interest rates. The longer a bond or bond fund's duration, the more sensitive it is to interest rate movements.

Monetary easing: When central banks lower interest rates or buy securities on the open market to increase the money in circulation.

Monetary policy: A central bank's regulation of money in circulation and interest rates.

Monetary tightening: When central banks raise interest rates or sell securities on the open market to decrease the money in circulation.

Morningstar™: A provider of independent investment research, including performance statistics and independent fund ratings.

Near cash: Deposits or investments with similar characteristics to cash.

Net asset value (NAV): A fund's net asset value is calculated by taking the current value of the fund's assets and subtracting its liabilities.

Ongoing Charge Figure: The Ongoing Charge Figure includes charges for the following items: management of the fund (also known as Annual Management Charge), administration services, services provided by external parties which include depository, custody and audit, as well as incorporating the ongoing charge figure from funds held in the portfolio (taking into account any rebates).

Open-ended investment company (OEIC): A type of managed fund, whose value is directly linked to the value of the fund's underlying investments.

Options: Financial contracts that offer the right, but not the obligation, to buy or sell an asset at a given price on or before a given date in the future.

Over-the-counter (OTC): Whereby financial assets are traded directly between two parties. This is in contrast to exchange trading, which is carried out through exchanges set up specifically for the purpose of trading. OTC is also known as off-exchange trading.

Overweight: If a fund is 'overweight' a stock, it holds a larger proportion of that stock than the comparable index or sector.

Payment date: The date on which distributions will be paid by the fund to investors, usually the last business day of the month.

Physical assets: An item of value that has tangible existence, for example, cash, equipment, inventory or real estate. Physical assets can also refer to securities, such as company shares or fixed income securities.

Portfolio transaction cost: The cost of trading, such as brokerage, clearing, exchange fees and bid-offer spread as well as taxes such as stamp duty.

Preference shares: Preference shares are a loan to a company that may be traded in the same way as ordinary shares, but generally have a higher yield and pay dividends on fixed dates. Preference shares have varying characteristics as to the treatment of the principal and the dividend payment, which includes ranking them above ordinary shares when it comes to dividend payments.

Principal: The face value of a fixed income security, which is the amount due back to the investor by the borrower when the security reaches the end of its life.

Private placement: An offer of sale of securities to a relatively small number of investors selected by the company, generally investment banks, mutual funds, insurance companies or pension funds.

Property Expense Ratio (PER): Property expenses are the operating expenses that relate to the management of the property assets in the portfolio. These include: insurance and rates, rent review and lease renewal costs and maintenance and repairs, but not improvements. They depend on the level of activity taking place within the fund. The Property Expense Ratio is the ratio of property expenses to the fund's net asset value.

Real yield: The return of an investment, adjusted for changes in prices in an economy.

Retail Prices Index (RPI): A UK inflation index that measures the rate of change in prices for a basket of goods and services in the UK, including mortgage payments and council tax.

Risk: The chance that an investment's return will be different to what is expected. Risk includes the possibility of losing some or all of the original investment.

Risk management: The term used to describe the activities the fund manager undertakes to limit the risk of a loss in a fund.

Risk premium: The difference between the return from a risk-free asset, such as a high-quality government bond or cash, and the return from an investment in any other asset. The risk premium can be considered the 'price' or 'pay-off' for taking on increased risk. A higher risk premium implies higher risk.

Risk-free asset: An asset that notionally carries no risk of nonpayment by the borrower such as a high-quality fixed income security issued by a government or cash.

Risk/reward ratio: A ratio comparing the expected returns of an investment with the amount of risk undertaken.

Safe-haven assets: Refers to assets that investors perceive to be relatively safe from suffering a loss in times of market turmoil.

Security: Financial term for a paper asset – usually a share in a company or a fixed income security also known as a bond.

Share class: Each M&G fund has different share classes, such as A, R and I. Each has a different level of charges and minimum investment. Details on charges and minimum investments can be found in the Key Investor Information Documents.

Share class hedging: Activities undertaken in respect of hedged shares to mitigate the impact on performance of exchange rate movements between the fund's currency exposure and the investor's chosen currency.

Short position: A way for a fund manager to express his or her view that the market might fall in value.

Short selling: This often refers to the practice whereby an investor sells an asset they do not own. The investor borrows the asset from someone who does own it and pays a fee. The investor must eventually return the borrowed asset by buying it in the open market. If the asset has fallen in price, the investor buys it for less than they sold it for, thus making a profit. The contrary may also occur.

Short-dated corporate bonds: Fixed income securities issued by companies and repaid over relatively short periods.

Short-dated government bonds: Fixed income securities issued by governments and repaid over relatively short periods.

Sovereign debt: Debt of a government. Also referred to as government bonds.

Glossary

Sub-investment grade bonds: Fixed income securities issued by a company with a low rating from a recognised credit rating agency. They are considered to be at higher risk from default than those issued by companies with higher credit ratings. Default means that a company or government is unable to meet interest payments or repay the initial investment amount at the end of a security's life.

Top-down investing: An investment approach that analyses economic factors, ie surveys the 'big picture', before selecting which companies to invest in. The top-down investor will look at which industries are likely to generate the best returns in certain economic conditions and limit the search to that area.

Total return: The term for the gain or loss derived from an investment over a particular period. Total return includes income (in the form of interest or dividend payments) and capital gains.

Treasuries: Fixed income securities issued by the US government.

Triple A or AAA rated: The highest possible rating a fixed income security, also called a bond, can be assigned by credit rating agencies. Bonds that are rated AAA are perceived to have the lowest risk of default. Default means that a company or government is unable to meet interest payments or repay the initial investment amount at the end of a security's life.

UCITS: Stands for Undertakings for Collective Investment in Transferable Securities. This is the European regulatory framework for an investment vehicle that can be marketed across the European Union and is designed to enhance the single market in financial assets while maintaining high levels of investor protection.

Unconstrained: The term used to describe the mandate of a fund whereby the manager has the freedom to invest according to his or her own strategy, not being obliged to allocate capital according to the weightings of any index, for example.

Underlying value: The fundamental value of a company, reflecting both tangible and intangible assets, rather than the current market value.

Underlying yield: Refers to the income received by a managed fund, and is usually expressed annually as a percentage based on the fund's current value.

Underweight: If a portfolio is 'underweight' a stock, it holds a smaller proportion of that stock than the comparable index or sector.

Unit trust: A type of managed fund, whose value is directly linked to the value of the fund's underlying investments.

Unit/share type: Type of units/shares held by investors in a trust or fund (unit/share types differ by features such as whether income is to be paid out as cash or reinvested on the payment date).

Valuation: The worth of an asset or company based on its current price.

Volatile: When the value of a particular share, market or sector swings up and down fairly frequently and/or significantly, it is considered volatile.

Volatility: The degree to which a given security, fund, or index rapidly changes. It is calculated as the degree of deviation from the norm for that type of investment over a given time period. The higher the volatility, the riskier the security tends to be.

Warrant: A security issued by a company that gives the holder the right to buy shares in that company at a specified price and within a certain timeframe.

Yield: This refers to either the interest received from a fixed income security or to the dividends received from a share. It is usually expressed as a percentage based on the investment's costs, its current market value or its face value. Dividends represent a share in the profits of the company and are paid out to a company's shareholders at set times of the year.

Yield (equity): Refers to the dividends received by a holder of company shares and is usually expressed annually as a percentage based on the investment's cost, its current market value or face value. Dividends represent a share in the profits of the company and are paid out to a company's shareholders at set times of the year.

Yield (bonds): This refers to the interest received from a fixed income security and is usually expressed annually as a percentage based on the investment's cost, its current market value or its face value.

Yield (income): Refers to the income received from an investment and is usually expressed annually as a percentage based on the investment's cost, its current market value or face value.

