

# A Guide to Fund Options

Key Features Appendix for the Company Pension Transfer Plan



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## Key Features Appendix for the Company Pension Transfer Plan

The way in which your pension savings grow over the years will have a major impact on your future retirement plans. The income that you ultimately receive will depend on such factors as the contributions made and the funds in which they are invested.

This booklet is here to provide you with useful and important information to help you decide which funds you would like to invest in.

The areas we begin with are:

- › How do I understand Risk?
- › What terms are used?
- › What type of assets do I favour?
- › How does Lifestyling work?

Then we show you:

- › What funds are available?
- › Fund descriptions

And finally we have provided you with:

- › Important Information
- › A glossary of investment terms
- › Benchmarks explained

Prudential is committed to providing a broad range of investment funds from Prudential M&G, our UK and European fund management business, and if applicable, other leading fund managers. These funds have been specifically selected for your scheme by your employer or trustee and offer a varied choice for you.

Your Key Features document contains all the main features, benefits and risks of the Plan. It is important that you read this document before making a decision. As this is an investment-based product the value of your investment can go down as well as up. The value can even fall below the amount you invested.

### **Further information**

To get unit price information for all managed funds made available through Prudential, simply log on to [www.pru.co.uk/funds/series](http://www.pru.co.uk/funds/series) and choose the Prudential Corporate Pensions (Series 3) link.

For detailed information on a fund please visit [www.pru.co.uk/factsheets](http://www.pru.co.uk/factsheets) and choose the (Series 3) button.

We reserve the right to make changes at any time to the funds we make available, subject to certain restrictions, we will write to you if this effects you. We may also introduce new funds.

To find out about changes to our range of funds, please go to [www.pru.co.uk/factsheets/corporate\\_pension\\_fund\\_updates/](http://www.pru.co.uk/factsheets/corporate_pension_fund_updates/)

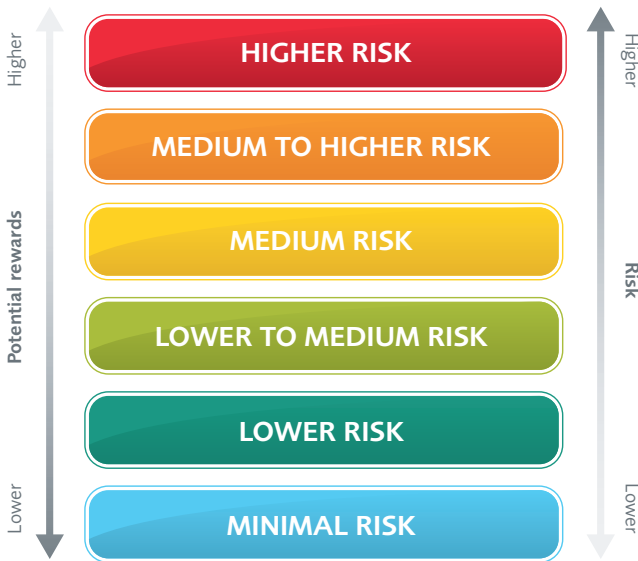
Please note that information on past performance or prices for non-Prudential (or external) managed funds obtained from sources other than Prudential can be calculated on a different basis, therefore they may not be applicable to your investment.

# How do I understand risk?

Trying to understand and evaluate the level of risk you are willing to take with your investment is a difficult task. Understanding some of the risks that an investment could be exposed to can help you assess how much risk you are willing to take.

Growth from your investment can't usually be achieved without exposure to some risk. Being too cautious can also put your investment at risk, for example it may not grow quickly enough to keep up with inflation, so getting the balance right is key to meeting your own objectives.

**To help you choose the right fund for you we have given each fund a risk rating.**



These risk ratings have been developed by Prudential to help provide an indication of a fund's potential level of risk and reward based on the type of assets which may be held within the fund. Prudential will keep the risk ratings under regular review and as such they may be subject to change in the future. We therefore recommend that before making any decisions about fund choice you understand the appropriate risk rating.

## What terms are used?

To help you understand the fund options available and the terms used, here is some information that you may find useful. Explanations of other terms you may come across are included in the 'Glossary of Investment Terms' section at the back of this booklet.

### Equities

Also known as shares or stocks, these represent a share of the ownership of a company. Shares give two potential benefits – the share price increases as the value of the company increases and regular payments, known as dividends, may be made to shareholders based on how well the company is doing.

Over the longer-term, equities are considered by many investment experts to offer greater growth potential than many other asset types. But over the short term, the value of equities can go up and down a lot. Funds investing in equities tend to carry a higher risk of capital loss than funds investing in corporate or government bonds or money market instruments.

### Collective Investment Schemes

A way of pooling investment with others as part of a single investment fund. This allows investors to participate in a wider range of investments than would normally be feasible if investing individually and to share the costs and benefits of doing so.

### Corporate Bond

Loans to companies where the purchaser of the Corporate Bond lends money to the company in return for regular interest payments and the promise that the initial sum will be repaid on a specified later date.

The return achieved from a Corporate Bond is a combination of the interest payments and any change in the value of the bond.

### Fixed Interest Securities

More commonly known as "bonds" these are loans issued by companies or by governments in order to raise money. Bonds issued by companies are called corporate bonds, those issued by the British Government, for example, are called gilts. A fixed interest bond pays the purchaser of the bond a fixed rate of interest, in addition to repaying the initial sum on a specified later date.

On the whole, investing in bonds is seen as lower-risk than investing in equities. Gilts are very low-risk as, to date, no British government has ever failed to pay back money owed to investors. With corporate bonds there is a risk that the company may not be able to repay its loan or that it may default on its interest payments.

## **Gilt**

A bond issued by the British Government.

An index-linked gilt is where the regular interest payments made to the purchaser of the bond increase in line with inflation.

## **Government Bond**

Loans to a Government where the purchaser of the Government Bond lends money to the Government in return for regular interest payments and the promise that the initial sum will be repaid on a specified later date. These work in much the same way as Corporate Bonds, but they are loans to the Government instead of to companies. The return achieved from a government bond is a combination of the interest payments and any change in the value of the bond.

## **Money Market Instruments**

These include bank deposits, certificates of deposits, fixed interest securities or floating rate notes. The return achieved from money market instruments is a combination of interest and any changes in the value of the instruments.

## **Multi-Asset**

A fund that invests in a range of assets, such as equities, bonds and property. By investing in a range of assets the fund is not relying on the performance of assets of the same type. This helps to provide diversification of risk.

## **Property**

Direct investment in property (such as retail, office and industrial properties). The return achieved from investing in property is a combination of rental income and growth in the value of the property.

As the actual value of a property is what someone is prepared to pay for it and as commercial property sales are infrequent interim valuations are based on a valuer's opinion and may be revised up or down from time to time. This can affect the value of a fund invested in commercial property, with the value possibly fluctuating significantly.

In addition, cash could remain uninvested as property can be difficult to buy quickly, leading to lower returns than expected. Rental income is also not guaranteed. Defaulted rent and unoccupied properties could reduce returns.

As commercial properties can be difficult to buy and sell quickly the manager of a Property Fund may have to delay customers withdrawing money from the fund until they can sell some of the buildings the fund invests in. The value of the fund may be reduced if a large number of withdrawals are requested and it is necessary for properties to be sold at reduced prices.

### **Deposits**

Money that is placed with banks, building societies and other organisations to earn interest.

### **Passive or active**

The funds available to you are either actively or passively managed.

### **Passively managed fund**

Aims to match or track the performance of an index or indices, such as the FTSE All-Share Index.

### **Actively managed fund**

The fund manager uses their expertise to decide which equities or bonds, for example, to invest in to try and beat the returns of an index or indices (this is known as outperforming).

**Volatility Risk** – events in financial markets cause the value of investments to rise and fall, also known as volatility.

**Inflation Risk** – the risk that the value of investments doesn't grow quickly enough to keep up with inflation.

**Pension Conversion Risk** – your pension fund will be used to purchase an annuity, which will provide you with an income. The income you eventually receive will depend on the value of your pension fund and the cost of purchasing an annuity. This creates the risk that the value of your pension fund does not move in line with the cost of purchasing an annuity.

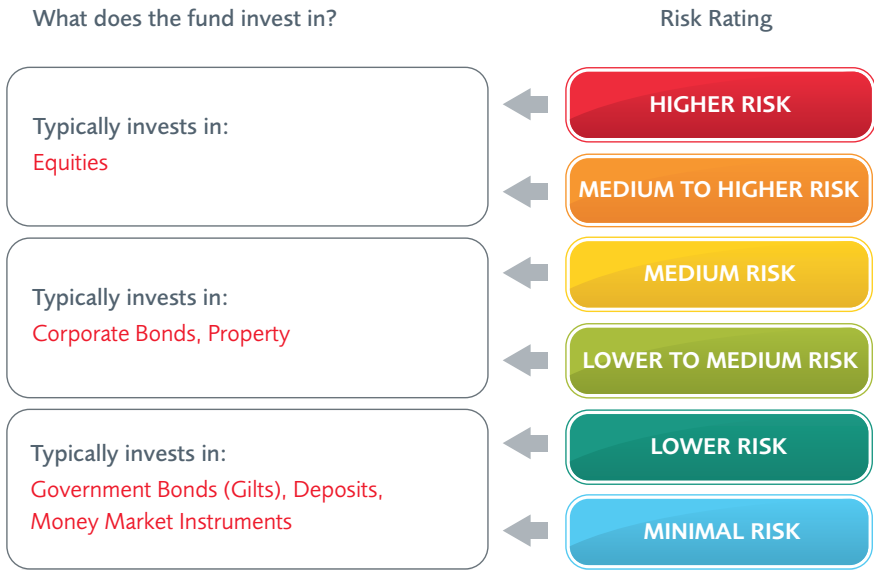
**Exchange Rate Risk** – changes in exchange rates may cause the sterling values of overseas investments to rise or fall.

Some of these funds are more risky than others so how do you decide which fund or funds are most suitable for you?

One rule of thumb is that the more risk you take, the greater the potential return – but also the greater the potential loss.

# What type of assets do you favour?

You can choose to spread your investment across assets to reflect your own attitude to risk. For example, more cautious investors are likely to have more exposure to gilts (Government Bonds) and corporate bonds. More adventurous investors are likely to have a greater proportion of their investment in property and equities.



## What is diversification:

If you invest entirely in one asset area, then the value of your entire portfolio will be subject to the changes in the performance of that type of asset. To help manage this risk, you could consider spreading the risk by investing in several assets or sectors. This protects your investment from feeling the full effects from a fall in value of one asset area.

**To help you decide, it's useful to ask yourself some questions:**

- **What is your attitude to risk?**
  - *How much you get back from your investment and the degree of risk you are prepared to take are linked.*
- **How many years do you have before you retire?**
  - *Higher rated funds offer the best potential for achieving above-average returns over the long term. This could apply to those with 15 years or more to retirement.*
- **Do you want to invest in a less risky fund as you get closer to retirement?**
  - *The closer you are to retirement, funds with a risk rating of Medium and above may not be suitable for you. Although they carry the potential for short term gains, they also have the potential for short-term losses.*
- **How would you react if the stock market went down and your plan value reduced?**
  - *Any investor should be prepared for periods where investments may fall in value, but by remaining invested gives an opportunity for investments to perform well over the longer term.*
- **How much income are you aiming to receive from your Plan?**
  - *The funds you select, and the degree of risk you are prepared to take, will be key in trying to achieve the level of income you are aiming for.*

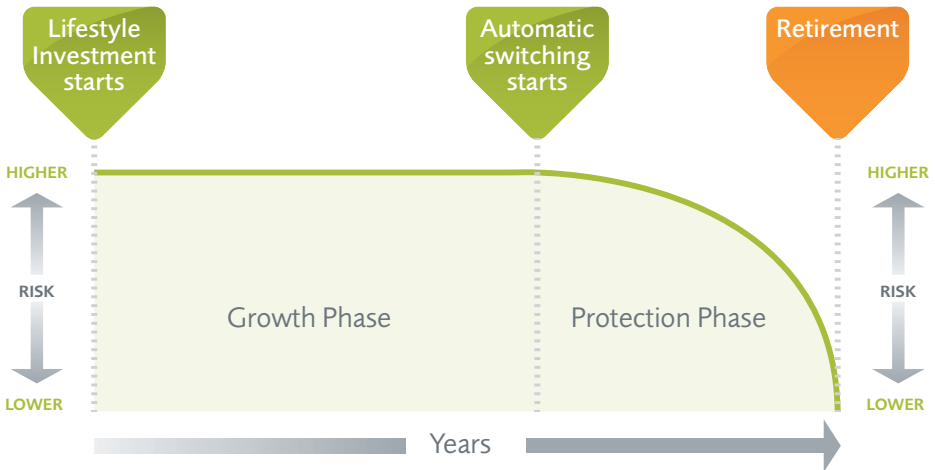
You should review your attitude to risk regularly, this can help identify any changes required to keep your investments on track and in line with your investment objectives.



## How does Lifestyling work?

Lifestyling is an investment option that is basically made up of 2 phases. The first phase (or "growth" phase) is where you aim to grow the size of your pension fund, typically by investing in higher risk funds. In the second phase (or "protection" phase) your investments are switched automatically, into lower risk funds which help protect the value of your pension fund.

The graph below demonstrates how lifestyling works.



The switches between funds are designed so that the investment in each fund within the lifestyle option is maintained at the fixed unit holdings set out for each lifestyle.

The point where your fund value will start automatic switching will be dependant on the Lifestyle Option you choose. Details will be shown in the Funds available section.

If you choose a Lifestyle Option, all of your payments will be made into that option and you will not be able to select any other investment funds or Lifestyle Options if available. You can switch all of your savings out of this option at any time.

The switches between the funds are automatically done and free of charge. Prudential reserve the right to change the terms of the lifestyle option. Details of the funds used for investment in your Lifestyle Option are detailed within the Available Funds section.

## What funds are available?

In this section you will find details of all the funds for you to invest in, the default fund and also the lifestyle options available.

Further detail covering the objectives of the funds and where they invest can be found later in this booklet in the 'Fund descriptions' section.

Fund Name	Asset Class	Active/Passive
<b>Higher Risk – These are specialist equity funds that focus on set geographical regions or a particular type of share e.g. shares of smaller companies or those that conform to certain criteria.</b>		
Prudential Europe Equity Passive Fund	Equities	Passive
Prudential UK Equity Fund	Equities	Active
Prudential Japan Equity Passive Fund	Equities	Passive
Prudential North America Equity Passive Fund	Equities	Passive
Prudential Pacific Basin (ex Japan) Equity Passive Fund	Equities	Passive
Prudential UK Smaller Companies Fund	Equities	Active
Prudential Socially Responsible Fund	Equities	Active
Prudential UK Specialist Equity Fund	Equities	Active
Aberdeen Life North American Equity Fund	Equities	Active
Aberdeen Life UK Equity Fund	Equities	Active
Baillie Gifford UK Equity Fund	Equities	Active
BlackRock Ascent European Equity Fund	Equities	Active
BlackRock Ascent Japanese Equity Fund	Equities	Active
BlackRock Ascent Pacific Rim Equity Fund	Equities	Passive
BlackRock Ascent US Equity Fund	Equities	Active
BlackRock Aquila UK Equity Index Fund	Equities	Active
Newton Income Fund	Equities	Active
Newton Higher Income Fund	Equities	Active

## What funds are available? (continued)

Fund Name	Asset Class	Active/Passive
<b>Medium to Higher Risk</b> – These funds offer a diverse geographical spread of equity investment. The funds within this category will have greater overseas exposure and underlying volatility than the 'medium' sector.		
Prudential Global Equity Fund	Equities	Active
Prudential Long Term Growth Fund	Equities	Passive
Prudential International Equity Fund	Equities	Active
Prudential Overseas Equity Fund	Equities	Active
Prudential Overseas Equity Passive Fund	Equities	Passive
Baillie Gifford Overseas Equity Fund	Equities	Active
BlackRock Ascent (50:50) Global Equity Fund	Equities	Active
BlackRock Ascent Overseas Equity Fund	Equities	Active
BlackRock Aquila (60:40) Global Equity Index Fund	Equities	Passive
Newton International Growth Fund	Equities	Active
<b>Medium Risk</b> – These funds are predominantly multi-asset funds with a higher weighting in equities. The property Fund itself is also in this category.		
Prudential Discretionary Fund	Multi-Asset	Active
Prudential Property Fund	Property	Active
Aberdeen Life Balanced Fund	Multi-Asset	Active

## What funds are available? (continued)

Fund Name	Asset Class	Active/Passive
<b>Lower to Medium Risk</b> – Some of these funds invest in fixed interest securities, predominantly corporate bonds, with higher yielding corporate bonds placed towards the top end of this range as they carry higher default risk. The other funds in this category invest in a wide range of assets which help to provide diversification.		
Prudential With-Profits Fund	Multi-Asset	†
Prudential Corporate Bond Fund	Corporate Bond	Active
Prudential International Bond Fund	Government Bond	Active
Prudential Long Dated Corporate Bond Fund	Corporate Bond	Active
<b>Lower Risk</b> – These funds may invest in fixed interest securities including gilts, index-linked gilts and an element of corporate bonds. These types of investment are generally recognised as lower risk.		
Prudential Fixed Interest Fund	Government Bond	Active
Prudential Index Linked Fund	Government Bond	Active
Prudential Retirement Protection Fund	Government Bond	Passive
Prudential Pre-Retirement Fund	Government and Corporate Bond	Active/Passive
Prudential Index Linked Passive Fund	Government Bond	Passive
<b>Minimal Risk</b> – These funds may invest in a combination of deposits, money market instruments and other types of interest bearing securities.		
Prudential Cash Fund	Deposits	Active

† Please see your Key Features Document

### **Further information**

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For detailed information on a fund please visit [www.pru.co.uk/factsheets](http://www.pru.co.uk/factsheets) and choose the (Series 3) button.

We reserve the right to make changes at any time to the funds we make available, subject to certain restrictions, we will write to you if this effects you. We may also introduce new funds.

To find out about changes to our range of funds, please go to [www.pru.co.uk/factsheets/corporate\\_pension\\_fund\\_updates/](http://www.pru.co.uk/factsheets/corporate_pension_fund_updates/)

Please note that information on past performance or prices for non-Prudential (or external) managed funds obtained from sources other than Prudential can be calculated on a different basis, therefore they may not be applicable to your investment.

All of the available funds are Prudential funds managed on our behalf by the fund manager stated. These funds should not be confused with the same or similarly named fund or unit trust offered independently by this fund manager.

# Lifestyle Option

## Lifestyle Option example



Please note that the funds change automatically and monthly throughout the year to achieve the pre-set unit holdings.

The graph above shows you what funds are included in the lifestyle option, where you are initially invested and how the proportions invested in each fund may move year on year to retirement. You will find more information on Lifestyling in the 'How does Lifestyling work?' section.

Risk rating	Charges per year
Risk Rating dependant on fund selection(s) of your choice Prudential Retirement Protection Fund – <b>Lower</b> Prudential Cash Fund – <b>Minimal</b>	Charges will depend on which funds your money is invested in and when the charge is calculated.

## Bespoke Lifestyling

The trustees may choose different lifestyling funds and/or switching periods from those shown above. You will be given full details of the fund options chosen for you. For a detailed explanation of how this works please refer to the Technical Guide and Key Features illustration.

## Fund descriptions

Fund Name and Manager	Objective
<b>Higher Risk</b>	
<p><b>Prudential Europe Equity Passive Fund</b></p> <p>Prudential</p>	<p>The investment strategy of the fund is to purchase units in the M&amp;G PP Europe Equity Passive Fund. This fund is passively managed tracking movements in its benchmark, the FTSE World Europe ex UK Index. Tracking this Index is achieved by the fund replicating the holdings of the larger companies in the Index plus holding a carefully modelled stratified sample of the remainder of the companies in the Index.</p> <p>Performance Objective: To match the performance of the benchmark as closely as possible.</p>
<p><b>Prudential UK Equity Fund</b></p> <p>Prudential</p>	<p>The investment strategy of the fund is to purchase units in the M&amp;G PP UK Equity Fund. This fund invests in the shares of UK Companies. The fund is actively managed against its benchmark, the FTSE All-Share Index. The fund is a "fund of funds" holding units in several more specialised UK equity funds giving access to a variety of methods for generating investment returns in differing market conditions. The range of investment approaches used and spread of stocks held across all areas of the market reflect the fund's prudent performance objective.</p> <p>Performance Objective: To outperform the benchmark by 0.75% – 1.0% per year (before charges) over rolling 3 year periods.</p>
<p><b>Prudential Japan Equity Passive Fund</b></p> <p>Prudential</p>	<p>The investment strategy of the fund is to purchase units in the M&amp;G PP Japan Equity Passive Fund. This fund is passively managed tracking movements in its benchmark, the FTSE Japan Index. Tracking this Index is achieved by the fund replicating the holdings of the larger companies in the Index plus holding a carefully modelled stratified sample of the remainder of the companies in the Index.</p> <p>Performance Objective: To match the performance of the benchmark as closely as possible.</p>
<p><b>Prudential North America Equity Passive Fund</b></p> <p>Prudential</p>	<p>The investment strategy of the fund is to purchase units in the M&amp;G PP North American Equity Passive Fund. The fund is passively managed, tracking movements in its benchmark, the FTSE World North America Index. Tracking this Index is achieved by the fund replicating the holdings of the larger companies in the Index plus holding a carefully modelled stratified sample of the remainder of the companies in the Index. This fund invests in the securities of North American (including Canadian) issuers and may only invest in companies which are listed, registered or trading within North America.</p> <p>Performance objective: To match the performance of the benchmark as closely as possible.</p>

Fund Name and Manager	Objective
<b>Higher Risk</b>	
<b>Prudential Pacific Basin (ex Japan) Equity Passive Fund</b>  Prudential	<p>The investment strategy of the fund is to purchase units in the M&amp;G PP Pacific Basin (ex Japan) Equity Passive Fund. This fund invests in shares of companies around the Pacific Basin excluding Japan. The fund is passively managed tracking movements in its benchmark, the FTSE World Asia Pacific ex-Japan Index. Tracking this Index is achieved by the fund replicating the holdings of the larger companies in the Index plus holding a carefully modelled stratified sample of the remainder of the companies in the Index.</p> <p>Performance Objective: To match the performance of the benchmark as closely as possible.</p>
<b>Prudential UK Smaller Companies Fund</b>  Prudential	<p>The investment strategy of the fund is to purchase units in the M&amp;G PP UK Smaller Companies Fund. This fund invests in the shares of smaller UK companies which are outside the FTSE 350 Index. The fund is actively managed against its benchmark of the FTSE Smaller Companies (ex-Investment Trusts) Index. Extensive use is made of in-house research resources to identify stocks and the well diversified portfolio reflects the prudent approach adopted by this fund.</p> <p>Performance Objective: To outperform the benchmark by 2% per year (before charges) over rolling 3 year periods.</p>
<b>Prudential Socially Responsible Fund</b>  Prudential	<p>The investment strategy of the fund is to invest in the shares of UK companies which pass a set of socially responsible criteria. The fund is actively managed against a benchmark constructed in conjunction with EIRIS (Ethical Investment Research Services). Companies who pass the screening criteria (which are reviewed regularly) represent around 60% of the FTSE All-Share Index by market capitalisation and so the fund's returns may vary more than other funds which can access the whole market.</p> <p>Performance Objective: To outperform the benchmark by 1% per year (before charges) over rolling 3 year periods.</p>
<b>Prudential UK Specialist Equity Fund</b>  Prudential	<p>The investment strategy of the fund is to purchase units in the M&amp;G PP Specialist UK Equity Fund. This fund seeks to invest in companies which are out of favour, in difficulty or whose prospects are not fully recognised by the market and where management is working to turn the business around. The fund invests primarily in the shares of UK listed companies but can also invest a limited amount in the shares of overseas companies and UK government bonds. The fund is actively managed against its benchmark, the FTSE All-Share Index.</p> <p>Performance Objective: To outperform the benchmark by 2.5% per year (before charges) over rolling 3 year periods.</p>

## Fund descriptions (continued)

Fund Name and Manager	Objective
<b>Higher Risk</b>	
<b>Aberdeen Life North American Equity Fund</b>  Prudential	The investment strategy of the fund is to provide exposure to North American equities, an asset class that is expected to provide long-term returns that are ahead of inflation.  Performance Objective: To outperform the FTSE Developed North America Index by 1% per year over rolling 3 year periods.
<b>Aberdeen Life UK Equity Fund</b>  Prudential	The investment strategy of the fund is to provide exposure to UK equities, an asset class that is expected to provide long-term returns that are ahead of inflation.  Performance Objective: To outperform the FTSE All-Share by 1% per year over rolling 3 year periods.
<b>Baillie Gifford UK Equity Fund</b>  Baillie Gifford	The investment strategy of the fund is to purchase units in the Baillie Gifford UK Equity Core Pension Fund. This fund aims to achieve above average total returns by investing in UK equities (stocks normally listed on the London Stock Exchange). The fund invests in companies with sustainable competitive advantages and strong prospects for growth. The objective of the Fund is to outperform the FTSE All Share index by 1% – 1.5% per year (before charges) over rolling 3 year periods.  Performance Objective: To outperform the FTSE All Share index by 1% – 1.5% per year (before charges) over rolling 3 year periods.
<b>BlackRock Ascent European Equity Fund</b>  BlackRock	The investment strategy of the fund is to purchase units in the BlackRock Ascent European Equity Fund. This fund invests in the shares of companies in Europe and aims to achieve returns that are 1% or more per year above the FTSE All-World Developed Europe ex-UK Index whilst aiming to control risks and cost.  Performance Objective: To outperform the benchmark by 1% or more per year over rolling 3 year periods.
<b>BlackRock Ascent Japanese Equity Fund</b>  BlackRock	The investment strategy of the fund is to purchase units in the BlackRock Ascent Japanese Equity Fund. This fund invests in the shares of Japanese companies and aims to achieve returns that are 1% or more per year above the FTSE All-World Japan Index whilst aiming to control risks and costs.  Performance Objective: To outperform the benchmark by 1% or more per year over rolling 3 year periods.

Fund Name and Manager	Objective
<b>Higher Risk</b>	
<b>BlackRock Ascent Pacific Rim Equity Fund</b>  BlackRock	<p>The investment strategy of the fund is to purchase units in the BlackRock Ascent Pacific Rim Equity Fund. This fund invests in Australian, Hong Kong, New Zealand and Singaporean equities and aims to track the FTSE All-World Developed Asia Pacific ex-Japan Index.</p> <p>Performance Objective: To match the performance of the benchmark.</p>
<b>BlackRock Ascent US Equity Fund</b>  BlackRock	<p>The investment strategy of the fund is to purchase units in the BlackRock Ascent US Equity Fund. This fund invests in the shares of US companies and aims to achieve returns that are 1% or more per year above the FTSE All-World USA Index whilst aiming to control risks and costs.</p> <p>Performance Objective: To outperform the benchmark by 1% or more per year over rolling 3 year periods.</p>
<b>BlackRock Aquila UK Equity Index Fund</b>  BlackRock	<p>The investment strategy of the fund is to purchase units in the BlackRock Aquila UK Equity Index Fund. This fund invests in the shares of UK companies with the aim of achieving a return that is consistent with the return of the FTSE All-Share Index.</p> <p>Performance Objective: To match the performance of the FTSE All-Share Index.</p>
<b>Newton Income Fund</b>  Newton	<p>The investment strategy of the fund is to purchase units in the Newton Income Fund. This fund aims to achieve capital growth and income from a portfolio of predominantly UK securities.</p> <p>Performance Objective: To achieve capital growth and income.</p>
<b>Newton Higher Income Fund</b>  Newton	<p>The investment strategy of the fund is to purchase units in the Newton Higher Income Fund. This fund aims to achieve long-term capital growth by investing purely in the UK.</p> <p>Performance Objective: To achieve long-term capital growth.</p>

## Fund descriptions (continued)

Fund Name and Manager	Objective
<b>Medium to Higher Risk</b>	
<p><b>Prudential Global Equity Fund</b></p> <p>Prudential</p>	<p>The investment strategy of the fund is to purchase units in the M&amp;G PP Global Equity Fund. This fund invests in the shares of UK and overseas companies. The fund is actively managed with a benchmark of 70% in UK equities and 30% in overseas equities (in the same proportions as the average overseas equity distribution in the BNY Mellon CAPS Balanced Pooled Fund Survey). The significant numbers of stocks held in each region reflect the prudent approach adopted by this fund. Both active stock selection and asset allocation are used to add value.</p> <p>Performance Objective: To outperform the benchmark by 1.0% per year (before charges) over rolling 3 year periods.</p>
<p><b>Prudential Long Term Growth Fund</b></p> <p>Prudential</p>	<p>The investment strategy of the fund is to purchase units in the M&amp;G PP Long Term Growth Fund. This fund invests in the shares of companies around the world with about 50% invested in the UK and 50% overseas, roughly in proportion to each region's economic importance. The fund is passively managed with a benchmark of 50% tracking the FTSE All-Share Index and 50% tracking a mix of overseas regional market indices using fixed weights broadly reflecting each region's Gross Domestic Product. The split between UK and overseas equities and between overseas regions may alter from time to time to reflect changing economic and market conditions.</p> <p>Performance Objective: To match the performance of the benchmark as closely as possible.</p>
<p><b>Prudential International Equity Fund</b></p> <p>Prudential</p>	<p>The investment strategy of the fund is to purchase units in the M&amp;G PP International Equity Fund. This fund invests in the shares of companies in all the major overseas equity markets. The fund is actively managed against a benchmark mix of the regional market indices in the same proportions as the average overseas equity distribution in the BNY Mellon CAPS Balanced Pooled Fund Survey. The significant number of stocks held in each region reflect the prudent approach adopted by this fund. Both active stock selection and asset allocation are used to add value.</p> <p>Performance Objective: To outperform the benchmark by 1.0% per year (before charges) over rolling 3 year periods.</p>
<p><b>Prudential Overseas Equity Fund</b></p> <p>Prudential</p>	<p>The investment strategy of the fund is to invest in the shares of companies in all the major overseas equity markets, roughly in proportion to each region's economic importance. The fund is actively managed against a benchmark mix of the regional market indices using fixed weights broadly reflecting each region's Gross Domestic Product. Both active stock selection and asset allocation are used to add value. The strategic split between regions may alter from time to time to reflect changing economic and market conditions.</p> <p>Performance Objective: To outperform the benchmark by 1.0% per year (before charges) over rolling 3 year periods.</p>

Fund Name and Manager	Objective
<b>Medium to Higher Risk</b>	
<b>Prudential Overseas Equity Passive Fund</b> Prudential	<p>The investment strategy of the fund is to invest in all the major overseas equity markets. Most of the fund is passively managed with a benchmark mix of regional market indices using fixed weights broadly reflecting each region's Gross Domestic Product. Tracking is achieved by the fund replicating the holdings of the larger companies in each region's index plus holding a carefully modelled stratified sample of the remainder of the companies in each index. The strategic split between the regions may alter periodically to reflect changing economic and market conditions.</p> <p>Performance objective: To match the performance of the benchmark as closely as possible.</p>
<b>Baillie Gifford Overseas Equity Fund</b> Baillie Gifford	<p>The investment strategy of the fund is to purchase units in the Baillie Gifford Overseas Equity Pension Fund. This fund invests in international equities (excluding the UK) primarily through direct investment in listed securities with the aim of achieving capital growth. The objective of the fund is to outperform its benchmark by (a mix of MSCI and FTSE indices) 1.5% – 2% per year (before charges) over rolling 3 year periods.</p> <p>Performance Objective: To outperform the benchmark by 1.5% – 2% per year (before charges) over rolling 3 year periods.</p>
<b>BlackRock Ascent (50:50) Global Equity Fund</b> BlackRock	<p>The investment strategy of the fund is to purchase units in the BlackRock Ascent (50:50) Global Equity Fund. This fund invests in UK and overseas equities. The fund has approximately 50% invested in the shares of UK companies, with the remaining 50% invested in the shares of overseas companies. The fund aims to achieve returns that are 1% or more per year above its benchmark.</p> <p>Performance Objective: To outperform the benchmark by 1% or more (a mix of FTSE indices) per year over rolling 3 year periods.</p>
<b>BlackRock Ascent Overseas Equity Fund</b> BlackRock	<p>The investment strategy of the fund is to purchase units in the BlackRock Ascent Overseas Equity Fund. This fund invests in the shares of overseas companies listed in the US, Europe, Japan and Pacific Rim markets. The fund aims to achieve returns that are 1% or more per year above its benchmark (a mix of FTSE indices).</p> <p>Performance Objective: To outperform the benchmark by 1% or more per year over rolling 3 year periods.</p>

## Fund descriptions (continued)

Fund Name and Manager	Objective
<b>Medium to Higher Risk</b>	
<p><b>BlackRock Aquila (60:40) Global Equity Index Fund</b></p> <p>BlackRock</p>	<p>The investment strategy of the fund is to purchase units in the BlackRock Aquila (60:40) Global Equity Index Fund. This fund invests primarily in UK and overseas equities. The fund has approximately 60% invested in the shares of UK companies. The remaining 40% is invested in overseas companies split between the US, Europe ex-UK and the Far East. The fund aims to provide returns consistent with the markets in which it invests.</p> <p>Performance Objective: To match the performance of the benchmark (a mix of FTSE indices).</p>
<p><b>Newton International Growth Fund</b></p> <p>Newton</p>	<p>The investment strategy of the fund is to purchase units in the Newton International Growth Fund. The objective of this fund is to achieve capital growth from a portfolio of international securities. The fund may also invest in collective investment schemes.</p> <p>Performance Objective: To achieve capital growth.</p>

Fund Name and Manager	Objective
<b>Medium Risk</b>	
<p><b>Prudential Discretionary Fund</b></p> <p>Prudential</p>	<p>The investment strategy of the fund is to purchase units in the M&amp;G PP Discretionary Fund. This fund aims to provide a traditional balanced approach to investment, holding a mix of UK and overseas shares, bonds, property and cash. The fund is actively managed against its benchmark of the BNY Mellon CAPS Balanced Pooled Fund Median. The significant numbers of stocks held in all areas reflect the prudent approach adopted by this fund. Both active stock selection and asset allocation are used to add value.</p> <p>Performance Objective: To outperform the benchmark by 1.15% – 1.4% per year (before charges) over rolling 3 year periods.</p>
<p><b>Prudential Property Fund</b></p> <p>Prudential</p>	<p>The investment strategy of the fund is to purchase units in the M&amp;G PP Property Fund. This fund invests directly in commercial property in the UK, including retail, office and industrial properties and provides returns through a combination of rental income and capital growth. At times the fund may have significant levels of cash (short term deposits) in advance of purchasing or following the sale of property. This may lead to lower than expected returns. The fund is actively managed against its benchmark, the IPD UK Pooled Property Fund All Balanced Index.</p> <p>Performance Objective: To outperform the benchmark by 0.5% per year (net of charges) over rolling 3 year periods.</p>
<p><b>Aberdeen Life Balanced Fund</b></p> <p>Aberdeen Asset Management</p>	<p>The investment strategy of the fund is to achieve long-term returns that are ahead of inflation by providing exposure to UK and overseas equities, UK and overseas bonds and cash.</p> <p>Performance Objective: To outperform the BNY Mellon CAPS Pooled Pension Balanced Median by 1% per year over rolling 3 year periods.</p>

## Fund descriptions (continued)

Fund Name and Manager	Objective
<b>Lower to Medium Risk</b>	
<b>Prudential With-Profits Fund</b> Prudential	Actively managed to give each policyholder a return which reflects the earnings on the underlying investments, whilst smoothing investment performance and offering competitive long term returns.  Performance Objective: offer competitive long-term real returns whilst smoothing the peaks and troughs of day-to-day market movements.
<b>Prudential Corporate Bond Fund</b> Prudential	The investment strategy of the fund is to purchase units in the M&G PP All Stocks Corporate Bond Fund. This fund invests mainly in high quality Sterling corporate bonds across the range of maturities. The fund is actively managed against its performance benchmark of the iBoxx Sterling Non-Gilts Index. The fund may also hold British government gilts and derivatives (such as options and swaps) together with limited amounts of non-sterling and high yield corporate bonds where this may prove beneficial in the shorter term.  Performance Objective: To outperform the benchmark by 0.80% per year (before charges) over rolling 3 year periods.
<b>Prudential International Bond Fund</b> Prudential	The investment strategy of the fund is to purchase units in the M&G PP International Bond Fund. This fund invests in all the major government bond markets outside the UK with principal holdings in US, Japanese and European Bonds. The fund is actively managed against its benchmark of the Salomon World Government Bond Non-Sterling Index. Both active stock selection and asset allocation are used to add value.  Performance Objective: To outperform the benchmark by 0.75% per year (before charges) over rolling 3 year periods.
<b>Prudential Long Dated Corporate Bond Fund</b> Prudential	The investment strategy of the fund is to purchase units in the M&G PP Long-Dated Corporate Bond Fund. This fund invests mainly in high quality Sterling corporate bonds with over 15 years to maturity. The fund is actively managed against its benchmark of the iBoxx Sterling Over 15 Years Non-Gilts Index. The fund may also hold UK government gilts and derivatives (such as options and swaps) together with limited amounts of non-sterling and high yield corporate bonds where this may prove beneficial in the shorter term.  Performance Objective: To outperform the benchmark by 0.80% per year (before charges) over rolling 3 year periods.

Fund Name and Manager	Objective
<b>Lower Risk</b>	
<p><b>Prudential Fixed Interest Fund</b></p> <p>Prudential</p>	<p>The investment strategy of the fund is to purchase units in the M&amp;G PP Fixed Interest Fund. This fund invests in British government gilts and Sterling corporate bonds issued by UK and overseas borrowers. The fund is actively managed against its benchmark of the FTSE A British Government All Stocks Index. The fund can also invest in overseas government bonds. The values of any overseas holdings are protected from short-term exchange rate movements by hedging.</p> <p>Performance Objective: To outperform the benchmark by 0.75% per year (before charges) over rolling 3 year periods.</p>
<p><b>Prudential Index-Linked Fund</b></p> <p>Prudential</p>	<p>The investment strategy of the fund is to purchase units in the M&amp;G PP Index-Linked Fund. This fund invests mainly in British Government index-linked gilts, typically with over five years to maturity. The fund is actively managed against its benchmark of the FTSE British Government Over 5 Years Index-Linked All Stocks Index. The fund can also invest in index-linked corporate bonds and overseas index-linked government bonds. The values of any overseas holdings are protected from short-term exchange rate movements by hedging.</p> <p>Performance Objective: To outperform the benchmark by 0.75% per year (before charges) over rolling 3 year periods.</p>
<p><b>Prudential Retirement Protection Fund</b></p> <p>Prudential</p>	<p>The investment strategy of the fund is to invest in British government gilts with over 15 years to maturity. The fund is passively managed, tracking movements in its benchmark, the FTSE A British Government Over 15 Years Gilt Index. Tracking this index is achieved by fully replicating the small number of stocks in the Index.</p> <p>Performance Objective: To match the performance of the benchmark as closely as possible.</p>

## Fund descriptions (continued)

Fund Name and Manager	Objective
<b>Lower Risk</b>	
<p><b>Prudential Pre-Retirement Fund</b></p> <p>Prudential</p>	<p>The investment strategy of the fund is to purchase units in the M&amp;G PP Pre-Retirement Fund. This fund invests in long-dated bonds split equally between passively managed British government gilts and actively managed UK corporate bonds. The fund's benchmark is 50% tracking movements in the FTSE British Government Over 15 Years Gilt Index and 50% aiming to outperform the iBoxx Sterling Over 15 Years Non-Gilts Index. The split between government and corporate bonds may alter from time to time to reflect changing economic and market conditions.</p> <p>Performance Objective: To match the performance of the benchmark as closely as possible.</p>
<p><b>Prudential Index-Linked Passive Fund</b></p> <p>Prudential</p>	<p>The investment strategy of the fund is to purchase units in the M&amp;G PP Index Linked Passive Fund. This fund invests in British Government index-linked gilts with over five years to go until maturity. The Fund is passively managed tracking movements in its benchmark, the FTSE British Government Over 5 Years Index-Linked All Stocks Index. Tracking this index is achieved by fully replicating the small number of stocks in the Index.</p> <p>Performance Objective: To match the performance of the benchmark as closely as possible.</p>
<b>Minimal Risk</b>	
<p><b>Prudential Cash Fund</b></p> <p>Prudential</p>	<p>The investment strategy of the fund is to purchase units in the M&amp;G PP Cash Fund. This fund aims to provide a return consistent with investing in interest bearing deposits and/or short-term UK Government bonds. The fund is actively managed with the aim of beating its benchmark of the London Interbank 7 Day Deposit rate.</p> <p>Performance Objective: To beat the London Interbank 7 Day Deposit rate.</p>

## Important Information

- › The unit-linked investment funds have a single price, based on the valuation of the assets held by the fund.
- › The unit-linked investment funds are "forward priced". This means that the unit price you receive is the next available price after you have invested. For example for funds managed by Prudential M&G money received on a Monday will buy units at the unit price applicable at close of business on the same day.
- › There is a short time lag between money being received, passing through our administration and accounting systems and then buying units in the underlying fund. This is known as a fund's dealing cycle and varies between fund managers. The dealing cycle can be several days.
- › When switching between different unit-linked investment funds, the sale of existing units and the purchase of new units will not normally take place on the same date. There will be a lead-time involved in making unit prices available and where external companies are involved this lead-time may be longer than for funds managed by Prudential M&G. The prices of units can go up or down during that time: this is a risk to you. The exact time lapse between sale and purchase will depend on the investment funds involved in the switch. Please see the 'Important information' section on the factsheet, available from [www.pru.co.uk/factsheets](http://www.pru.co.uk/factsheets) or speak to your pensions department. No interest is due for the period between the sale and purchase of units.
- › For any fund, there may be a delay in buying, selling or switching of units. These delays will only apply in exceptional circumstances and we will let you know if they apply to you. There may, for example, be circumstances outside our control which prevent us from acting upon an instruction to buy, sell or switch units. For example, where, due to restrictions imposed by an external fund manager, we are unable to sell units in an externally-managed fund. Equally we may need to delay acting upon an instruction where we believe that to do otherwise the remaining investors in the fund would suffer an unfair reduction in the value of their investment in the fund, or would suffer some other form of unfair treatment.

- Other than in very exceptional circumstances we would not expect delays to be longer than six months in the case of units held by funds that invest in property and land, or which hold units in funds that invest in property and land, and one month in the case of units in other funds.
  - While we will not delay buying, selling or switching units for longer than reasonably required, we cannot guarantee that we will never delay acting upon your instructions beyond the timescales set out above.
  - If we do delay, we will use the unit prices that apply on the day we actually sell, buy or switch units after the delay has ended, unless, again, we believe that in the particular circumstances that would not be fair to investors in general.
- When switching an existing investment to the Lifestyle Option, the total value of your fund will be switched automatically.
  - We reserve the right to make changes at any time to the funds we make available, subject to certain restrictions. We may also introduce new funds. To find out about changes to our range of funds, please go to [www.pru.co.uk/factsheets/corporate\\_pension\\_fund\\_updates/](http://www.pru.co.uk/factsheets/corporate_pension_fund_updates/)
  - Our charges may vary in the future and may be higher than they are now. We will write to you if this effects you.

## **With-Profits**

For With-Profits investment, the rate of future bonuses cannot be guaranteed. Final bonus may vary and is not guaranteed

For investments in the With-Profits Fund, the value of the Policy depends on how much profit the Fund makes and how we decide to distribute that profit. Policyholders usually receive their shares of any profits as bonuses but we may use other methods to distribute profits.

If you move money from the With-Profits Fund to another fund a Market Value Reduction may be applied, which would cause the value of your fund to fall.

You will need to contact us if you'd like to switch savings from the With-Profits Fund to the Lifestyle Option.

For further information on With-Profits please refer to your Key Features Document.

## **Can I change my mind?**

You can switch your money between unit-linked funds at any time. We won't charge you for this. If this changes in the future we will let you know.

# Glossary of investment terms

**This glossary is a high-level guide to some of the investment terms used in the Guide to Fund Options and our fund factsheets. It is not intended to be a definitive reference document and you should consider contacting a financial adviser for further assistance where necessary.**

**Alternative Assets** – These are alternatives to assets such as Equities, Corporate Bonds and Property. Examples of alternative assets include commodities, infrastructure and private equity.

**Deposits** – Money that is invested with banks, building societies and other organisations to earn interest.

**Default Risk** – This is the possibility that the issuer of a bond will be unable to make payments when they are due.

**Collective Investment Schemes** – A way of pooling investment with others as part of a single investment fund. This allows investors to participate in a wider range of investments than would normally be feasible if investing individually and to share the costs and benefits of doing so.

**Commodities** – These are raw materials and foodstuffs that can be divided into 5 main categories: Agriculturals (e.g. wheat and potatoes), Softs (e.g. coffee and cocoa), Precious Metals (e.g. gold and silver), Non-Ferrous Metals (e.g. copper and lead) and Energies (e.g. oil and gas).

**Corporate Bond** – Loans to companies where the purchaser of the Corporate Bond lends money to the company in return for regular interest payments and the promise that the initial sum will be repaid on a specified later date.

**Derivatives** – These cover products such as futures and options which are generally an arrangement to buy or sell a standard quantity of a specified asset on a fixed future date at a price agreed today. Also considered to be a financial instrument whose value is dependent upon the value of an underlying asset.

**Equities** – Also known as shares or stocks, these represent a share of the ownership of a company. Shares give two potential benefits – the share price increases as the value of the company increases and regular payments, known as dividends, may be made to shareholders based on how well the company is doing.

**Fixed Interest Securities** – More commonly known as “bonds” these are loans issued by companies or by governments in order to raise money. Bonds issued by companies are called corporate bonds, those issued by the UK government are called gilts and those issued by the US government are called treasury bonds. In effect all bonds are IOUs that promise to pay a sum on a specified date and pay a fixed rate of interest along the way.

**Floating Rate Notes (FRNs)** – These are basically short-term loans to financial organisations, such as banks, under which the investor receives interest payments from that financial organisation. At the end of an agreed period the financial organisation has to repay the loan. The interest payment rates are linked to a specified “floating” rate typically the London Interbank Offered Rate (LIBOR). This means that interest rate payments may go up or down.

**GDP (Gross Domestic Product)** – A measure of the value of all goods and services produced in an economy in a year.

**Gilt** – A bond issued by the British Government.

**Government Bond** – Loans to a Government where the purchaser of the Government Bond lends money to the Government in return for regular interest payments and the promise that the initial sum will be repaid on a specified later date.

A short-term Government Bond is a Bond with a repayment period of twelve months or less.

**Hedging** – A strategy employed in order to reduce or mitigate risk. Hedging involves making an offsetting transaction in one market in order to protect against possible losses in another. Currency hedging is a specific example of hedging where the fund manager tries to protect an existing or anticipated position from an unwanted move in exchange rates.

**Hedged Back to Sterling** – This is a specific example of hedging where the trader is trying to protect an existing or anticipated position from an unwanted move in sterling exchange rates.

**High Yield Bond** – This is a bond that generally has a low (or “non-investment grade”) credit rating and which offers higher interest payments than a bond with a higher credit rating due to the increased risk of default by the company issuing the bond. It can also be known as a “junk” bond.

**High Yielding Shares** – This is a share that pays a high dividend relative to its share price.

**Index-Linked Bond** – These are similar to fixed interest securities but the payments are normally increased by a price index e.g. for UK Government index-linked bonds, payments are increased in line with the UK Retail Price Index.

**Investment Grade** – A credit rating given to a Government or Corporate bond that indicates that the agency giving the rating (e.g. Standard & Poors) believes that the issuer has a relatively low risk of default. Bonds with credit ratings of AAA, AA, A or BBB are considered investment grade. Low rated bonds with ratings of BB or below are often called High Yield or Junk Bonds.

**Liquidity** – This is how quickly an asset, such as equities, corporate bonds or property, can be traded within a market and turned into cash.

**London Interbank Bid Rate (LIBID)** – This is the interest rate at which banks bid for cash deposits from each other.

**London Interbank Offered Rate (LIBOR)** – This is the interest rate that banks charge when lending money to one another over a short period of time. LIBOR is often used as a benchmark when setting other short term interest rates.

**Market Capitalisation** – This is the total value of a company's issued securities at their current market prices. This figure should include all the different types of security issued by the company, such as shares and bonds, but is often used in relation to the equity or stock market capitalisation. The market capitalisation of a company is the market price per share multiplied by the number of shares in issue. Companies are often referred to as large cap (an abbreviation for large market capitalisation), mid cap (an abbreviation for a medium-sized company by market capitalisation) or small cap (an abbreviation for small market capitalisation).

**Maturity** – This is the length of time until an asset becomes due for repayment. For example with a Corporate Bond this is the length of time until the initial sum is repaid.

**Money Market Instruments** –

Defined as cash and near cash such as bank deposits, certificates of deposits, fixed interest securities or floating rate notes, with, where applicable, a maturity date of under a year.

**Options** – Legal agreements that give the holder the right (but not the obligation) to buy or sell the underlying asset at an expiration date, at a price determined at the time of dealing.

**Private Equity** – This is money invested in private companies (those companies that are not publicly traded on a stock exchange, such as the London Stock Exchange) or which is used to buyout publicly traded companies in order to make them private companies.

**Property** – Investment in commercial property such as offices, shops and industrial premises.

**Repurchase Agreements (also known as Repo)** – An agreement in which one party sells securities to another party and agrees to repurchase those securities on a specified later date at a specified price.

**Shares** – See Equities.

**Unit** – This represents a right of interest in the fund's assets.

## Benchmarks

The following is a high-level guide to some of the indices against which the funds available from Prudential compare or benchmark their performance. The use of these benchmarks should not suggest that they sponsor, endorse, or promote this product and are not in any way connected to it.

An index measures the value, and the movement in value, of a particular group of investments (for example, the FTSE 100 Index tracks the movement in share price of the 100 largest companies on the London Stock Exchange). An index is used to compare (or benchmark) a fund's performance.

**BNY Mellon CAPS Pooled Fund Survey** – This survey groups together into sectors (such as UK Equity or Global Equity) the performance of funds within those sectors.

**FTSE A British Government All Stocks Index** – This index consists of British Government bonds across all maturities.

**FTSE A British Government Over 5 Years Index-Linked Index** – This index consists of British Government index-linked bonds with more than 5 years to maturity.

**FTSE A British Government Over 15 Years Gilt Index** – This index consists of British Government bonds with 15 years or more to maturity.

**FTSE 100 Index** – This index consists of the shares of the 100 largest companies by market capitalisation listed on the London Stock Exchange.

**FTSE World Index** – This index consists of the shares of large and mid-sized companies, based on their market capitalisation, worldwide.

**FTSE All-Share Index** – This index consists of the shares of all companies listed on the London Stock Exchange.

**FTSE World (ex-UK) Index** – This index consists of the shares of companies worldwide, excluding the shares of companies listed on the London Stock Exchange.

**FTSE World Europe (ex-UK) Index** – This index consists of the shares of companies listed on European Stock Exchanges, excluding the shares of companies listed on the London Stock Exchange.

**FTSE World Japan Index** – This index consists of the shares of companies listed on the Japanese Stock Exchange.

**FTSE All World Developed North America Index** – This index consists of the shares of companies listed on stock exchanges in North America.

**FTSE World Asia Pacific (ex-Japan) Index** – This index consists of the shares of companies listed on stock exchanges in the Asia Pacific region, excluding the shares of companies listed on the Japanese Stock Exchange.

**FTSE Smaller Companies (ex-Investment Trusts) Index** – This index consists of the shares of companies that are outside of the FTSE 350 Index (the FTSE 350 Index consists of the 350 largest companies by market capitalisation listed on the London Stock Exchange).

**FTSE Regional Indices** – These indices consist of the shares of companies listed on the Stock Exchanges within each region.

**iBoxx Sterling Over 15 Years Non-Gilt Index** – This index consists of Corporate Bonds with 15 years or more to maturity.

**iBoxx Sterling Non-Gilt Index** – This index consists of Corporate Bonds.

**IPD UK Pooled Property Fund All Balanced Index** – Provided by Investment Property Databank (IPD), this index consists of UK pooled property funds. A pooled fund is a way of pooling investments together as part of a single investment fund.

**London Interbank 7-Day Deposit Rate** – This is the interest rate at which banks bid for 7-day cash deposits from each other.

**MSCI Regional Indices** – These indices measure the performance of stock markets in different regions of the world.

**MSCI World Index** – This index measures the performance of stock markets in over 20 developed nations.

**Salomon World Government Bond (ex-UK) Index** – This index consists of Bonds issued by Governments across the world, excluding British Government Bonds.



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