



## **Fund guide**

Flexible Retirement Plan (Personal Pension  
and Income Drawdown with SIPP Options)

Flexible Investment Plan



# Introduction to this guide

We know that choosing which fund may be best for you isn't easy - there are many options and everyone is different so there's no 'one way' to invest. So we offer a range of options to help you meet your investment goals.

We've produced this guide to help you and your financial adviser understand more about our funds. If there is information or terminology included that you would like to discuss, then please contact your financial adviser.

The funds in this guide are available to most investors in the following products (Please see the 'availability' column in section B 'Fund information' for more detail):

- › Flexible Retirement Plan
- › Flexible Investment Plan

## Where to find information in this guide



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### Glossary of some investment terms

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#### Some important notes we'd like you to read:

- › The types of assets a fund invests in will have a significant effect on its performance. Generally, the higher the potential returns, the higher the risk.
- › A fund's name isn't indicative of the risk it may take.
- › The information in this guide is correct as at 1 January 2018, unless an alternative dated is stated.
- › This guide doesn't take account of current market conditions or other short-term fund specific changes. Up to date information on each fund can be found at [pru.co.uk/funds](http://pru.co.uk/funds)
- › All views are Prudential's.
- › For important decisions it's always good to talk to experts who can help you, that's why we recommend that you discuss fund selection with your financial adviser.



# Potential reward and risk

## Asset class risk types

### This section

You should read this section to find out more about the different types of assets funds invest in and the risks that they have.

We've included this as later in the guide we'll show which asset types and associated risks are applicable to different funds we offer.

Funds can invest in different types of assets. Here we explain the risks of each.

There are many types of risks but generally, the higher the potential returns, the higher the risk.

Some funds can invest in more than one asset type to try to reduce the risk of losing money. This means they are not relying on the performance of an individual asset or assets of the same type. This is known as diversification.

See pages 11 to 21 for how the following asset class risk types relate to individual funds based on the asset classes that the funds can invest in.

### Equity

Equities are commonly known as "shares". When a fund buys a company share, it is investing in a company and, in exchange, receives a share of the ownership of that company. Shares give two potential investment benefits:

- › share prices increase as the value of the company increases
- › companies may pay dividends – regular payments made to shareholders based on how well the company is doing.

Over the longer-term, equities can offer greater growth potential than many other asset types. But 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 fixed interest securities or money market investments (see below). The financial results of other companies and general stock market and economic conditions can all affect a company's share price, and consequently the value of any fund investing in that company.

Where a fund invests in equities, we have rated the fund as having a risk type of "Equity".

### Fixed Interest and Index-Linked Securities

Fixed interest securities, more commonly known as "bonds", 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 often called Gilts or UK Government bonds and those issued by the US government are called Treasury Bonds. In effect all bonds are IOUs that promise to pay you a sum on a specified date and pay a fixed rate of interest along the way.

Index-linked securities are similar but the payments out are normally increased by a prices index e.g. for UK government index-linked securities, payments out are increased in line with the UK Retail Prices Index.

On the whole, investing in government or corporate bonds is seen as lower-risk than investing in equities. The British Government has never failed to make interest or principal payments on gilts as they fall due. (Source: Debt Management Office, November 2017). However, it is possible for a government bond to default. But 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.

The risks related to investing in bonds can be reduced if you invest through a bond fund. Where a fund manager selects a range of bonds, you are less reliant on the performance of any one company or government. If bond income generated is reinvested by the fund, bond funds can be used to provide attractive levels of growth. However, there is a risk you might not get back the amount you invest and the income you receive is neither fixed or guaranteed.

Corporate and government bonds are sensitive to interest rate trends. An increase in interest rates is likely to reduce their value, and hence the value of any fund investing in them.

Where a fund could be exposed to these types of risk, we have rated the fund as having a risk type of "Fixed Interest".

## Commercial Property

Commercial property investment generally means the fund is sharing in the returns from the ownership of some buildings (for example, offices and shopping centres). The value of the property may increase and tenants may pay rent to the owners of the building.

Investment in property can be done by investing directly (eg owning physical property) or indirectly (eg owning shares in a property company as part of a diversified range of assets). The return achieved from investing in property is a combination of rental income and changes in the value of the property; which is generally a matter of a valuer's opinion rather than fact. Property can be considered to be lower risk than equities, but higher risk than bonds over the long-term.

However, commercial properties can be difficult to buy and sell quickly. Fund managers may have to delay withdrawal of money by customers from a property fund until they can sell some of the buildings the fund invests in. It may take a number of months to sell commercial property.

The actual value of a property is what someone is prepared to pay for it – an actual sale value. As 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.

All of this means there are a number of risks for funds investing in property:

- › Cash could remain uninvested as property assets can be difficult to buy, leading to lower returns than expected.
- › 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.
- › There may be delays removing your money from the fund if property is proving difficult to sell.
- › Property fund valuations may be revised periodically, upwards or downwards.
- › Rental income is not guaranteed. Defaulted rent and unoccupied properties could reduce returns.
- › If the size of the fund falls significantly, the fund may have to hold fewer properties, and this reduced diversification may lead to an increase in risk.
- › In some circumstances we may suspend one or more of our Property funds to protect the interests of our investors. If this happens we will write to investors to let them know.

Where a fund could be exposed to these risks, we have rated the fund as having a risk type of "Property".

## Currency Risk and Overseas Investments

Overseas investments allow you to take advantage of the growth potential of markets outside of the UK, but currency changes can affect the value of overseas investments. Because the value of overseas investments is converted from local currency into pounds (Sterling), the Sterling value can fall if the local currency weakens against Sterling, independent of the performance of the asset itself.

Where a proportion of a fund is invested in non-Sterling assets, we have rated the fund as having a risk type of "Currency".

## Smaller Companies and Developing Markets

In comparison to larger companies, shares of smaller companies may be harder to trade and short-term performance may be more volatile. There may also be more chance the companies will become insolvent. Funds which invest in small companies can have volatile returns and a greater risk of capital loss.

Some investments are in markets which are less developed than the UK market. In such markets, the ability to trade, and the safe keeping of assets on behalf of the fund, and especially regulation may all be poorer than in well-developed markets.

This means increased risk for your investment.

Where a fund could have these types of risk, we have rated it as having a risk type of "Smaller Companies and Developing Markets".

## Financial Instruments

There are several financial arrangements that fund managers can use with the aim of improving fund performance. Some of the most common are:

**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. This type of investment may carry a higher risk of capital loss than funds investing in other assets. Sometimes in the event of a counterparty to a derivative (the party with which the fund manager has made the agreement about future deals) being in financial difficulties, it may be difficult to obtain a price for valuations or for the investment manager to dispose of the asset – that creates risk to the value of the fund. There is a risk of capital loss in the event of the counterparty to the derivative becoming insolvent or suffering other financial difficulties.

In such circumstances the derivative may have no value.



## Potential reward and risk

### Asset class risk types (continued)

**Geared Assets:** Funds that are geared or borrow assets or which use short-selling are likely to be more volatile than other funds and there is a higher risk of capital loss.

Where a fund could be exposed to these types of risk, we have rated it as having a risk type of "Financial Instruments".

### Alternative Investments

Alternative Investments includes non-traditional, complex or specialist investments. Examples include hedge funds, private equity and complex derivative based strategies. Alternative investments can be less liquid than traditional assets. They can be more difficult to value and can take longer to buy or sell.

Where a fund could be exposed to these types of risk, we have rated it as having a risk type of "Alternative Investments".

### Other

We have rated a number of funds as having a risk type of "Other".

› In addition to the risks and characteristics of the individual asset types, specialist investments have other features that are unique to where they invest.

Specialist funds invest in particular markets or geographical areas. Because they invest in a smaller range of asset types, they tend to be more risky than non-specialist funds, but can deliver greater returns.

› Ethical funds are restricted from investment in certain companies and asset types due to the criteria used to select investments for the fund. This may mean that the returns from the fund are more volatile than funds which do not have these restrictions.

› The fund may have investment concentrated in relatively few individual assets. Therefore, returns from the fund can be significantly influenced by the performance of a small number of individual holdings and may be more volatile than funds with a wider spread of underlying assets.

› Some funds keep a proportion of your money in cash deposits and other money market investments. Over the long-term, money market investments usually offer the lowest risk of all asset types but also the lowest potential returns. Some funds hold money market investments because they are aiming for security more than substantial growth. Others hold just enough in cash deposits to make sure money is available for customer withdrawals. Over the long term, money market investments can be a low risk asset type but may also produce low returns compared to other asset types.

A money market investment is at risk if any of the banks, building societies or other financial institutions with whom the fund's money is deposited becomes insolvent or suffers other financial difficulties. In such circumstances, the money deposited with that institution may not be returned in full. Some money market investments will be affected if interest rates rise, leading to a drop in value of any fund holding them.

› Some funds may offer some form of protection from downside risks for which there will be a charge and which will normally have an impact on long-term returns. The protection may be provided through the use of derivative contracts and this may give rise to counterparty risk and liquidity problems. The provision of the guarantees may result in a significant proportion of the fund being invested in cash and other lower risk investments.

Where a fund could be exposed to these types of risk, we have rated it as having a risk type of "Other".

### Further information

If you are looking for more information on these risks then please speak to your financial adviser.



# Potential reward and risk

## Potential reward and risk indicator

### This section

You should read this section to find out about how we rate the risk of the funds.

We've included this so you can understand what the different numbers next to each fund, in the next few pages, mean.

Investing is about balancing the risk you are comfortable with alongside the potential rewards that you want to achieve. Your attitude to investment risk is personal to you and may change in the future.

The table opposite can help illustrate this concept. It's not exhaustive, but covers a wide range of funds and investments and shows the general principle that, as the level for potential higher returns increases so does the level of risk. On pages 11 to 21 you can see how these potential reward and risk indicator numbers relate to our funds.

Some key considerations:

- ▶ The value of our funds may go down as well as up. You may not get back the full amount of your investment.
- ▶ These risk rating categories have been developed by Prudential to help provide an indication of the potential level of reward and risk that is attributable to a fund based on the type of assets which may be held within the fund.
- ▶ Other companies may use different descriptions and as such these risk rating categories should not be considered as generic to the fund management industry.

- ▶ Prudential will keep the risk rating categories under regular review and as such they may be subject to change in the future.
- ▶ Where a risk rating is amended as a result of a material change in our view of the level of risk for the fund, for example due to a significant change to the assets held by the fund or in the way the fund is managed, information will be provided on the new risk rating.
- ▶ We strongly recommend that before making any fund choice you ensure you understand the appropriate risk ratings. You will find this information in our fund guides, along with further information, at [pru.co.uk/funds](http://pru.co.uk/funds). For details of material fund changes then please visit [pru.co.uk/fundchanges](http://pru.co.uk/fundchanges). Information is normally shown for one year.

You should also consider discussing your decision with your financial adviser. It is important to also note that your adviser may make their own assessment of the risk rating of funds when considering your needs and objectives, and this may differ from Prudential's own internal assessment.

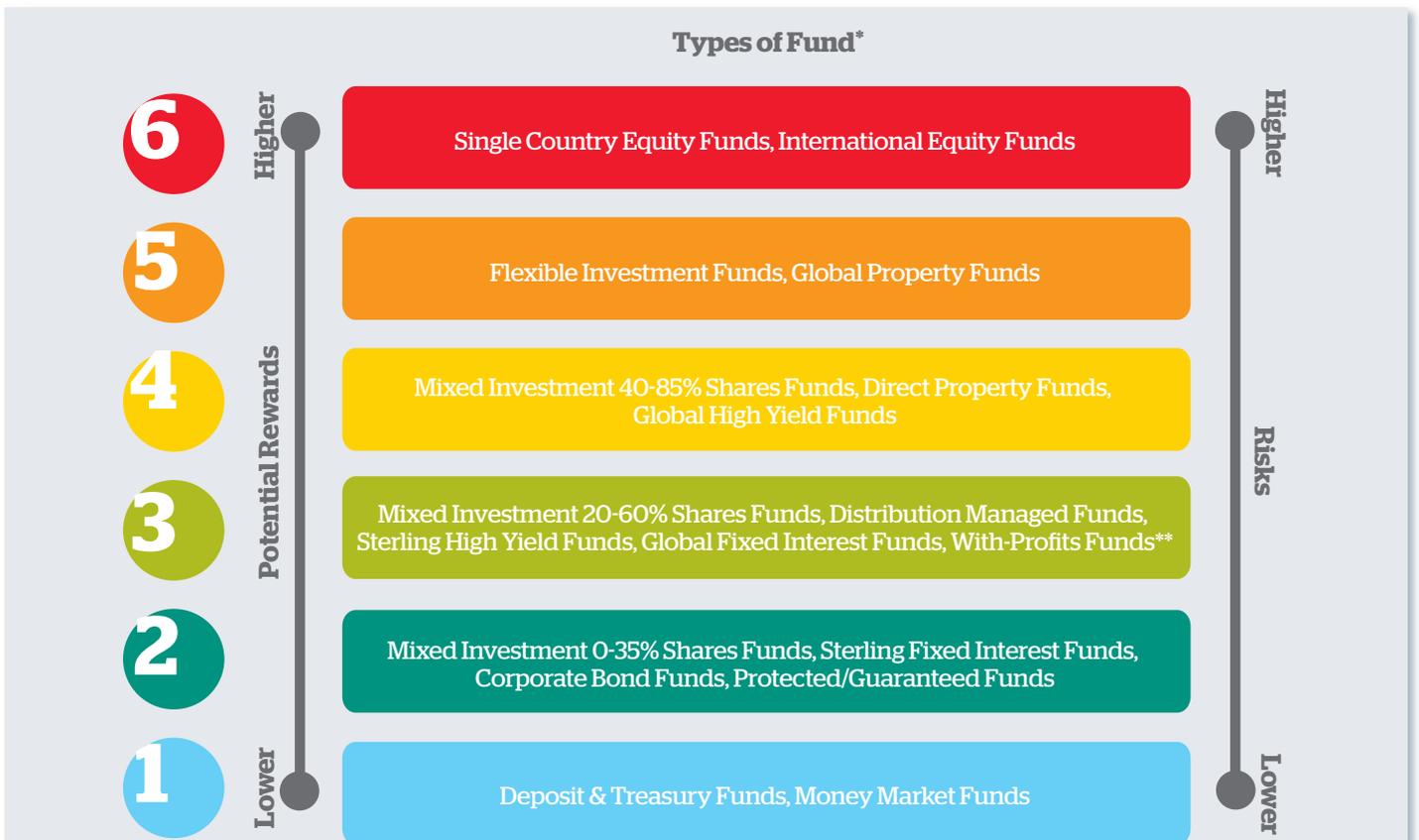
The information included in this guide is correct as at 1 January 2018, unless an alternative date is stated.



# Potential reward and risk

## Potential reward and risk indicator (continued)

### Potential reward and risk indicator



#### \*Types of Fund

These are predominantly based on sector classifications by the Association of British Insurers (ABI). The description used may match an individual ABI sector name or be a Prudential suggested description for a grouping of similar sectors. The only exception to this is "With-Profits" which is not classified by the ABI. Where a fund is classified by the ABI then we will use the sector it is in as a starting point to consider its appropriate position in the scale above, however each fund is considered individually and membership of an ABI sector does not automatically imply a particular potential reward and risk indicator number.

#### \*\* With-Profits Funds

PruFund funds invest in our With-Profits Fund and some appear in a lower or higher potential reward and risk indicator category. This is because of the different asset mix that applies to each PruFund fund. Please refer to the specific PruFund potential reward and risk indicator on page 11.

### Further information

If you are looking for more information, including the latest version of this fund guide and details of changes to our funds, then please visit [pru.co.uk/funds](http://pru.co.uk/funds). You will also find an explanation of each of the ABI sector classifications on [pru.co.uk/abi](http://pru.co.uk/abi).



# Fund information

## Important explanations

### This section

You should read this section to help you understand a bit more about the factors that can impact on funds and what we mean by fund charges.

We include this information to help you have a wider understanding of what can impact on your fund value and the charges we take.

### Unit Pricing Basis for Unit-Linked Funds

When determining the basis to be used for calculating the unit price, it is important to consider how much money is either going into or is being taken out of either Prudential's fund or the underlying investment. The unit price is then used to determine the value of individual policyholders' investments in the fund.

If more money is being paid into the fund than is being taken out, then the fund will need to purchase assets. If this is the case then the amount that is needed to buy assets for the fund (i.e. the purchase price) will be more relevant than the amount obtained for selling the assets (i.e. the sale price) in determining the unit price of the fund.

If more money is being taken out of the fund than is being paid in then the fund will need to sell assets. If this is the case, the sale price of the underlying assets will be more relevant when calculating the unit price.

Sales prices are generally lower than purchase prices. The size of the difference depends on the cost of either purchasing or selling the assets the fund invests in. These costs tend to be largest for funds investing in property, smaller companies and developing markets so will have the largest impact on the change in price. If there is a switch from a purchase price to a sales price then the unit price could reduce. If there is a switch from a sales price to a purchase price then the unit price could increase. In both cases the movement in price can be frequent, significant and will occur immediately.

You can find details of how we manage our Unit-Linked funds at [pru.co.uk/ppfm/ul](http://pru.co.uk/ppfm/ul). You will also find there a shortened customer friendly version, our "Customer Guide", which explains briefly how the Prudential unit-linked funds work, our current approach to managing them, and the standards and practices we use to manage the funds. Principally, this Customer Guide will explain:

- ▶ the nature and extent of the decisions we take to manage the funds, and
- ▶ how we treat customers and shareholders fairly

### The Fund Value

The value of an investment can go down as well as up and the value in future may be less than the amount invested.

For investments in the With-Profits Funds, the value of the plan depends on how much profit the Funds make and how we decide to distribute it.

For the PruFund range of funds what you receive will depend upon the value of the underlying investments, the Expected Growth Rates are set by the Prudential Directors having regard to the investment returns expected to be earned on the assets of the funds over the long-term (up to 15 years), the smoothing process, whether you have chosen a Protected Fund and when you take your money out.

### How Funds Invest

Some of the Prudential funds listed in this guide may gain all or part of their investment exposure by investing in collective investment schemes (e.g. Unit Trusts, Open Ended Investment Companies (OEICs)), derivatives or other investment vehicles, for which the aims and underlying assets are consistent with the objectives of the fund. These Prudential funds may hold an element of cash due to the short delay between new investments being received by the Prudential fund and being placed in the underlying investment(s), and this may have an impact on the performance of the Prudential fund when compared to the underlying investment(s).

The established smoothing process offered by our PruFund funds means that restrictions may be applied to certain switches and withdrawals from these Funds. For further details, please refer to your product Key Features Document, and the associated document "Your With-Profits Plan – a guide to how we manage the PruFund range of Funds" – WPG0031.



## Fund information

### Important explanations (continued)

#### Fund Charges

We take fund charges from each of the funds you invest in. If the fund charges exceed the return earned, the fund will go down in value.

For information on current fund charges please refer to the following documents which can be found on [pru.co.uk](http://pru.co.uk), or these are available from your financial adviser.

- ▶ Flexible Retirement Plan Short Fund Guide (PENB10299)
- ▶ Flexible Investment Plan Short Fund Guide (INVB11005)

The PruFund Protected Cautious and PruFund Protected Growth funds, differ from the PruFund Cautious and PruFund Growth funds as they provide a guarantee, where available. Any available guarantee will have an additional charge that isn't included in the AMC shown. These funds are only available at the start of the plan for the Flexible Investment Plan. For the Flexible Retirement Plan you can invest in the fund at any time. Please refer to the document "The PruFund Range of Funds: Guarantee Options" – INVS11470, for information on how the guarantee works and charges.

#### Further Information

If the taxation treatment of the funds changes, we reserve the right to change the arrangements for the investment of the underlying assets of the fund.

If you are in any doubt about this product, your fund choice or the charges applicable then we recommend you speak to your financial adviser.

For any fund, there may be a delay in buying, selling or switching of units. These delays will only apply in exceptional circumstances. We would not expect delays to be longer than six months for units that invest in property or land and one month for units that invest in other funds. However we cannot guarantee that we will never delay longer than these timescales. If these delays apply to you, we will let you know.

The Prudential Assurance Company Limited (PACL) and other UK authorised and regulated firms in the Prudential Group are covered by the Financial Services Compensation Scheme. You may be able to make a claim if Prudential is unable to meet its financial obligations. However, it is important to know that any compensation will depend on your eligibility, the type of financial product or service involved, the investment funds selected (if applicable) and the circumstances of the claim. Find out more about Prudential and the FSCS at: [www.pru.co.uk/about\\_us/fscs](http://www.pru.co.uk/about_us/fscs) or you can call the FSCS on 0800 678 1100.

#### Further information

For more information on the above, please refer to your Policy Provisions or Technical Guide.



## Fund information

Funds, ABI sectors, asset class risk types and risk indicators

### This section

You should read this section for a list of the funds that we may have available for you. We include this information to help you quickly see the range of funds we offer and the risks they have.

Funds	Availability		Association of British Insurers (ABI) Sector	Asset Class Risk Types								Potential reward and risk indicator
	FRP	FIP		Equity	Fixed Interest	Property	Currency	Smaller Companies and Developing Markets	Financial Instruments	Alternative Investments	Other	
<b>Prudential Multi Asset Funds (see pages 22-24 for more information)</b>												
Prudential With-Profits (Optimum Bonus)		✓	Unclassified	✓	✓	✓	✓	✓	✓	✓	✓	3
Prudential With-Profits (Optimum Return)	✓	✓	Unclassified	✓	✓	✓	✓	✓	✓	✓	✓	3
Prudential PruFund 0-30	✓	✓	Unclassified	✓	✓	✓	✓	✓	✓	✓	✓	2
Prudential PruFund 10-40	✓	✓	Unclassified	✓	✓	✓	✓	✓	✓	✓	✓	3
Prudential PruFund 20-55	✓	✓	Unclassified	✓	✓	✓	✓	✓	✓	✓	✓	3
Prudential PruFund 40-80	✓	✓	Unclassified	✓	✓	✓	✓	✓	✓	✓	✓	4
Prudential PruFund Cautious	✓	✓	Unclassified	✓	✓	✓	✓	✓	✓	✓	✓	2
Prudential PruFund Growth	✓	✓	Unclassified	✓	✓	✓	✓	✓	✓	✓	✓	3
Prudential PruFund Protected Cautious	✓	✓*	Unclassified	✓	✓	✓	✓	✓	✓	✓	✓	2
Prudential PruFund Protected Growth	✓	✓*	Unclassified	✓	✓	✓	✓	✓	✓	✓	✓	3

\* These funds are only available at the start of the plan.



## Fund information

Funds, ABI sectors, asset class risk types, and risk indicators (continued)

Funds	Availability		Association of British Insurers (ABI) Sector	Asset Class Risk Types									Potential reward and risk indicator
	FRP	FIP		Equity	Fixed Interest	Property	Currency	Smaller Companies and Developing Markets	Financial Instruments	Alternative Investments	Other		
<b>Prudential Dynamic Focused Portfolios** (see page 24 for more information)</b>													
Prudential Dynamic Focused 0-30 Portfolio	✓	✓	Mixed Investment 0-35% Shares	✓	✓	✓	✓	✓	✓	✓	✓	2	
Prudential Dynamic Focused 20-55 Portfolio	✓	✓	Mixed Investment 20-60% Shares	✓	✓	✓	✓	✓	✓	✓	✓	3	
<b>Prudential Dynamic Portfolios** (see page 24 for more information)</b>													
Prudential Dynamic 0-30 Portfolio	✓	✓	Mixed Investment 0-35% Shares	✓	✓	✓	✓	✓	✓	✓	✓	2	
Prudential Dynamic 10-40 Portfolio	✓	✓	Mixed Investment 20-60% Shares	✓	✓	✓	✓	✓	✓	✓	✓	3	
Prudential Dynamic 20-55 Portfolio	✓	✓	Mixed Investment 20-60% Shares	✓	✓	✓	✓	✓	✓	✓	✓	3	
Prudential Dynamic 40-80 Portfolio	✓	✓	Mixed Investment 40-85% Shares	✓	✓	✓	✓	✓	✓	✓	✓	4	
Prudential Dynamic 60-100 Portfolio	✓	✓	Flexible Investment	✓	✓	✓	✓	✓	✓	✓	✓	5	

\*\* Each portfolio is a single fund choice, although each portfolio will invest in a number of underlying funds.

Funds	Availability		Association of British Insurers (ABI) Sector	Asset Class Risk Types									Potential reward and risk indicator
	FRP	FIP		Equity	Fixed Interest	Property	Currency	Smaller Companies and Developing Markets	Financial Instruments	Alternative Investments	Other		
<b>The PruSelect Range (see pages 25-31 for more information)</b>													
Prudential Artemis European Growth	✓	✓	Europe ex UK Equities	✓			✓		✓	✓	✓	6	
Prudential Artemis Global Growth	✓	✓	Global Equities	✓			✓	✓	✓	✓	✓	6	
Prudential Artemis High Income	✓	✓	Sterling Strategic Bond	✓	✓		✓		✓		✓	3	
Prudential Artemis Income	✓	✓	UK Equity Income	✓	✓		✓		✓		✓	6	
Prudential Artemis Strategic Bond	✓	✓	Sterling Strategic Bond		✓		✓		✓		✓	3	
Prudential Artemis UK Smaller Companies	✓	✓	UK Smaller Companies	✓				✓	✓		✓	6	
Prudential Artemis UK Special Situations	✓	✓	UK All Companies	✓				✓	✓		✓	6	
Prudential Aviva Property Trust		✓	UK Direct Property	✓	✓	✓			✓		✓	4	
Prudential AXA Framlington UK Select Opportunities	✓	✓	UK All Companies	✓				✓	✓		✓	6	
Prudential Baillie Gifford High Yield Bond	✓	✓	Sterling High Yield		✓		✓		✓		✓	3	
Prudential BlackRock Gold & General	✓	✓	Commodity/ Energy	✓			✓	✓	✓	✓	✓	6	



## Fund information

Funds, ABI sectors, asset class risk types, and risk indicators (continued)

Funds	Availability		Association of British Insurers (ABI) Sector	Asset Class Risk Types								Potential reward and risk indicator
	FRP	FIP		Equity	Fixed Interest	Property	Currency	Smaller Companies and Developing Markets	Financial Instruments	Alternative Investments	Other	
<b>The PruSelect Range (see pages 25-31 for more information)</b>												
Prudential BlackRock UK	✓	✓	UK All Companies	✓								6
Prudential Fidelity European	✓	✓	Europe ex UK Equities	✓			✓	✓				6
Prudential Fidelity MoneyBuilder Income	✓	✓	Sterling Corporate Bond		✓				✓	✓	✓	2
Prudential Fidelity Asia	✓	✓	Asia Pacific ex Japan Equities	✓			✓	✓				6
Prudential Henderson Cautious Managed	✓	✓	Mixed Investment 20-60% Shares	✓	✓				✓	✓	✓	3
Prudential Henderson China Opportunities	✓	✓	Global Emerging Markets Equities	✓			✓	✓	✓		✓	6
Prudential Henderson European Selected Opportunities	✓	✓	Europe ex UK Equities	✓			✓		✓		✓	6
Prudential Henderson Preference and Bond	✓	✓	Sterling Strategic Bond	✓	✓		✓		✓		✓	3
Prudential Invesco Perpetual Corporate Bond	✓	✓	Sterling Corporate Bond		✓		✓		✓		✓	2
Prudential Invesco Perpetual Distribution	✓	✓	Mixed Investment 20-60% Shares	✓	✓		✓		✓		✓	3
Prudential Invesco Perpetual Global Bond	✓	✓	Global Fixed Interest		✓		✓		✓		✓	3
Prudential Invesco Perpetual High Income	✓	✓	UK All Companies	✓			✓	✓	✓		✓	6

Funds	Availability		Association of British Insurers (ABI) Sector	Asset Class Risk Types								Potential reward and risk indicator
	FRP	FIP		Equity	Fixed Interest	Property	Currency	Smaller Companies and Developing Markets	Financial Instruments	Alternative Investments	Other	
<b>The PruSelect Range (see pages 25-31 for more information)</b>												
Prudential Invesco Perpetual Income	✓	✓	UK All Companies	✓			✓	✓	✓		✓	6
Prudential Invesco Perpetual Monthly Income Plus	✓	✓	Sterling Strategic Bond	✓	✓		✓		✓		✓	3
Prudential Investec Cautious Managed	✓	✓	Mixed Investment 20-60% Shares	✓	✓		✓		✓		✓	3
Prudential Investec Global Strategic Equity	✓	✓	Global Equities	✓			✓	✓	✓		✓	6
Prudential JP Morgan Europe Dynamic (ex UK)	✓	✓	Europe ex UK Equities	✓			✓		✓		✓	6
Prudential JP Morgan Natural Resources	✓	✓	Commodity/ Energy	✓			✓	✓	✓		✓	6
Prudential Jupiter European Special Situations	✓	✓	Europe ex UK Equities	✓			✓					6
Prudential Jupiter Merlin Balanced Portfolio	✓	✓	Mixed Investment 40-85% Shares	✓	✓		✓	✓			✓	4
Prudential Jupiter Merlin Growth Portfolio	✓	✓	Flexible Investment	✓	✓		✓	✓			✓	5
Prudential Kames Ethical Equity	✓	✓	UK All Companies	✓					✓		✓	6
Prudential Kames Investment Grade Bond	✓	✓	Sterling Corporate Bond		✓		✓		✓		✓	2



## Fund information

Funds, ABI sectors, asset class risk types, and risk indicators (continued)

Funds	Availability		Association of British Insurers (ABI) Sector	Asset Class Risk Types								Potential reward and risk indicator
	FRP	FIP		Equity	Fixed Interest	Property	Currency	Smaller Companies and Developing Markets	Financial Instruments	Alternative Investments	Other	
<b>The PruSelect Range (see pages 25-31 for more information)</b>												
Prudential Kames Strategic Bond	✓	✓	Sterling Strategic Bond		✓		✓		✓			3
Prudential L&G UK Property	✓	✓	UK Direct Property			✓						4
Prudential M&G Corporate Bond	✓	✓	Sterling Corporate Bond		✓		✓		✓		✓	2
Prudential M&G Global High Yield Bond	✓	✓	Sterling High Yield		✓		✓		✓		✓	3
Prudential M&G Global Leaders	✓	✓	Global Equities	✓			✓					6
Prudential M&G Recovery	✓	✓	UK All Companies	✓				✓			✓	6
Prudential M&G Strategic Corporate Bond	✓	✓	Sterling Corporate Bond		✓				✓		✓	2
Prudential Man GLG Japan Core Alpha	✓	✓	Japan Equities	✓			✓					6
Prudential Newton Multi-Asset Balanced	✓	✓	Mixed Investment 40-85% Shares	✓	✓	✓	✓	✓	✓	✓	✓	4
Prudential Old Mutual UK Mid Cap	✓	✓	UK All Companies	✓			✓		✓		✓	6
Prudential Royal London Sustainable Leaders	✓	✓	UK All Companies	✓			✓				✓	6
Prudential Schroder Income	✓	✓	UK Equity Income	✓							✓	6

Funds	Availability		Association of British Insurers (ABI) Sector	Asset Class Risk Types								Potential reward and risk indicator
	FRP	FIP		Equity	Fixed Interest	Property	Currency	Smaller Companies and Developing Markets	Financial Instruments	Alternative Investments	Other	
<b>The PruSelect Range (see pages 25-31 for more information)</b>												
Prudential Schroder Tokyo	✓	✓	Japan Equities	✓			✓	✓			✓	6
Prudential Schroder US Mid Cap	✓	✓	North America Equities	✓			✓	✓			✓	6
Prudential Standard Life Global Absolute Return	✓	✓	Specialist	✓	✓		✓		✓		✓	4
Prudential Stewart Investors Asia Pacific Leaders	✓	✓	Asia Pacific ex Japan Equities	✓			✓	✓	✓			6
<b>Additional Fund Choices (see pages 32-36 for more information)</b>												
Prudential 95% Safeguard <sup>^</sup>	✓		Protected/ Guaranteed	✓					✓		✓	2
Prudential Aberdeen Japan Equity		✓	Japan Equities	✓			✓				✓	6
Prudential Artemis UK Select	✓	✓	UK All Companies	✓			✓	✓	✓		✓	6
Prudential Baillie Gifford American		✓	North America Equities	✓			✓				✓	6
Prudential BlackRock UK Special Situations	✓	✓	UK All Companies	✓				✓				6

<sup>^</sup> This fund is only open to existing investors in the fund.



## Fund information

Funds, ABI sectors, asset class risk types, and risk indicators (continued)

Funds	Availability		Association of British Insurers (ABI) Sector	Asset Class Risk Types								Potential reward and risk indicator
	FRP	FIP		Equity	Fixed Interest	Property	Currency	Smaller Companies and Developing Markets	Financial Instruments	Alternative Investments	Other	
<b>Additional Fund Choices (see pages 32-36 for more information)</b>												
Prudential Cash	✓	✓	Deposit & Treasury		✓						✓	1
Prudential Corporate Bond <sup>^</sup>	✓	✓	Sterling Corporate Bond		✓		✓		✓		✓	2
Prudential Equity	✓	✓	UK All Companies	✓	✓		✓		✓		✓	6
Prudential European	✓	✓	Europe ex UK Equities	✓	✓		✓		✓		✓	6
Prudential European Tracker		✓	Europe ex UK Equities	✓			✓					6
Prudential Fixed Interest	✓	✓	UK Gilts		✓		✓		✓		✓	4
Prudential FP Verbatim Portfolio 3	✓	✓	Mixed Investment 0-35% Shares	✓	✓	✓	✓	✓	✓	✓	✓	2
Prudential FP Verbatim Portfolio 4	✓	✓	Mixed Investment 20-60% Shares	✓	✓	✓	✓	✓	✓	✓	✓	3
Prudential FP Verbatim Portfolio 5 Growth	✓	✓	Mixed Investment 40-85% Shares	✓	✓	✓	✓	✓	✓	✓	✓	4
Prudential FP Verbatim Portfolio 5 Income	✓	✓	Mixed Investment 40-85% Shares	✓	✓	✓	✓	✓	✓	✓	✓	4
Prudential FP Verbatim Portfolio 6	✓	✓	Mixed Investment 40-85% Shares	✓	✓	✓	✓	✓	✓	✓	✓	4
Prudential FP Verbatim Portfolio 7	✓	✓	Flexible Investment	✓	✓	✓	✓	✓	✓	✓	✓	5
Prudential Global Emerging Markets Portfolio	✓	✓	Global Emerging Markets	✓			✓	✓	✓		✓	6
Prudential Henderson European Growth	✓	✓	Europe ex UK Equities	✓			✓		✓		✓	6

<sup>^</sup> This fund is only open to existing investors in the fund.

Funds	Availability		Association of British Insurers (ABI) Sector	Asset Class Risk Types								Potential reward and risk indicator
	FRP	FIP		Equity	Fixed Interest	Property	Currency	Smaller Companies and Developing Markets	Financial Instruments	Alternative Investments	Other	
<b>Additional Fund Choices (see pages 32-36 for more information)</b>												
Prudential International	✓	✓	Global Equities	✓	✓		✓		✓			6
Prudential Invesco Perpetual Managed Growth	✓	✓	Flexible Investment	✓	✓		✓	✓	✓		✓	5
Prudential Invesco Perpetual UK Growth		✓	UK All Companies	✓					✓		✓	6
Prudential Japanese	✓	✓	Japan Equities	✓	✓		✓		✓		✓	6
Prudential JP Morgan US	✓	✓	North America Equities	✓			✓					6
Prudential Jupiter UK Growth	✓	✓	UK All Companies	✓								6
Prudential Kames UK Opportunities	✓	✓	UK All Companies	✓					✓		✓	6
Prudential M&G Dividend	✓	✓	UK Equity Income	✓								6
Prudential M&G Episode Allocation		✓	Mixed Investment 20-60% Shares	✓	✓		✓		✓	✓	✓	3
Prudential M&G Episode Growth		✓	Mixed Investment 40-85% Shares	✓	✓		✓		✓	✓	✓	4
Prudential M&G Gilt & Fixed Interest Income	✓	✓	UK Gilts		✓		✓		✓		✓	4
Prudential M&G Managed Growth	✓	✓	Global Equities	✓	✓		✓		✓		✓	6
Prudential M&G Smaller Companies	✓	✓	UK Smaller Companies	✓				✓	✓	✓	✓	6



## Fund information

Funds, ABI sectors, asset class risk types, and risk indicators (continued)

Funds	Availability		Association of British Insurers (ABI) Sector	Asset Class Risk Types								Potential reward and risk indicator
	FRP	FIP		Equity	Fixed Interest	Property	Currency	Smaller Companies and Developing Markets	Financial Instruments	Alternative Investments	Other	
<b>Additional Fund Choices (see pages 32-36 for more information)</b>												
Prudential M&G UK Equity Income <sup>^</sup>	✓	✓	UK Equity Income	✓								6
Prudential M&G UK Select	✓	✓	UK All Companies	✓								6
Prudential Managed	✓	✓	Mixed Investment 40-85% Shares	✓	✓	✓	✓		✓		✓	4
Prudential Managed Distribution	✓		Distribution Funds	✓	✓	✓			✓		✓	3
Prudential Newton Continental European		✓	Europe ex UK Equities	✓			✓		✓		✓	6
Prudential Newton Global Equity	✓	✓	Global Equities	✓			✓		✓		✓	6
Prudential Newton Global Income	✓	✓	Global Equities	✓			✓	✓	✓		✓	6
Prudential North American	✓	✓	North America Equities	✓	✓		✓		✓		✓	6
Prudential Pacific Markets	✓	✓	Asia Pacific ex Japan Equities	✓			✓	✓				6
Prudential Property	✓	✓	UK Direct Property			✓						4
Prudential Schroder UK Smaller Companies	✓	✓	UK Smaller Companies	✓				✓			✓	6
Prudential Strategic Growth		✓	Flexible Investment	✓	✓		✓		✓	✓	✓	5
Prudential UK Equity and Bond	✓	✓	Mixed Investment 20-60% Shares	✓	✓		✓		✓		✓	3
Prudential UK Tracker		✓	UK All Companies	✓								6

<sup>^</sup> This fund is only open to existing investors in the fund.

Funds	Availability		Association of British Insurers (ABI) Sector	Asset Class Risk Types								Potential reward and risk indicator
	FRP	FIP		Equity	Fixed Interest	Property	Currency	Smaller Companies and Developing Markets	Financial Instruments	Alternative Investments	Other	
<b>Additional Fund Choices - Distribution Income Funds (see pages 36-38 for more information)</b>												
Prudential 0-35% Equity Managed Distribution		✓	Mixed Investment 0-35% Shares	✓	✓	✓	✓		✓		✓	3
Prudential Corporate Bond (Inc)		✓	Sterling Corporate Bond		✓		✓		✓		✓	2
Prudential Fixed Interest (Inc)		✓	UK Gilts		✓		✓		✓		✓	4
Prudential Invesco Perpetual Income (Inc)		✓	UK All Companies	✓			✓	✓	✓		✓	6
Prudential M&G Dividend (Inc)		✓	UK Equity Income	✓								6
Prudential M&G Global High Yield Bond (Inc)		✓	Sterling High Yield		✓		✓		✓		✓	3
Prudential M&G UK Equity Income (Inc)^		✓	UK Equity Income	✓								6
Prudential Managed Distribution		✓	Distribution Funds	✓	✓	✓			✓		✓	3
Prudential Property (Inc)		✓	UK Direct Property			✓						4

^ This fund is only open to existing investors in the fund.

## Further information

If you are looking for more information on these funds, for example fact sheets, then visit [pru.co.uk/funds](http://pru.co.uk/funds). You will also find an explanation of each of the ABI sector classifications on [pru.co.uk/abi](http://pru.co.uk/abi).



# Fund information

## Investment strategies

### This section

You should read this section to find out the investment strategies of our different funds. We've included this information so you can understand what each of the funds aim to do and where your money might be invested.

### Prudential Multi Asset Funds

Multi-Asset funds work by spreading your money across a number of different types of assets. These can include a number of investment options, such as company shares (equities), fixed interest bonds, cash and property – from both the UK and abroad.

By investing in a number of different assets the fund manager aims to balance the risk that is being taken. So if one asset is falling in value then another may be increasing. Of course there could be times when all the assets in the fund are either rising or falling in value depending on the market conditions at that time.

The following are examples of Multi-Asset funds we offer.

#### Prudential With-Profits (Optimum Bonus)<sup>1,2</sup>

The fund aims to produce medium to long term growth and generate income. The fund currently invests in UK and international equities, property, fixed interest securities, index-linked securities and other specialist investments.

#### Prudential With-Profits (Optimum Return)<sup>1,2</sup>

The fund aims to maximise growth over the medium to long term by investing in shares, property, fixed interest and other investments. The fund currently invests in UK and international equities, property, fixed interest securities, index-linked securities and other specialist investments.

#### Prudential PruFund 0-30<sup>1</sup>

The fund aims to achieve long-term total return (the combination of income and growth of capital). The fund is actively managed, typically with a high exposure to lower risk assets such as fixed interest securities and holdings of cash and money market instruments with no more than 30% of the fund being invested in equities.

#### Prudential PruFund 10-40<sup>1</sup>

The fund aims to achieve long-term total return (the combination of income and growth of capital). The fund is actively managed, typically with a bias towards lower risk assets such as fixed interest securities and holdings of cash and money market instruments but will always have some exposure to equities, with between 10% and 40% of the fund being invested in equities.

#### Prudential PruFund 20-55<sup>1</sup>

The fund aims to achieve long-term total return (the combination of income and growth of capital). The fund is actively managed with a well-diversified exposure to UK and international equities, property, fixed interest securities, index-linked securities and other specialist investments. From time to time, however, the portfolio may have a high exposure to equities and/or fixed income assets. Between 20% and 55% of the fund will be invested in equities.

### **Prudential PruFund 40-80<sup>1</sup>**

The fund aims to achieve long-term total return (the combination of income and growth of capital). It is an actively managed fund with a well-diversified exposure to UK and international equities, property, fixed interest securities, index-linked securities and other specialist investments. Typically the fund will have a bias towards assets providing potential for growth such as equities, with between 40% and 80% of the fund being invested in equities.

### **Prudential PruFund Cautious and Protected Cautious<sup>1,3</sup>**

The fund aims for steady and consistent growth through a cautious approach to investing. The fund currently invests around 70% in a well-diversified portfolio of fixed interest securities and holdings of cash and money market instruments. The balance is invested in UK and international shares, property and alternative assets.

### **Prudential PruFund Growth and Protected Growth<sup>1,3</sup>**

The fund aims to maximise growth over the medium to long term by investing in shares, property, fixed interest and other investments. The fund currently invests in UK and international equities, property, fixed interest securities, index-linked securities and other specialist investments.

<sup>1</sup> These funds are all invested in the Prudential With-Profits Fund. The funds aim to protect investors against some of the ups and downs of investment performance using "smoothing" mechanisms. However, there are significant differences in the way this is done for our With-Profits funds compared to PruFund funds. Please refer to "Your With-Profits Plan – A guide to how we manage the Fund" (document reference WPGB0027 for With-Profits and WPGB0031 for PruFund) for more information.

Where they are available, the returns on the With-Profits (Optimum Bonus) Fund and the PruFund Funds may differ from the returns on the With-Profits Fund/With-Profits (Optimum Return) Fund due to the smoothing process used and differences in the asset mix or the fund objectives.

<sup>2</sup> There is a charge to pay for the guarantees the With-Profits Fund supports. Please refer to your Key Features document for more information.

<sup>3</sup> Flexible Retirement Plan – if you select a Protected PruFund Fund, you will be able to select from a range (where available) of guarantee terms, where the guarantee will only apply on the plan anniversary of the selected term or at the date you reach your Selected Retirement Age.

Each guarantee term has its own additional charge and will be payable for the whole of the term. For full details of the guarantee terms available and the associated charges, please refer to the document "The PruFund Range of Funds: Guarantee Options" – INVS11470.

You can get a copy of this from your adviser or from [pru.co.uk](http://pru.co.uk).



## Fund information

### Investment strategies (continued)

#### **Prudential Dynamic Focused 0-30 Portfolio**

The investment strategy of the fund is to purchase units in the LF Prudential Dynamic Focused 0-30 Portfolio. That fund aims to achieve a long-term total return (the combination of income and growth of capital) by investing mainly in collective investment schemes. No more than 30% of the fund will be invested in schemes whose predominant exposure is to equities.

#### **Prudential Dynamic Focused 20-55 Portfolio**

The investment strategy of the fund is to purchase units in the LF Prudential Dynamic Focused 20-55 Portfolio. That fund aims to achieve a long-term total return (the combination of income and growth of capital) by investing mainly in collective investment schemes. Between 20% and 55% of the fund will be invested in schemes whose predominant exposure is to equities.

#### **Prudential Dynamic 0-30 Portfolio**

The investment strategy of the fund is to purchase units in the LF Prudential Dynamic 0-30 Portfolio. That portfolio aims to achieve long-term total return (the combination of income and growth of capital). It is an actively managed portfolio investing mainly in collective investment schemes in order to provide a well-diversified exposure to global fixed income and variable rate assets, cash, deposits, warrants, money market instruments, equities and/or immovable property. Typically the portfolio will have a high exposure to lower risk assets such as fixed income assets, cash, deposits, warrants and money market instruments with no more than 30% of the portfolio being invested in schemes whose predominant exposure is to equities.

#### **Prudential Dynamic 10-40 Portfolio**

The investment strategy of the fund is to purchase units in the LF Prudential Dynamic 10-40 Portfolio. That portfolio aims to achieve long-term total return (the combination of income and growth of capital). It is an actively managed portfolio investing mainly in collective investment schemes in order to provide a well-diversified exposure to global fixed income and variable rate assets, cash, deposits, warrants, money market instruments, equities and/or immovable property. Typically the portfolio will have a bias towards lower risk assets such as fixed income assets, cash, deposits, warrants and money market instruments but will always have some exposure to equities, with between 10% and 40% of the portfolio being invested in schemes whose predominant exposure is to equities.

#### **Prudential Dynamic 20-55 Portfolio**

The investment strategy of the fund is to purchase units in the LF Prudential Dynamic 20-55 Portfolio. That portfolio aims to achieve long-term total return (the combination of income and growth of capital). It is an actively managed portfolio investing mainly in collective investment schemes in order to provide a well-diversified exposure to global fixed income and variable rate assets, cash, deposits, warrants, money market instruments, equities and/or immovable property. From time to time, however, the portfolio may have a high exposure to equities and/or fixed assets, with between 20% and 55% of the portfolio being invested in schemes whose predominant exposure is to equities.

#### **Prudential Dynamic 40-80 Portfolio**

The investment strategy of the fund is to purchase units in the LF Prudential Dynamic 40-80 Portfolio. That portfolio aims to achieve long-term total return (the combination of income and growth of capital). It is an actively managed portfolio investing mainly in collective investment schemes in order to provide a well diversified exposure to global equities, fixed income and variable rate assets, immovable property and/or cash, deposits, warrants and money market instruments. Typically the portfolio will have a bias towards assets providing potential for growth, such as equities, with between 40% and 80% of the portfolio being invested in schemes whose predominant exposure is to equities.

#### **Prudential Dynamic 60-100 Portfolio**

The investment strategy of the fund is to purchase units in the LF Prudential Dynamic 60-100 Portfolio. That portfolio aims to achieve long-term total return (the combination of income and growth of capital). It is an actively managed portfolio investing mainly in collective investment schemes in order to provide a well-diversified exposure to global equities, fixed interest and variable rate assets, immovable property and/or cash, deposits, warrants and money market instruments. Typically the portfolio will have a high exposure to assets providing potential for growth, such as equities, with between 60% and 100% of the portfolio being invested in schemes whose predominant exposure is to equities.

## **The PruSelect Range**

The following funds have been chosen by the independent research company, Morningstar.

Morningstar has been reviewing the performance of funds and fund managers since 1999, and we've asked them to provide us with a list of the funds that they believe are some of the best available. The funds Morningstar Investment Management Europe Ltd has selected cover a range of asset types and styles of investment. Some of these funds invest in a single type of asset whilst others invest in more than one.

To ensure that the PruSelect range remains up to date we've also asked Morningstar to review this list on an ongoing basis and recommend funds to be added or removed as they see appropriate. The following list is correct as at 1 January 2018.

The following funds are all Prudential funds that invest in the fund managers' own fund or collective investment scheme, as explained in the following investment strategies.

### **Prudential Artemis European Growth**

The investment strategy of the fund is to purchase units in the Artemis European Growth Fund. That fund aims to provide long-term capital growth through investment principally in companies in Europe (excluding the UK). The Manager actively manages the portfolio and will not be restricted in the choice of investments either by company size or industry, or in terms of the geographical split of the portfolio.

### **Prudential Artemis Global Growth**

The investment strategy of the fund is to purchase units in the Artemis Global Growth Fund. That fund aims to achieve long-term capital growth from a diversified portfolio investing in any economic sector in any part of the world. The Manager actively manages the portfolio in order to achieve the objective and will not be restricted in respect of choice of investments either by company size or industry, or in terms of the geographical split of the portfolio.

### **Prudential Artemis High Income**

The investment strategy of the fund is to purchase units in the Artemis High Income Fund. That fund aims to achieve a higher than average initial yield, combined with the prospect of rising income and some capital growth over the long-term. The emphasis of the fund will be investment in UK fixed-interest investments and preference shares, however, the Manager has the flexibility to invest in all economic sectors worldwide and in equities.

### **Prudential Artemis Income**

The investment strategy of the fund is to purchase units in the Artemis Income Fund. That fund aims to achieve a rising income combined with capital growth from a portfolio primarily made up of investments in the United Kingdom. The Manager actively manages the portfolio in order to achieve the objective with exposure to ordinary shares, preference shares, convertibles and fixed interest securities.

### **Prudential Artemis Strategic Bond**

The investment strategy of the fund is to purchase units in the Artemis Strategic Bond Fund. That fund aims to achieve a combination of income and capital growth by investing predominantly in fixed income markets but may selectively invest in other markets. Equal emphasis is given to the security of capital and income although from time to time one may take prominence over the other in accordance with the strategy being pursued.

### **Prudential Artemis UK Smaller Companies**

The investment strategy of the fund is to purchase units in the Artemis UK Smaller Companies Fund. That fund aims to achieve long-term capital growth. The emphasis of the fund will be investment in smaller companies listed, quoted and/or traded in the UK and in smaller companies which are headquartered or have a significant part of their activities in the UK which are quoted on a regulated market outside the UK.



## Fund information

### Investment strategies (continued)

#### **Prudential Artemis UK Special Situations**

The investment strategy of the fund is to purchase units in the Artemis UK Special Situations Fund. That fund aims to achieve long-term capital growth by exploiting special situations. The fund invests principally in UK equities and in companies which are headquartered or have a significant part of their activities in the UK which are quoted on a regulated market outside the UK.

#### **Prudential Aviva Property Trust**

The investment strategy of the fund is to purchase units in the Aviva Investors UK Property Fund. That fund aims to carry on Property Investment Business and to manage the cash raised from investors for investment in the Property Investment Business. In doing so, that fund's aim is to obtain returns via income and capital appreciation.

#### **Prudential AXA Framlington UK Select Opportunities**

The investment strategy of the fund is to purchase units in the Axa Framlington UK Select Opportunities Fund. That fund aims to achieve capital growth by investing in companies, primarily of UK origin where the manager believes above average returns can be realised.

#### **Prudential Baillie Gifford High Yield Bond**

The investment strategy of the fund is to purchase units in the Baillie Gifford High Yield Bond Fund. That fund aims to produce a high level of return by investing in a diversified portfolio consisting primarily of sub-investment grade bonds. Currency forwards and derivatives may be used from time to time in keeping with the fund's objective with the intention of either protecting or enhancing the return on the fund. No more than 10% in value of the property of the fund will be invested in units of other collective investment schemes. More than 35% in value of the property of the fund may be invested in Government and Public securities.

#### **Prudential BlackRock Gold & General**

The investment strategy of the fund is to purchase units in the BlackRock Gold & General Fund. That fund is a specialised unit trust which aims to achieve long term capital growth by investing in gold, mining and precious metal-related shares. It tends to be volatile and is particularly suitable for diversification in a larger portfolio.

#### **Prudential BlackRock UK**

The investment strategy of the fund is to purchase units in the BlackRock UK Fund. That fund aims to achieve long-term capital growth for investors by investing primarily in the shares of larger companies incorporated or listed in the UK. The fund may also invest in collective investment schemes.

#### **Prudential Fidelity European**

The investment strategy of the fund is to purchase units in the Fidelity European Fund. That fund aims to achieve long term capital growth through investing primarily in the shares of continental European companies (equities). The fund is likely to have a bias towards medium sized and smaller companies.

#### **Prudential Fidelity MoneyBuilder Income**

The investment strategy of the fund is to purchase units in the Fidelity MoneyBuilder Income Fund. That fund's investment objective is to achieve an attractive level of income. The fund will obtain exposure primarily to Sterling-denominated (or hedged back to Sterling) fixed interest securities.

### **Prudential Fidelity Asia**

The investment strategy of the fund is to purchase units in the Fidelity South-East Asia Fund. That fund aims to achieve long-term capital growth through investment primarily in the shares of companies (equities) situated throughout the Pacific Basin, excluding Japan. The fund is likely to have a bias towards larger companies.

### **Prudential Henderson Cautious Managed**

The investment strategy of the fund is to purchase units in the Henderson Cautious Managed Fund. That fund aims to provide a combination of income and long-term capital growth through investment in a diversified portfolio of equities, bonds and other related investments. The investment in equities will be limited to a maximum of 60% of the value of the fund's portfolio.

### **Prudential Henderson China Opportunities**

The investment strategy of the fund is to purchase units in the Henderson China Opportunities Fund. That fund aims to achieve a long-term return, in excess of the long-term return that is typically achieved from investments in Hong Kong and Chinese equity markets. The fund invests predominantly in companies registered in Hong Kong or China, or that carry out the majority of their business activities in these markets.

### **Prudential Henderson European Selected Opportunities**

The investment strategy of the fund is to purchase units in the Henderson European Selected Opportunities Fund. That fund aims to achieve a long-term return, in excess of the long-term return that is typically achieved from European equity markets, by investing in companies registered in Europe or that carry out the majority of their business activities in these markets.

### **Prudential Henderson Preference and Bond**

The investment strategy of the fund is to purchase units in the Henderson Preference & Bond Fund. That fund aims to provide a return by investing primarily in sterling denominated preference shares, Government securities, corporate bonds, Eurobonds and other bonds. Where the Fund invests in currencies other than sterling, the Fund will always be hedged at least 80% to sterling in aggregate. The Fund may invest in other transferable securities, money market instruments, derivatives and forward transactions, deposits and units in collective investment schemes.

### **Prudential Invesco Perpetual Corporate Bond**

The investment strategy of the fund is to purchase units in the Invesco Perpetual Corporate Bond Fund. That fund aims to achieve a combination of income and capital growth over the medium to longer term.

### **Prudential Invesco Perpetual Distribution**

The investment strategy of the fund is to purchase units in the Invesco Perpetual Distribution Fund. That fund aims to achieve a combination of income and capital growth over the medium to longer term.

### **Prudential Invesco Perpetual Global Bond**

The investment strategy of the fund is to purchase units in the Invesco Perpetual Global Bond Fund. That fund aims to achieve a combination of income and capital growth over the medium to long term. The fund seeks to achieve its objective by investing primarily in debt securities and currencies globally. Debt securities include government bonds, as well as securities issued by supranational bodies, local authorities, national public bodies and corporate issuers. The fund may also invest in high yield, unrated, convertible, sub-investment grade debt securities, cash, cash equivalents, money market instruments, collective investment schemes and other transferable securities. Financial derivative instruments can be used for investment purposes and for efficient portfolio management. They may include derivatives on currencies, interest rates and credit, and can be used to achieve both long and short positions. Up to (but no more than) 10% in value of the fund may be invested in each of the following: collective investment schemes and deposits.



## Fund information

### Investment strategies (continued)

#### **Prudential Invesco Perpetual High Income**

The investment strategy of the fund is to purchase units in the Invesco Perpetual High Income Fund. That fund aims to achieve a high level of income, together with capital growth by investing primarily in companies listed in the UK, with the balance invested internationally.

#### **Prudential Invesco Perpetual Income**

The investment strategy of the fund is to purchase units in the Invesco Perpetual Income Fund. That fund aims to achieve a reasonable level of income together with capital growth by investing primarily in shares of companies listed in the UK, with the balance invested internationally.

#### **Prudential Invesco Perpetual Monthly Income Plus**

The investment strategy of the fund is to purchase units in the Invesco Perpetual Monthly Income Plus Fund. That fund aims to achieve a high level of income together with capital growth over the medium to long term.

#### **Prudential Investec Cautious Managed**

The investment strategy of the fund is to purchase units in the Investec Cautious Managed Fund. That fund aims to provide a combination of income and long term capital growth by investing conservatively in a diversified portfolio of equities, bonds and other fixed interest securities of high quality and marketability. At all times the fund's equity exposure will be limited to a maximum of 60% of the portfolio value.

#### **Prudential Investec Global Strategic Equity**

The investment strategy of the fund is to purchase units in the Investec Global Strategic Equity Fund. That fund aims to achieve long term capital growth primarily through investment in equities issued by companies around the globe that are believed to offer above average opportunities for capital gain, and in related derivatives.

#### **Prudential JP Morgan Europe Dynamic (ex UK)**

The investment strategy of the fund is to purchase units in the JP Morgan Europe Dynamic (ex UK) Fund. That fund aims to maximise long-term capital growth by investing primarily in continental European equities.

#### **Prudential JP Morgan Natural Resources**

The investment strategy of the fund is to purchase units in the JP Morgan Natural Resources Fund. That fund aims to provide capital growth over the long term by investing primarily in the shares of companies throughout the world engaged in the production and marketing of commodities.

#### **Prudential Jupiter European Special Situations**

The investment strategy of the fund is to purchase units in the Jupiter European Special Situations Fund. That fund aims to achieve long-term capital growth by exploiting special situations principally in Europe. The fund's investment policy is to attain the objective by investing principally in European equities, in investments considered by the manager to be undervalued.

#### **Prudential Jupiter Merlin Balanced Portfolio**

The investment strategy of the fund is to purchase units in the Jupiter Merlin Balanced Portfolio. That portfolio aims to achieve long-term capital growth with income by investing predominantly in unit trusts, OEICs, Exchange Traded Funds and other collective investment schemes across several management groups. The underlying funds invest internationally in company shares, fixed interest securities, commodities and property.

### **Prudential Jupiter Merlin Growth Portfolio**

The investment strategy of the fund is to purchase units in the Jupiter Merlin Growth Portfolio. That portfolio aims to achieve long-term capital growth by investing predominantly in unit trusts, OEICs, Exchange Traded Funds and other collective investment schemes across several management groups. The underlying funds invest internationally in company shares, fixed interest securities, commodities and property, with a core in the UK.

### **Prudential Kames Ethical Equity**

The investment strategy of the fund is to purchase units in the Kames Ethical Equity Fund. That fund aims to maximise total return by investment in equities and equity type securities in companies based in the UK, principally conducting business in the UK or listed on the UK stock market which meet the fund's predefined ethical criteria.

### **Prudential Kames Investment Grade Bond**

The investment strategy of the fund is to purchase units in the Kames Investment Grade Bond Fund. That fund aims to maximise total return (income plus capital) by investing primarily in investment grade and government bonds denominated in sterling and other currencies. The fund may hold a maximum of 20% in high yield bonds and also hold cash. A minimum of 80% of the fund will be hedged back to sterling. The fund may also invest in deposits, money market instruments, derivative instruments and forward transactions.

### **Prudential Kames Strategic Bond**

The investment strategy of the fund is to purchase units in the Kames Strategic Bond Fund. That fund aims to maximise total return (income plus capital) by investing in fixed interest securities, in any currency, ranging from AAA rated government bonds through to high yield and emerging market corporate bonds. At least 80% of the fund will be invested in sterling and other currency denominated bonds hedged back to sterling. The fund may also invest in deposits, money market instruments, derivative instruments and forward transactions.

### **Prudential L&G UK Property**

The investment strategy of the fund is to buy units in the L&G UK Property Fund. This fund aims to carry on Property Investment Business and to manage cash raised from investors for investment in the Property Investment Business. In doing so, the objective of the fund is to achieve income and capital growth through investing generally in commercial property.

### **Prudential M&G Corporate Bond**

The investment strategy of the fund is to purchase units in the M&G Corporate Bond Fund. That fund aims to provide income and capital growth. At least 70% of the fund is invested in sterling-denominated corporate debt instruments. The fund's exposure to corporate debt may be gained through the use of derivatives. Derivatives may also be used for efficient portfolio management. Any currency exposures within the fund may be managed by currency hedges into sterling. The fund may also invest in collective investment schemes, other transferable securities and other debt instruments (including corporate debt and government and public securities denominated in any currency), cash, near cash, other money market securities, warrants and other derivative instruments.

### **Prudential M&G Global High Yield Bond**

The investment strategy of the fund is to purchase units in the M&G Global High Yield Bond Fund. That fund aims to provide income and capital growth. At least 80% of the fund is invested in higher yielding corporate debt instruments which may be denominated in sterling, European currencies and other major global currencies, should the investment managers deem them to be appropriate investments. The fund's exposure to higher yielding corporate debt instruments may be gained through the use of derivatives and any currency exposures within the fund may be managed by currency hedges into sterling. Derivatives may also be used for efficient portfolio management. The fund may also invest in collective investment schemes, government and public securities and other transferable securities, cash, near cash, other money market instruments, warrants and other derivative instruments. More than 80% of the fund will be in sterling or hedged back to sterling.



## Fund information

### Investment strategies (continued)

#### **Prudential M&G Global Leaders**

The investment strategy of the fund is to purchase units in the M&G Global Leaders Fund. That fund aims to maximise long term total return (the combination of income and growth of capital). The fund invests in a range of global equities issued by companies that the fund manager considers to be, or have the potential to be, leading in their field in terms of improving shareholder value.

#### **Prudential M&G Recovery**

The investment strategy of the fund is to purchase units in the M&G Recovery Fund. That fund aims to achieve capital growth by investing predominantly in a diversified range of securities issued by companies which are out of favour, in difficulty or whose future prospects are not fully recognised by the market.

#### **Prudential M&G Strategic Corporate Bond**

The investment strategy of the fund is to purchase units in the M&G Strategic Corporate Bond Fund. That fund aims to maximise total return (the combination of income and growth of capital) through investment predominantly in investment grade corporate bonds.

#### **Prudential Man GLG Japan CoreAlpha**

The investment strategy of the fund is to buy units in the Man GLG CoreAlpha fund. That fund aims to achieve capital growth through investing in quoted securities of companies operating in Japan. To achieve this aim, the fund is predominantly invested in securities of companies listed on Japan's stockmarkets.

#### **Prudential Newton Multi-Asset Balanced**

The investment strategy of the fund is to purchase units in the Newton Multi-Asset Balanced Fund. That fund aims to achieve a balance between capital growth and income predominantly from a portfolio of UK and International securities.

#### **Prudential Old Mutual UK Mid Cap**

The investment strategy of the fund is to purchase units in the Old Mutual UK Mid Cap Fund. That fund aims to provide capital growth from investing primarily in a portfolio of medium-sized UK companies.

#### **Prudential Royal London Sustainable Leaders**

The investment strategy of the fund is to purchase units in the Royal London Sustainable Leaders Trust. That trust aims to achieve capital growth from a diverse portfolio of equities, mainly in the United Kingdom and in any economic sector. Investment is limited to companies that are likely to benefit from measures to improve the environment, human health, safety and the quality of life.

#### **Prudential Schroder Income**

The investment strategy of the fund is to purchase units in the Schroder Income Fund. That fund aims to provide a growing income by investing primarily in UK equities.

#### **Prudential Schroder Tokyo**

The investment strategy of the fund is to purchase units in the Schroder Tokyo Fund. That Fund aims to provide capital growth by investing in equity and equity related securities of Japanese companies.

The fund invests at least 80% of its assets in equity and equity related securities of Japanese companies.

Investments are made based on Japan's economic strengths, such as its manufacturing industry (in particular on those parts of it that are demonstrating an ability to exploit newly emerging technology) and on sectors benefiting from structural change in the economy.

The fund may also invest in collective investment schemes, warrants and money market instruments, and hold cash.

The fund may use derivatives with the aim of reducing risk or managing the fund more efficiently.

### **Prudential Schroder US Mid Cap**

The investment strategy of the fund is to purchase units in the Schroder US Mid Cap Fund. That fund aims to provide capital growth and income by investing in equity and equity related securities of medium-sized US companies.

The fund invests at least 70% of its assets in equity and equity related securities of medium-sized US companies. These are companies that, at the time of purchase, are similar in size to those comprising the bottom 40% by market capitalisation of the North American equity market.

The fund focuses on three types of companies that the Investment Manager believes:

- ▶ demonstrate strong growth trends and improving levels of cash;
- ▶ generate dependable earnings and revenues; and
- ▶ are undergoing positive change that is not being recognised by the market.

The fund may also invest in other equity or equity related securities, collective investment schemes, warrants and money market instruments, and hold cash.

The fund may use derivatives with the aim of reducing risk and managing the fund more efficiently.

### **Prudential Standard Life Global Absolute Return Strategies**

The investment strategy of the fund is to purchase units in the Standard Life Global Absolute Return Strategies Unit Trust. That Trust aims to deliver a positive absolute return in the form of capital growth over the medium to longer term in all market conditions. The level of return the Trust aims to generate over rolling three year periods is equivalent to cash plus five per cent a year, gross of fees. Invested capital is however at risk and there is no guarantee that the objective will be attained over this or any time period.

### **Prudential Stewart Investors Asia Pacific Leaders**

The investment strategy of the fund is to purchase units in the Stewart Investors Asia Pacific Leaders Fund. That fund aims to achieve long-term capital growth by investing primarily in large and mid-capitalisation equities issued by companies that are incorporated or listed, or which conduct the majority of their economic activity, in the Asia Pacific region (excluding Japan, including Australasia). Particular consideration is given to investment in companies that are positioned to benefit from, and contribute to, the sustainable development of the countries in which they operate.



## Fund information

### Investment strategies (continued)

#### **Additional Fund Choices**

The funds in this category have been selected and made available to you by Prudential.

The choice of funds covers a range of different assets and types of funds which could be right for you at different times. Some of the funds are managed by Prudential whilst others are managed by external fund managers. These funds offer additional choice.

The following funds are all Prudential funds. For the externally managed funds the Prudential fund will invest in the fund manager's own fund or collective investment scheme, as explained in the following investment strategies, unless otherwise stated.

#### **Prudential 95% Safeguard**

The investment strategy of the fund is to provide capital protection with a degree of exposure to movements in the FTSE 100 Capital Index by investing mainly in money market and derivative instruments. Any reduction in the price of units is limited to 50% of any fall in the FTSE 100 capital index subject to an overall maximum reduction of 5% in each quarter.

#### **Prudential Aberdeen Japan Equity**

The investment strategy of the fund is to purchase units in the Aberdeen Japan Equity Fund. That fund aims to achieve capital growth through investment in a diversified portfolio of Japanese securities.

#### **Prudential Artemis UK Select**

The investment strategy of the fund is to purchase units in the Artemis UK Select Fund. That fund aims to achieve long-term capital growth. The emphasis of the fund will be investment in companies listed, quoted and/or traded in the UK and in companies which are headquartered or have a significant part of their activities in the UK which are quoted on a regulated market outside the UK.

#### **Prudential Baillie Gifford American**

The investment strategy of the fund is to purchase units in the Baillie Gifford American Fund. That fund aims to produce attractive returns over the long term principally through investment, whether direct or indirect, in any economic sector in the United States of America. From time to time, at the fund operator's sole discretion, investment, whether direct or indirect, may also be made in any economic sector in Canada. Up to (but no more than) 10% in value of the Fund may be invested in each of the following: collective investment schemes and deposits.

#### **Prudential BlackRock UK Special Situations**

The investment strategy of the fund is to purchase units in the BlackRock UK Special Situations Fund. That fund aims to achieve long-term capital growth for investors by investing primarily in the shares of companies incorporated or listed in the UK and will normally have an emphasis on small or medium sized companies. The fund may also invest in collective investment schemes.

#### **Prudential Cash**

The investment strategy of the fund is to provide a return consistent with investing in interest bearing deposits and/or short-term UK government bonds.

#### **Prudential Corporate Bond**

The investment strategy of the fund is to purchase units in the M&G Corporate Bond Fund. That fund aims to provide income and capital growth. At least 70% of the fund is invested in sterling-denominated corporate debt instruments. The fund's exposure to corporate debt may be gained through the use of derivatives. Derivatives may also be used for efficient portfolio management. Any currency exposures within the fund may be managed by currency hedges into sterling. The fund may also invest in collective investment schemes, other transferable securities and other debt instruments (including corporate debt and government and public securities denominated in any currency), cash, near cash, other money market securities, warrants and other derivative instruments.

This fund is only open to existing investors in the fund.

#### **Prudential Equity**

The investment strategy of the fund is to purchase units in the LF Prudential UK Growth Qualified Investor Scheme Fund. That fund aims to achieve capital growth over the longer term from a range of mostly UK securities (up to 20% of the property of the Trust may be invested overseas).

### **Prudential European**

The investment strategy of the fund is to purchase units in the LF Prudential European Qualified Investor Scheme Fund. That fund aims to achieve capital growth through investment in a range of European (excluding UK) securities, mainly equities.

### **Prudential European Tracker**

The investment strategy of the fund is to purchase units in the M&G European Index Tracker Trust. That trust aims to track the FTSE Europe (ex UK) Index.

### **Prudential Fixed Interest**

The investment strategy of the fund is to purchase units in the M&G Gilt & Fixed Interest Income Fund. The fund aims to provide income and capital growth. At least 70% of the fund is invested in short, medium or long-dated gilts according to the fund manager's view at any given moment of the likely course of interest rates and trend of the gilt market. The fund's exposure to gilts may be gained through the use of derivatives. Derivatives may also be used for efficient portfolio management. The fund may also invest in collective investment schemes, other transferable securities, other debt instruments, cash, near cash, other money market securities, warrants and other derivative instruments.

### **Prudential FP Verbatim Portfolio 3**

The investment strategy of the fund is to purchase units in the FP Verbatim Portfolio 3 Fund. That fund aims to achieve capital growth over the medium to long term by using a risk based investment strategy that is broadly defensive.

### **Prudential FP Verbatim Portfolio 4**

The investment strategy of the fund is to purchase units in the FP Verbatim Portfolio 4 Fund. That fund aims to achieve capital growth over the medium to long term by using a risk based investment strategy that is broadly cautious.

### **Prudential FP Verbatim Portfolio 5 Growth**

The investment strategy of the fund is to purchase units in the FP Verbatim Portfolio 5 Growth Fund. That fund aims to achieve capital growth over the medium to longer term by using a risk based investment strategy that is broadly cautious balanced.

### **Prudential FP Verbatim Portfolio 5 Income**

The investment strategy of the fund is to purchase units in the FP Verbatim Portfolio 5 Income Fund. That fund will use a broadly cautious balanced investment strategy with the aim of achieving income with some potential for capital growth over the medium to longer term.

### **Prudential FP Verbatim Portfolio 6**

The investment strategy of the fund is to purchase units in the FP Verbatim Portfolio 6 Fund. That fund aims to achieve capital growth over the medium to long term by using a risk based investment strategy that is broadly balanced.

### **Prudential FP Verbatim Portfolio 7**

The investment strategy of the fund is to purchase units in the FP Verbatim Portfolio 7 Fund. That fund aims to achieve capital growth over the medium to long term by using a risk based growth investment strategy.

### **Prudential Global Emerging Markets Portfolio**

This Portfolio aims to achieve long-term total return (the combination of income and growth of capital). It is a managed portfolio investing in Collective Investment Schemes in order to provide equity exposure to emerging stock markets worldwide or companies with significant activities in emerging markets.

### **Prudential Henderson European Growth**

The investment strategy of the fund is to purchase units in the Henderson European Growth Fund. That fund aims to achieve long-term capital growth through investing principally in the securities of European companies.



## Fund information

### Investment strategies (continued)

#### **Prudential International**

The investment strategy of the fund is to provide long term capital growth by investing mainly in a spread of equity markets throughout the world, predominantly through collectives managed by Prudential Group companies.

#### **Prudential Invesco Perpetual Managed Growth**

The investment strategy of the fund is to purchase units in the Invesco Perpetual Managed Growth Fund. That fund aims to achieve capital growth from a portfolio primarily of Qualifying Funds. In pursuing this objective, the fund managers may include investments that they consider appropriate which include transferable securities, money market instruments, warrants, collective investment schemes, deposits and other permitted investments and transactions.

#### **Prudential Invesco Perpetual UK Growth**

The investment strategy of the fund is to purchase units in the Invesco Perpetual UK Growth Fund. That fund aims to achieve capital growth by investing mainly in shares of companies listed in the UK.

#### **Prudential Japanese**

The investment strategy of the fund is to purchase units in LF Prudential Japanese Qualified Investor Scheme Fund. That fund aims to achieve long-term capital growth through investment in a range of Japanese securities.

#### **Prudential JP Morgan US**

The investment strategy of this fund is to purchase units in the JP Morgan US Fund. This fund aims to provide capital growth over the long term by investing primarily through a portfolio invested in the shares of US companies.

#### **Prudential Jupiter UK Growth**

The investment strategy of the fund is to purchase units in the Jupiter UK Growth Fund. That fund aims to obtain long term capital growth by investing in any economic sector principally in the United Kingdom.

#### **Prudential Kames UK Opportunities**

The investment strategy of the fund is to purchase units in the Kames UK Opportunities Fund. That fund aims to maximise total return (income plus capital) by investing in an actively managed portfolio of equities and equity type securities in companies based in the UK, principally conducting business in the UK or listed on the UK stock market.

#### **Prudential M&G Dividend**

The investment strategy of the fund is to purchase units in the M&G Dividend Fund. That fund invests mainly in a range of UK equities with the aim of achieving a steadily increasing income stream. The fund will target a yield higher than that of the FTSE All-Share Index. Subject to this, the aim will be to maximise total return (the combination of income and growth of capital).

#### **Prudential M&G Episode Allocation**

The investment strategy of the fund is to purchase units in the M&G Episode Allocation Fund. That fund aims to maximise total return (the combination of income and growth of capital) through investment in a diversified range of asset types. Subject to this, the Fund aims to grow income in the long term. The fund invests in transferable securities, fixed income assets (including, but not limited to, corporate bonds and government and public securities), warrants, money market instruments, deposits, cash and near cash. Exposure to these assets, and to property, may be gained via collective investment schemes and derivatives (including equity index futures, currency forwards, interest rate swaps and other liquid derivatives). The fund will invest no more than 60% of the portfolio in equities. Derivatives may also be used for efficient portfolio management purposes.

#### **Prudential M&G Episode Growth**

The investment strategy of the fund is to purchase units in the M&G Episode Growth Fund. That fund aims to maximise total return (the combination of income and growth of capital). The fund invests in transferable securities, fixed income assets (including, but not limited to, corporate bonds and government and public securities), warrants, money market instruments, deposits, cash and near cash. Exposure to these assets, and to property, may be gained via collective investment schemes and derivatives (including equity index futures, currency forwards, interest rate swaps and other liquid derivatives). The fund will invest a minimum of 50% in collective investment schemes. Derivatives may also be used for efficient portfolio management purposes.

### **Prudential M&G Gilt & Fixed Interest Income**

The investment strategy of the fund is to purchase units in the M&G Gilt & Fixed Interest Income Fund. The fund aims to provide income and capital growth. At least 70% of the fund is invested in short, medium or long-dated gilts according to the fund manager's view at any given moment of the likely course of interest rates and trend of the gilt market. The fund's exposure to gilts may be gained through the use of derivatives. Derivatives may also be used for efficient portfolio management. The fund may also invest in collective investment schemes, other transferable securities, other debt instruments, cash, near cash, other money market securities, warrants and other derivative instruments.

### **Prudential M&G Managed Growth**

The investment strategy of the fund is to purchase units in the M&G Managed Growth Fund. That fund aims to achieve long-term capital growth by actively investing predominantly in collective investment schemes in order to provide a well-diversified exposure to global equities.

### **Prudential M&G Smaller Companies**

The investment strategy of the fund is to purchase units in the M&G Smaller Companies Fund. That fund aims to achieve capital growth by investing in smaller companies, where good management can have most impact on earnings. Investment in such shares can offer prospects of above average capital growth. Income is not a major factor and the yield can be expected to be less than that of the FTSE All-Share Index.

### **Prudential M&G UK Equity Income**

The investment strategy of the fund is to purchase units in the M&G Dividend Fund. That fund invests mainly in a range of UK equities with the aim of achieving a steadily increasing income stream. The fund will target a yield higher than that of the FTSE All-Share Index. Subject to this, the aim will be to maximise total return (the combination of income and growth of capital).

This fund is only open to existing investors in the fund.

### **Prudential M&G UK Select**

The investment strategy of the fund is to purchase units in the M&G UK Select Fund. That Fund invests principally in the equities of UK companies with high growth potential with the sole objective of capital growth. The Fund may at any time be concentrated in a limited number of equities. Income considerations are ignored.

### **Prudential Managed**

The investment strategy of the fund is to provide medium to long-term growth (the combination of income and growth of capital) by investing mainly in a broad spread of Prudential's investment-linked funds and collective investment schemes. The fund will typically have exposure to a range of asset types, including UK and overseas equities, fixed interest and commercial property.

### **Prudential Managed Distribution**

The investment strategy of the fund is to deliver capital growth and produce a regular income over the longer term by investing mainly in sterling denominated equities, bonds, property, interest bearing deposits and money market investments.

### **Prudential Newton Continental European**

The investment strategy of the fund is to purchase units in the Newton Continental European Fund. That fund aims to achieve capital growth from a portfolio of predominantly European securities.

### **Prudential Newton Global Equity**

The investment strategy of the fund is to purchase units in the Newton Global Equity Fund. That fund aims to achieve capital growth from a portfolio of international securities.



## Fund information

### Investment strategies (continued)

#### **Prudential Newton Global Income**

The investment strategy of the fund is to purchase units in the Newton Global Income Fund. That fund aims to generate distributions over an annual period together with long-term capital growth from investing predominantly in global securities. The Sub-Fund may also invest in collective investment schemes (including but not limited to another Sub-Fund or Sub-Funds of the Company). Derivatives may be used for efficient portfolio management only.

#### **Prudential North American**

The investment strategy of the fund is to purchase units in the LF Prudential North American Qualified Investor Scheme Fund. That fund aims to achieve long-term capital growth by investing in North American securities.

#### **Prudential Pacific Markets**

The investment strategy of the fund is to produce capital growth through investment of at least 80% of the property of the Scheme in eastern markets excluding Japan. Investment will primarily be in major markets such as Australia, Hong Kong, Singapore and Thailand, but to a lesser extent this Scheme may invest in emerging markets such as The Philippines, Taiwan and South Korea.

#### **Prudential Property Life Fund**

The investment strategy of the fund is to purchase units in the M&G Property Portfolio. That fund aims to carry on Property Investment Business and to manage cash raised from investors for investment in the Property Investment Business. In so doing, the Fund aims to maximise long term total return (the combination of income and growth of capital) through investment mainly in commercial property.

#### **Prudential Property Pension Fund**

The investment strategy of the fund is to maximise long-term return (the combination of income and growth of capital). The fund invests primarily in shops, retail warehouses, offices, industrial, warehouse property and land geographically spread throughout the UK. The fund may also invest in collective investment schemes which invest in property.

#### **Prudential Schroder UK Smaller Companies**

The investment strategy of the fund is to purchase units in the Schroder UK Smaller Companies Fund. That fund aims to provide capital growth by investing in equity and equity related securities of small-sized UK companies.

The fund invests at least 80% of its assets in equity and equity related securities of small-sized UK companies. These are companies that are incorporated, headquartered or have their principal business activities in the UK and, at the time of purchase, are similar in size to those comprising the bottom 10% by market capitalisation of the UK equities market.

The small cap universe is an extensive, diverse and constantly changing area of the UK market. Smaller companies offer investors exposure to some niche growth areas that, often, cannot be accessed through large companies. They also tend to grow more rapidly than larger firms.

The fund may also invest in other equity and equity related securities, collective investment schemes, fixed income securities, warrants and money market instruments, and hold cash.

The fund may use derivatives with the aim of reducing risk or managing the fund more efficiently.

#### **Prudential Strategic Growth**

The investment strategy of the fund is to achieve total long-term growth (the combination of income and growth of capital) by investing mainly in UK and International shares.

#### **Prudential UK Equity and Bond**

The investment strategy of the fund is to provide income and long-term capital growth, by investing mainly in UK equities, corporate bonds and to a lesser extent UK government bonds (gilts).

#### **Prudential UK Tracker**

The investment strategy of the fund is to purchase units in the M&G Index Tracker Fund. That fund aims to track the FTSE All Share Index.

## **Additional Fund Choices - Distribution Income Funds**

These distribution funds are available through our Flexible Investment Plan. These funds can pay out a natural "income" based on what the underlying assets in the fund have earned (this can include dividends from shares, lease payments from properties, interest from fixed interest holdings). Please see your Key Features document for further information on withdrawing money from your plan.

### **Prudential O-35% Equity Managed Distribution<sup>1</sup>**

The investment strategy of the fund is to provide a regular income, whilst achieving long-term growth and seeking to limit capital volatility by investing mainly in assets such as bonds and property as well as UK equities. No more than 35% of the fund will be invested in equities at any time.

### **Prudential Corporate Bond (Inc)<sup>2</sup>**

The investment strategy of the fund is to purchase units in the M&G Corporate Bond Fund. That fund aims to provide income and capital growth. At least 70% of the fund is invested in sterling-denominated corporate debt instruments. The fund's exposure to corporate debt may be gained through the use of derivatives. Derivatives may also be used for efficient portfolio management. Any currency exposures within the fund may be managed by currency hedges into sterling. The fund may also invest in collective investment schemes, other transferable securities and other debt instruments (including corporate debt and government and public securities denominated in any currency), cash, near cash, other money market securities, warrants and other derivative instruments.

### **Prudential Fixed Interest (Inc)<sup>1</sup>**

The investment strategy of the fund is to purchase units in the M&G Gilt & Fixed Interest Income Fund. The fund aims to provide income and capital growth. At least 70% of the fund is invested in short, medium or long-dated gilts according to the fund manager's view at any given moment of the likely course of interest rates and trend of the gilt market. The fund's exposure to gilts may be gained through the use of derivatives. Derivatives may also be used for efficient portfolio management. The fund may also invest in collective investment schemes, other transferable securities, other debt instruments, cash, near cash, other money market securities, warrants and other derivative instruments.

### **Prudential Invesco Perpetual Income (Inc)<sup>2</sup>**

The investment strategy of the fund is to purchase units in the Invesco Perpetual Income Fund. That fund aims to achieve a reasonable level of income together with capital growth by investing primarily in shares of companies listed in the UK, with the balance invested internationally.

### **Prudential M&G Dividend (Inc)<sup>2</sup>**

The investment strategy of the fund is to purchase units in the M&G Dividend Fund. That fund invests mainly in a range of UK equities with the aim of achieving a steadily increasing income stream. The fund will target a yield higher than that of the FTSE All-Share Index. Subject to this, the aim will be to maximise total return (the combination of income and growth of capital).

<sup>1</sup> These funds distribute on the 17 February/17 August each year.

<sup>2</sup> These funds distribute on the 17 May/17 November each year.



## Fund information

### Investment strategies (continued)

#### **Prudential M&G Global High Yield Bond (Inc)<sup>2</sup>**

The investment strategy of the fund is to purchase units in the M&G Global High Yield Bond Fund. That fund aims to provide income and capital growth. At least 80% of the fund is invested in higher yielding corporate debt instruments which may be denominated in sterling, European currencies and other major global currencies, should the investment managers deem them to be appropriate investments. The fund's exposure to higher yielding corporate debt instruments may be gained through the use of derivatives and any currency exposures within the fund may be managed by currency hedges into sterling. Derivatives may also be used for efficient portfolio management. The fund may also invest in collective investment schemes, government and public securities and other transferable securities, cash, near cash, other money market instruments, warrants and other derivative instruments. More than 80% of the fund will be in sterling or hedged back to sterling.

#### **Prudential M&G UK Equity Income (Inc)<sup>1</sup>**

The investment strategy of the fund is to purchase units in the M&G Dividend Fund. That fund invests mainly in a range of UK equities with the aim of achieving a steadily increasing income stream. The fund will target a yield higher than that of the FTSE All-Share Index. Subject to this, the aim will be to maximise total return (the combination of income and growth of capital).

This fund is only available to existing investors in the fund.

#### **Prudential Managed Distribution<sup>1</sup>**

The investment strategy of the fund is to deliver capital growth and produce a regular income over the longer term by investing mainly in sterling denominated equities, bonds, property, interest bearing deposits and money market investments.

#### **Prudential Property (Inc)<sup>2</sup>**

The investment strategy of the fund is to purchase units in the M&G Property Portfolio. That fund aims to carry on Property Investment Business and to manage cash raised from investors for investment in the Property Investment Business. In so doing, the Fund aims to maximise long term total return (the combination of income and growth of capital) through investment mainly in commercial property.

<sup>1</sup> These funds distribute on the 17 February/17 August each year.

<sup>2</sup> These funds distribute on the 17 May/17 November each year.



# Glossary of some investment terms

This glossary is a high-level guide to some technical terminology. It is not intended to be a definitive reference document and you should contact your adviser for further assistance where necessary.

## **Basic Materials Sector**

A category of stocks covering companies involved with the discovery, development and processing of raw materials. The basic materials sector includes the mining and refining of metals, chemical producers and forestry products.

## **“Blue Chip” Companies**

These are large, reputable companies which are thought to be financially sound.

## **Bonds**

See Fixed Interest Securities.

## **Broad Investment Grade**

This is a term used to describe a listing of bonds and fixed income instruments on an index. It is used to measure the overall value of a collective group of bonds and represents the characteristics of these types of securities. It is a grading level that can be used by certain types of funds for determining assets that are suitable for investment into a fund.

## **Certificates of Deposit**

A certificate issued by a bank to a person depositing money for a specified length of time at a specified rate of interest. A certificate of deposit usually pays interest (which can vary) and entitles the bearer to receive a set interest rate up until a set maturity date and can be issued in any currency or denomination.

## **Closed Ended Funds**

This describes a collective investment scheme which has a limited number of shares (or units). The shares are then traded on an exchange or directly through the fund manager to create a secondary market subject to market forces.

## **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. Collective Investment Schemes, OEICs, Unit Trusts, Mutual funds, usually either target geographic regions (like emerging market countries) or specific themes (like technology or property).

## **Convertible Bonds (can also be called Deferred Equity)**

These are corporate bonds that are exchangeable for a set number of another form of investment (for example, common shares) at a pre-stated price. Convertible bonds typically pay a lower income than is normally available from common bonds.

## **Corporate Bonds**

These are 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.

## **Default Risk**

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

## **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.

## **Equities**

These are also known as shares or stocks and represent a share of the ownership of a company. Shares give two potential benefits – the share prices increase 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.

## **Eurobonds**

A Eurobond is an international bond that is denominated in a currency not native to the country where it is issued. It can be categorised according to the currency in which it is issued. For example, a British company may issue a Eurobond in Germany, denominating it in U.S. dollars.



## Glossary of some investment terms (continued)

### **Exchange-Traded Fund**

This is an investment vehicle the units of which are traded on a stock exchange. An exchange traded fund can hold a range of assets such as stocks, bonds or even commodities. Most track an index, such as the FTSE All-share or the S&P 500.

### **Financial Times Stock Exchange (FTSE)**

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### **Fixed Interest Securities**

These are more commonly known as "bonds" and 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**

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.

### **Forwards Contract (or Forwards)**

These are agreements between two parties to buy or sell an asset at a fixed future date for a price determined at the time of dealing.

### **Government Bonds**

These are loans to the 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.

### **Government Sovereign Bond**

Is a government debt issued in a foreign currency.

### **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.

### **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.

### **Index-Linked Securities**

Are similar to fixed interest securities but the payments out are normally increased by a prices index e.g. for UK government index-linked securities, payments out are increased in line with the UK Retail Prices 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 Junk Bonds.

### **LIBOR (London Interbank Offered Rate)**

This is the interest rate that London 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.

### **Money Market Investments**

Are 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.

### **OEIC**

This is an Open Ended Investment Company, which is the British version of a European SICAV (Société d'Investissement a Capital Variable) or Irish VCIC (Variable Capital Investment Company). Like all open collective Investment Schemes, an OEIC has no fixed amount of capital. The total value of the OEIC is equally divided into shares which will vary in price and in the number issued. Each time that new money is invested, new shares or units are created to match the prevailing share price; each time shares are redeemed, the assets sold match the prevailing share price.

### **Permanent Interest Bearing Shares (usually referred to as PIBS)**

These are fixed-interest securities issued by building societies. Building societies use them in the way public limited companies would use preference shares (see below). Although similar to bonds, PIBS typically exist as long as their issuer does. They typically offer better interest rates than bonds although unlike bonds have no fixed redemption date and so redemption value will be determined by market values at the time of sale. PIBS are not covered by UK government compensation schemes. If the building society is in financial distress, amounts are paid to holders of PIBS only after depositors.

### **Preference Shares (also called Preferred Stock or Preferred Shares)**

These are shares in a company which give their holders an entitlement to a fixed dividend payment and may or may not carry voting rights. These are a "higher ranking" stock than common stock and usually have specific rights attached to them.

Preference shares mean that the holder may get preferred treatment over common share holders – and carry a dividend that is paid out prior to dividends to common share holders. In the event of bankruptcy preferred share holders will be paid out from assets before common share holders and after debt holders.

### **Primary Industry**

The industrial sector of an economy involved in the extraction and collection of natural resources, such as copper and timber, as well as by activities such as farming and fishing. A company in a primary industry can also be involved in turning natural resources into products. Primary industries tends to make up a larger portion of the economy of developing countries than they do for developed countries.

### **Qualified Investor Scheme (QIS)**

A qualified investor scheme is essentially a Mixed asset type of scheme where different types of permitted asset may be included as part of the scheme property, depending on the investment objectives and policy of that scheme and within any restrictions in the rules.

### **Regulated**

This means the portfolio or fund has to conform to the regulations laid down by the financial authority of the country it is trading in (i.e. in the UK, the FCA aims to protect the investor and provides structure around the products, financial services providers and markets).

### **Secondary Industry**

The industrial sector of an economy that produces finished, usable products. Unlike a primary industry, which collects and produces raw materials for manufacture, a secondary industry makes products that are more likely to be consumed by individuals. Examples of secondary industry divisions include automobile manufacturing, steel production and telecommunications.

### **Shares**

See Equities.

### **Short-Term Government Bonds**

For the purposes of determining assets which the Prudential Cash Funds can invest in these are defined as government bonds with a repayment period of twelve months or less.

### **Smaller Companies**

Companies quoted on a recognised exchange that have a market worth below that of blue chip companies. In the UK, smaller companies are typically defined as those with market capitalisations below the top 350 companies in the FTSE All-Share Index.

### **Transferable Securities**

A type of financial security which is traded on capital markets. The term is probably most commonly known and used in association with UCITS in UK and Europe (examples would be UCITS/depository receipts/some types of warrants).



## Glossary of some investment terms (continued)

### **Undertakings for Collective Investment in Transferable Securities (UCITS)**

These are collective investments which can be sold across national borders within the EU having complied with regulations on investments and administration. These include OEICs and SICAVs.

### **Unregulated**

This means the portfolio or fund does not need to conform to regulations.

### **Warrants**

A warrant is a security that entitles the holder to buy shares in the issuing company at a specified price and within a certain time frame.

Warrants are freely transferable and traded on major exchanges. Their value will go up or down as the price of the shares to which they relate goes up or down.

### **Further information**

If you are looking for more information then please speak to your financial adviser.





[www.pru.co.uk](http://www.pru.co.uk)

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