PRUDENTIAL

Is an Investment Pathway for you?

Your introduction to Investment Pathways

Your guide to Investment Pathways

You're now at a stage where you're looking at your options for investing money within the Income part of your Retirement Account, using Investment Pathways.

You've told us you don't want to take financial advice and you're interested in finding out more about Investment Pathways. The information in this guide has been designed to help you understand Investment Pathways and decide if using an Investment Pathway is right for you.

Investment Pathways may be suitable for you if you're certain you don't want to take financial advice, you don't want to select your own funds, or remain in your current investment. However, they may not be suitable for you if you're unsure and/or don't want to make this decision on your own.

If you go ahead without advice, you'll be taking responsibility for your choices and your own decision. This means the Financial Ombudsman Service (FOS) doesn't give you the same protection for the decision you make, but you can still refer any matter to them if you feel you haven't been treated fairly. The FOS is an independent official body, established by Parliament, for settling disputes between UK-based financial companies and their customers. You can find out more at **financial-ombudsman.org.uk**.

What's in this guide

- What are Investment Pathways?
- A reminder of the basics of investing
- Choosing your Investment Pathway
- The fund selected for each Investment Pathway
- The objective, risk and charge for each fund
- What to do next

We recommend you get advice or guidance

We know there's a lot to consider when you're deciding where to invest your money, and it can be tricky to know where to start. To help you understand all your options, we recommend speaking to your adviser or getting guidance.

Getting advice

We always recommend speaking to your adviser when making decisions about the money in your Retirement Account. Your adviser is best placed to look at your individual circumstances and recommend what is right for you. If you don't have an adviser, you can find one at **unbiased.co.uk**.

Getting guidance

Pension Wise is a free and impartial guidance service offered by the government. They won't make recommendations or tell you how to invest your money, but will provide information on a range of available pension options. You can arrange an appointment to speak to a pension specialist by calling **0800 280 8880** or visiting **pensionwise.gov.uk**

Be sure to shop around

The drawdown and Investment Pathway options you get from your pension provider might not be the best for you. It's always worth comparing what you can get from other providers too, because you might be able to get a better deal.

The Money and Pensions Service (MaPS) brings together three financial guidance bodies: The Money Advice Service, The Pensions Advisory Service and Pension Wise. They offer free and impartial services, set up by the government, to help you understand and improve your finances. They can provide helpful information on how to shop around for Pathway options offered by other companies. You can also use their drawdown comparison tool to see what different providers offer. You can find out more on their website **moneyandpensionsservice.org.uk**.

What are Investment Pathways?

Investment Pathways have been introduced to help customers who want to invest in drawdown without advice.

If you choose to use Investment Pathways, you'll be asked to select one of four options. These options are based on your plans for your money in the next five years. So, you'll be asked which of the four options best fits your plans for your money. We have selected funds to match each option.

Before you decide which Investment Pathway is for you, it may be helpful to have a recap on some investment basics.

Understanding investing – the basics

The different types of investment

If you invest your money it gives it a chance to grow over the longer term, which can help protect against the impact of inflation. Inflation is the rising cost of goods you buy. If inflation is increasing it means you can buy less with your money. So, if your money is earning less than inflation, you'll effectively be losing money in real terms.

There are different types of investment (known as 'asset classes'). The four main investment types are:

Shares – Shares (also known as 'equities') give investors a portion of ownership of a company.

Commercial property – Commercial property includes ownership of retail, office, and industrial property.

Bonds – Bonds (Corporate and Government, also known as 'fixed-interest' investments) are loans companies take when they need to raise money.

Cash – Cash refers to currency, deposit accounts (bank savings accounts), and other cash equivalents.

Multi-asset funds

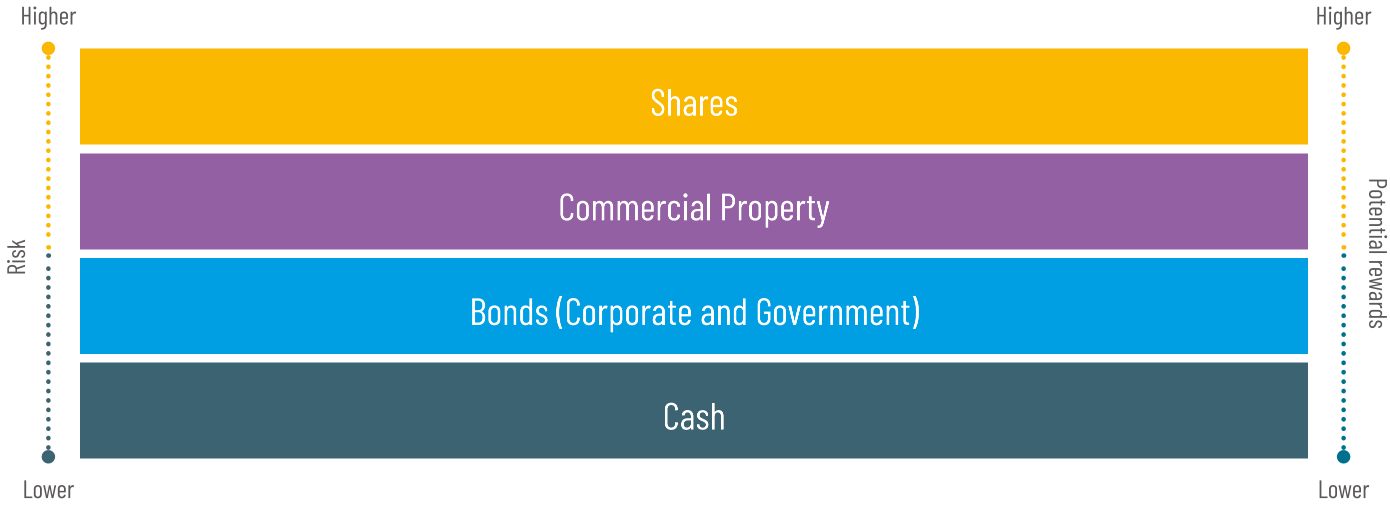
Some funds spread your money across a range of the different investment types (also known as asset classes). These are called multi-asset funds. Spreading your investment helps to reduce the risk as you don't have all your eggs in one basket.

Understanding investing – the basics

Risk and Reward

Each of these four asset classes offers different levels of risk and potential rewards. This chart shows the risk and reward levels for each of these asset classes.

The risk and potential rewards of different asset classes



To help you understand a fund's level of risk and reward we give each fund a risk rating. Prudential's risk ratings are between 1 and 6 (with 1 being a lower risk and 6 being a higher risk). Other companies may use different descriptions and ratings.

Understanding the connection between risk and reward

People have different needs when it comes to their investments. For example, if you told us you want to use the money to buy a guaranteed income for life (also known as an annuity) or take all your money in the next five years, an investment with a lower risk is more suitable. Whereas, if you told us you don't plan to touch your money for a much longer period, you may be willing and able to take more of a risk with a higher potential reward.

- The lower risk and reward funds are likely to be less volatile, so will be invested in assets which are less likely to fluctuate in value.
- The higher risk and reward funds are likely to be more volatile, so will be invested in assets that are more likely to fluctuate in value.

Now choose your Investment Pathway

Think about how you want to use the money you're looking to invest in the next 5 years. Read all four options below and select the one that best fits your plans.

I have no plans to touch my money in the next 5 years

Read more on page 6

or

I plan to use my money to set up a guaranteed income for life (also known as an annuity) within the next 5 years

Read more on page 8

or

I plan to start taking my money as a long-term income within the next 5 years (also choose this option if you plan to take out some money, as and when you need it, within the next 5 years)

Read more on page 10

or

I plan to take all my money in the next 5 years

Read more on page 12

If you have no plans to touch your money in the next 5 years

The fund selected to match this Pathway is **Prudential PruFund Risk Managed 3**

Why we've selected this fund

This fund aims to maximise your medium to long term (5 to 10 years or more) returns with a medium level of risk.

PruFund Risk Managed 3 aims to provide you with steady growth over the medium to long term while offering some protection from the ups and downs of investing. It won't protect you from the full impact of any short-term extreme or sustained market changes, but it does aim to limit the impact of these. The value of your investment can go down as well as up, so you might not get back the amount you put in.

PruFund and how it works

Here's some helpful information on PruFund, **including key points you should be aware of before you invest.** We'll also cover some facts about **PruFund Risk Managed 3**, including the fund objective, the risks and the charges

PruFund is a multi-asset fund. This means your money would be spread across different asset classes which helps to reduce your investment risk. PruFund also helps to protect your money from some of the extreme, short-term, ups and downs of the markets and give you a smoother return. We call this smoothing. PruFund is invested in our With-Profits Fund, the largest of its kind in the UK. There may be times when we need to suspend smoothing in order to protect our customers in the With-Profits fund.

When you invest in PruFund, your money is pooled together with other investors. This pool of money is then used to buy a large range of different types of asset classes, which, as you've read, helps reduce risk. Pooling money also brings about other benefits like having access to a wide range of global funds that individual investors may not. And, because there are many, many investors, the costs are spread out too.

A key benefit of PruFund is that it's actively managed by teams of investment experts. Our experts continually assess data and performance information to make ongoing decisions about where to invest (and where not to) as well as looking out for new opportunities. To achieve the right mix of assets at any given time, they also have a regular process of monitoring and adjusting the mix to respond to changing market conditions.

Important information about PruFund

There are some important aspects of PruFund you should understand before investing. For example, the aim of smoothing is to protect you from the extreme, short-term, highs and lows of the market. But there may be times when we suspend smoothing in order to protect our With-Profits fund.

We set **Expected Growth Rates** (known as EGRs) for PruFund. These are the yearly rates we expect your investment to grow at. The EGRs are reviewed every three months, when they could rise or fall. Find out more on **Pru.co.uk/egr**.

If returns are not as expected, we may need to adjust the value of your fund up or down. This is called a Unit Price Adjustment (UPA).

Changing your investment

When investing in PruFund you can only make one switch every three months.

If you're already in PruFund it usually takes 28 days to move your money out of PruFund into the new fund.

When moving into PruFund your money will initially be put in a holding account until the 25th of the month.

For more information please read your Terms and Conditions.

The objective of PruFund Risk Managed 3

All funds have an objective set out by the fund manager. The objective for PruFund Risk Managed 3 is -

The fund aims to achieve long-term total return (the combination of income and growth of capital). The fund is actively managed and aims to limit the fluctuations ('volatility') your investment experiences, after allowing for smoothing, to 12% per annum over the medium to long term. There is no guarantee that the fund will achieve its objective of managing the volatility to the target level.

What this means

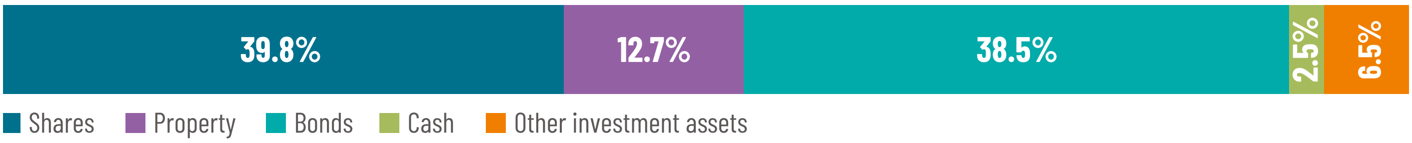
PruFund Risk Managed 3 aims to maximise your medium to long term returns (5 to 10 years or more) with a medium level of risk. It also offers you some protection from the extreme, short-term, ups and downs of the market by aiming to deliver smoothed returns.

As we've seen from the fund objective, the volatility limit for your fund is 12%. This means the aim is to try and ensure the fund doesn't fluctuate by any more than 12%. If that does happen, as there is no guarantee it will always be within the limits, the fund manager will take action to try to bring it back within the guidelines.

Where is PruFund Risk Managed 3 invested?

The PruFund Risk Managed 3 fund invests in a wide range of different assets. The splits of these assets determines the risk level of the fund and therefore the potential for reward. As shown on the chart on page 4 shares tend to be the most risky asset class with cash being the least risky.

On a scale of 1-6 your fund has a risk rating of 3 meaning it has a medium risk.



The asset mix is regularly reviewed and may vary from time to time, but will always be consistent with the fund objective. The asset mix is shown as at 30 June 2020.

Fund costs and charges

In this table you can see the percentage invested along with the costs and charges. The yearly total is made up of the yearly charge and further costs. The yearly total is on top of the Product Charge and any Adviser Charges you already pay. Costs and charges are subject to change.

The full details of all these costs and charges are in your illustration.

Fund name	% of Investment in selected fund	Yearly Charge	Further costs	Yearly total
Prudential PruFund Risk Managed 3 fund	100%	0.65%	0.15%	0.80%

If you plan to use your money to buy a guaranteed income for life (also known as an annuity) within the next 5 years

The fund selected to match this Pathway is **M&G Corporate Bond fund**

Why we've selected this fund

If you plan to use your money to buy a guaranteed income for life (also known as an annuity) within the next 5 years, the income you can get, will depend on a number of factors, such as age, health and interest rates.

We've selected a fund that aims to provide an investment that will limit the impact of interest rates on the level of income you could get, when you choose to buy a guaranteed income for life. The value of your investment can go down as well as up, so you might not get back the amount you put in.

The objective of the M&G Corporate Bond fund

All funds have an objective set out by the fund manager. The objective for M&G Corporate Bond is -

The Fund aims to provide a higher total return (the combination of capital growth and income), net of the Ongoing Charge Figure, than the average return of the Investment Association Sterling Corporate Bond Sector over any five-year period.

What this means

The M&G Corporate Bond fund aims to offer you a higher return than the average return of this asset class (i.e. corporate bonds), over any five year period.

A closer look at Corporate Bonds

Corporate bonds are debt repaid at a fixed interest rate over a set period of time. This is why they're also sometimes referred to as 'fixed-interest' investments.

Companies may issue bonds when they need funds to finance new business opportunities. It's not so different to borrowing money for a car or a mortgage and repaying it on a predictable schedule.

When we invest in bonds and a company repays debt, the repayment (minus costs and charges) is returned to investors. The benefit of investing in corporate bonds is that they have the potential to provide a steady income and are generally less likely than shares and property to rise and fall rapidly over a short period of time.

Where is M&G Corporate Bond fund invested?

The M&G Corporate Bond fund invests primarily in UK and International Bonds. The splits of these assets determines the risk level of the fund and therefore the potential for reward. As shown on the chart on page 4, shares tend to be the most risky asset class with cash being the least risky.

On a scale of 1-6 your fund has a risk rating of 2, meaning it has a medium to low risk.

The asset mix is regularly reviewed and may vary from time to time, but will always be consistent with the fund objective. The asset mix is shown as at 30 October 2020.

Fund costs and charges

In this table you can see the percentage invested along with the costs and charges. The yearly total is made up of the yearly charge and further costs. The yearly total is on top of the Product Charge and any Adviser Charges you already pay. Costs and charges are subject to change.

The full details of all these costs and charges are in your illustration.

Fund name	% of Investment in selected fund	Yearly Charge	Further costs	Yearly total
M&G Corporate Bond	100%	0.44%	0.00%	0.44%

Changing your investment

If you're already in PruFund it usually takes 28 days to move your money out of PruFund into the new fund.

If you plan to start taking money as a long-term income within the next 5 years (or if you plan to take out some money, as and when you need it, within the next 5 years)

The fund selected to match this Pathway is **Prudential PruFund Risk Managed 2**

Why we've selected this fund

This fund aims to maximise your medium to long term (5 to 10 years or more) returns with a medium level of risk.

PruFund Risk Managed 2 aims to provide you with steady growth over the medium to long term while offering some protection from the ups and downs of investing. It won't protect you from the full impact of any short-term extreme or sustained market changes, but it does aim to limit the impact of these. The value of your investment can go down as well as up, so you might not get back the amount you put in.

PruFund and how it works

Here's some helpful information on PruFund, **including key points you should be aware of before you invest.** We'll also cover some facts about **PruFund Risk Managed 2**, including the fund objective, the risks and the charges

PruFund is a multi-asset fund. This means your money would be spread across different asset classes which helps to reduce your investment risk. PruFund also helps to protect your money from some of the extreme, short-term, ups and downs of the markets and give you a smoother return. We call this smoothing. PruFund is invested in our With-Profits Fund, the largest of its kind in the UK. There may be times when we need to suspend smoothing in order to protect our customers in the With-Profits fund.

When you invest in PruFund, your money is pooled together with other investors. This pool of money is then used to buy a large range of different types of asset classes, which, as you've read, helps reduce risk. Pooling money also brings about other benefits like having access to a wide range of global funds that individual investors may not. And, because there are many, many investors, the costs are spread out too.

A key benefit of PruFund is that it's actively managed by teams of investment experts. Our experts continually assess data and performance information to make ongoing decisions about where to invest (and where not to) as well as looking out for new opportunities. To achieve the right mix of assets at any given time, they also have a regular process of monitoring and adjusting the mix to respond to changing market conditions.

Important information about PruFund

There are some important aspects of PruFund you should understand before investing. For example, the aim of smoothing is to protect you from the extreme, short-term, highs and lows of the market. But there may be times when we suspend smoothing in order to protect our With-Profits fund.

We set **Expected Growth Rates** (known as EGRs) for PruFund. These are the yearly rates we expect your investment to grow at. The EGRs are reviewed every three months, when they could rise or fall. Find out more on **Pru.co.uk/egr**.

If returns are not as expected, we may need to adjust the value of your fund up or down. This is called a Unit Price Adjustment (UPA).

Changing your investment

When investing in PruFund you can only make one switch every three months.

If you're already in PruFund it usually takes 28 days to move your money out of PruFund into the new fund.

When moving into PruFund your money will initially be put in a holding account until the 25th of the month.

For more information please read your Terms and Conditions.

The objective of PruFund Risk Managed 2

All funds have an objective set out by the fund manager. The objective for PruFund Risk Managed 2 is -

The fund aims to achieve long-term total return (the combination of income and growth of capital). The fund is actively managed and aims to limit the fluctuations ('volatility') your investment experiences, after allowing for smoothing, to 10% per annum over the medium to long term. There is no guarantee that the fund will achieve its objective of managing the volatility to the target level.

What this means

Prudential PruFund Risk Managed 2 aims to maximise your medium to long term returns (5 to 10 years or more) with a medium level of risk. It also offers you some protection from the extreme, short-term, ups and downs of the market by aiming to deliver smoothed returns.

As we've seen from the fund objective the volatility limit for your fund is 10%. This means the aim is to try and ensure the fund doesn't fluctuate by any more than 10%. If that does happen, as there is no guarantee it will always be within the limits, the fund manager will take action to try to bring it back within the guidelines.

Where is PruFund Risk Managed 2 invested?

The PruFund Risk Managed 2 fund invests in a wide range of different assets. The splits of these assets determines the risk level of the fund and therefore the potential for reward. As shown on the chart on page 4, shares tend to be the most risky asset class with cash being the least risky.

On a scale of 1-6 your fund has a risk rating of 3, meaning it has a medium risk.

The asset mix is regularly reviewed and may vary from time to time, but will always be consistent with the fund objective. The asset mix is shown as at 30 June 2020.

Fund costs and charges

In this table you can see the percentage invested along with the costs and charges. The yearly total is made up of the yearly charge and further costs. The yearly total is on top of the Product Charge and any Adviser Charges you already pay. Costs and charges are subject to change.

The full details of all these costs and charges are in your illustration.

Fund name	% of Investment in selected fund	Yearly Charge	Further costs	Yearly total
Prudential PruFund Risk Managed 2 fund	100%	0.65%	0.13%	0.78%

If you plan to take out all your money within the next 5 years.

The funds selected to match your choice of Pathway are the
Legal & General Cash Trust and **Prudential PruFund Risk Managed 1**

Why we've selected these funds

As you're not investing for the longer term (5 -10 years or more) the majority of your money would be invested in a cash fund. Investing in a cash fund is safer than, for example, investing all your money in the stock market. The rest of your money would be invested in a fund which aims to provide steady growth. The combination of these funds aims to provide returns that keep up with inflation. The value of your investment can go down as well as up, so you might not get back the amount you put in.

PruFund and how it works

Here's some helpful information on PruFund, **including key points you should be aware of before you invest.** We'll also cover some facts about **PruFund Risk Managed 1**, including the fund objective, the risks and the charges.

PruFund is a multi-asset fund. This means your money would be spread across different asset classes which helps to reduce your investment risk. PruFund also helps to protect your money from some of the extreme, short-term, ups and downs of the markets and give you a smoother return. We call this smoothing. PruFund is invested in our With-Profits Fund, the largest of its kind in the UK. There may be times when we need to suspend smoothing in order to protect our customers in the With-Profits fund.

When you invest in PruFund, your money is pooled together with other investors. This pool of money is then used to buy a large range of different types of asset classes, which, as you've read, helps reduce risk. Pooling money also brings about other benefits like having access to a wide range of global funds that individual investors may not. And, because there are many, many investors, the costs are spread out too.

A key benefit of PruFund is that it's actively managed by teams of investment experts. Our experts continually assess data and performance information to make ongoing decisions about where to invest (and where not to) as well as looking out for new opportunities. To achieve the right mix of assets at any given time, they also have a regular process of monitoring and adjusting the mix to respond to changing market conditions.

Important information about PruFund

There are some important aspects of PruFund you should understand before investing. For example, the aim of smoothing is to protect you from the extreme, short-term, highs and lows of the market. But there may be times when we suspend smoothing in order to protect our With-Profits fund.

We set **Expected Growth Rates** (known as EGRs) for PruFund. These are the yearly rates we expect your investment to grow at. The EGRs are reviewed every three months, when they could rise or fall. Find out more on **Pru.co.uk/egr**.

If returns are not as expected, we may need to adjust the value of your fund up or down. This is called a Unit Price Adjustment (UPA).

Changing your investment

When investing in PruFund you can only make one switch every three months.

If you're already in PruFund it usually takes 28 days to move your money out of PruFund into the new fund.

When moving into PruFund your money will initially be put in a holding account until the 25th of the month.

For more information please read your Terms and Conditions.

The objective of these funds

All funds have an objective set out by the fund manager.

The objective of Legal & General Cash Trust is –
To maintain capital and to provide a return in line with money market rates, before charges.

What this means

Legal & General Cash Trust aims to provide a safer investment for your money than, for example, putting all your money in the stock market.

The objective of PruFund Risk Managed 1 is -
PruFund risk Managed 1 aims to achieve long-term total returns (the combination of income and growth of capital). The fund is actively managed and aims to limit the fluctuations ('volatility') your investment experiences, after allowing for smoothing, to 9% per annum over the medium to long term. There is no guarantee that the fund will achieve its objective of managing the volatility to the target level.

What this means

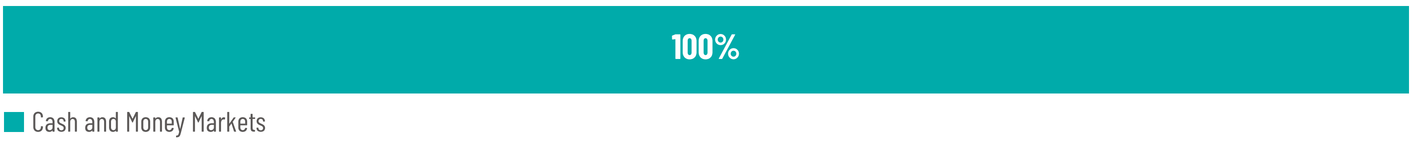
PruFund Risk Managed 1 aims to maximise your medium to long term returns (5-10 years) with a low level of risk. It also offers you some protection from the extreme, short-term, ups and downs of the market by aiming to deliver smoothed returns.

As we've seen from the fund objective, the volatility limit for PruFund Risk Managed 1 is 9%. This means the aim is to try to ensure the fund value doesn't fluctuate by any more than 9%. If that does happen, as there is no guarantee it will always be within the limits, the fund manager will take action to try to bring it back within the guidelines.

Where will my money be invested?

The split of assets determines the risk level of the fund and therefore the potential for reward. As shown on the chart on page 4, shares tend to be the most risky asset class with cash being the least risky.

Legal & General Cash Trust invests in cash, and Money Market investments that have a lower level of risk. This fund has a risk rating of 1.



This is as at 30 September 2020.

PruFund Risk Managed 1 invests in a wide range of different assets. This fund has a risk rating of 2, and you can see how the money is split between the asset classes.

The asset mix is regularly reviewed and may vary from time to time, but will always be consistent with the fund objective. The asset mix is shown as at 30 June 2020.

On a scale of 1-6 your Investment Pathway has a risk rating of 2, meaning it has a medium to low risk.

Fund costs and charges

In this table you can see the percentage invested along with the costs and charges. The yearly total is made up of the yearly charge and further costs and will be applied proportionately based on the percentage of the investment in each fund. The yearly total is on top of the Product Charge and any Adviser Charges you already pay. Costs and charges are subject to change.

The full details of all these costs and charges are in your illustration.

Fund name	% of Investment in selected fund	Yearly Charge	Further costs	Yearly total
Legal & General Cash Trust	67%	0.15%	0.00%	0.15%
Prudential PruFund Risk Managed 1	33%	0.65%	0.11%	0.76%

Also, it's important to note that the split of your money invested in each fund may change over time due to the performance of the fund. The overall charge you pay will also depend on the actual split and may fluctuate over time.

What to do next

If you have decided an Investment Pathway is right for you, there are two ways to go ahead. You can call our Customer Service Executives. They can't tell you which option to go for, or give you advice but they can give you information to help you make a decision.

Or, you can use our Online Service. To register or login, simply go to our website **pru.co.uk/pension**.

Whatever option you choose you will get an illustration. You should read your illustration alongside your Key Features Document, which has important information about how fund switching works. You'll need to ensure you are comfortable with this information before going ahead. If you need a copy of the Key features document you can visit at **pru.co.uk/retirement-account**.

We recommend you get advice or guidance

We know there's a lot to consider when you're investing money, and it can be tricky to know where to start. To help you understand all your options, we recommend speaking to your adviser or getting guidance.

Getting advice

We always recommend speaking to your adviser when making decisions about the money in your Retirement Account. Your adviser is best placed to look at your individual circumstances and recommend what is right for you. If you don't have an adviser, you can find one at **unbiased.co.uk**.

Getting guidance

Pension Wise is a free and impartial guidance service offered by the government. They won't make recommendations or tell you how to invest your money, but will provide information on a range of available pension options. You can arrange an appointment to speak to a pension specialist by calling 0800 280 8880 or visiting **pensionwise.gov.uk.**

Be sure to shop around

The drawdown and Investment Pathway options you get from your pension provider might not be the best for you. It's always worth comparing what you can get from other providers too, because you might be able to get a better deal.

The Money and Pensions Service (MaPS) brings together three financial guidance bodies: The Money Advice Service, The Pensions Advisory Service and Pension Wise. They offer free and impartial services, set up by the government, to help you understand and improve your finances. They can provide helpful information on how to shop around for Pathway options offered by other companies. You can also use their drawdown comparison tool to see what different providers offer. You can find out more on their website **moneyandpensionsservice.org.uk**.

pru.co.uk

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