



Prudential Investment Plan

Fund Guide

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This fund guide includes a list of funds that are available with our Prudential Investment Plan.

We'd like everyone to find it easy to deal with us. Please let us know if you need information about our plans and services in a different format.

All our literature is available in audio, large print or braille versions. If you'd like one of these please contact us on 0345 640 2000 and we'll send these out to you.

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 17 September 2018 unless another date is shown.
- 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
- All views are Prudential's own.
- 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.
- If there is information in this document that you'd like to discuss, then please contact your financial adviser.

Funds that are open to new and existing investors

You'll find a Key Information Document for the Prudential Investment Plan, and Investment Option Documents for each of the funds that are open to new investors at pru.co.uk/pro-docs/PIP

These documents include information such as:

- Investment objective
- Risk indicator
- Performance scenarios

For the funds listed below, it's very important that you read both the Prudential Investment Plan Key Information Document and relevant fund Investment Option Document(s) before making an investment decision.

If you're invested in a fund, that's available through the Prudential Investment Plan, but it's not listed in this section then please see pages 10 to 11.

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's 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 Multi-Asset Funds

Prudential PruFund 0-30

Prudential PruFund 10-40

Prudential PruFund 20-55

Prudential PruFund 40-80

Prudential PruFund Cautious

Prudential PruFund Growth

Prudential PruFund Protected Cautious

Prudential PruFund Protected Growth

Prudential Dynamic Focused 0-30 Portfolio

Prudential Dynamic Focused 10-40 Portfolio

Prudential Dynamic Focused 20-55 Portfolio

Prudential Dynamic Focused 40-80 Portfolio

Prudential Dynamic Focused 60-100 Portfolio

Prudential Dynamic 0-30 Portfolio

Prudential Dynamic 10-40 Portfolio

Prudential Dynamic 20-55 Portfolio

Prudential Dynamic 40-80 Portfolio

Prudential Dynamic 60-100 Portfolio

Additional Fund Choice

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.

| Additional Fund Choices | |
|--|--|
| Prudential Aberdeen Japan Equity | Prudential HC Verbatim Portfolio 4 |
| Prudential Artemis European Growth | Prudential HC Verbatim Portfolio 5 Growth |
| Prudential Artemis Global Growth | Prudential HC Verbatim Portfolio 5 Income |
| Prudential Artemis High Income | Prudential HC Verbatim Portfolio 6 |
| Prudential Artemis Income | Prudential HC Verbatim Portfolio 7 |
| Prudential Artemis Strategic Bond | Prudential International |
| Prudential Artemis UK Select | Prudential Invesco Perpetual Corporate Bond |
| Prudential Artemis UK Smaller Companies | Prudential Invesco Perpetual Distribution |
| Prudential Artemis UK Special Situations | Prudential Invesco Perpetual Global Bond |
| Prudential AXA Framlington UK Select Opportunities | Prudential Invesco Perpetual Global Targeted Returns |
| Prudential Baillie Gifford American | Prudential Invesco Perpetual High Income |
| Prudential Baillie Gifford High Yield Bond | Prudential Invesco Perpetual Income |
| Prudential BlackRock Gold & General | Prudential Invesco Perpetual Managed Growth |
| Prudential BlackRock UK | Prudential Invesco Perpetual Monthly Income Plus |
| Prudential BlackRock UK Special Situations | Prudential Invesco Perpetual UK Growth |
| Prudential Cash | Prudential Investec Cautious Managed |
| Prudential Equity | Prudential Investec Global Strategic Equity |
| Prudential European | Prudential Janus Henderson Cautious Managed |
| Prudential European Tracker | Prudential Janus Henderson China Opportunities |
| Prudential Fidelity Asia | Prudential Janus Henderson European Growth |
| Prudential Fidelity European | Prudential Janus Henderson European Selected Opportunities |
| Prudential Fidelity MoneyBuilder Income | Prudential Janus Henderson Preference and Bond |
| Prudential Global Emerging Markets Portfolio | Prudential Japanese |
| Prudential HC Verbatim Portfolio 3 | Prudential JP Morgan Europe Dynamic (ex UK) |
| | Prudential JP Morgan Natural Resources |

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|---|
| Prudential Jupiter European Special Situations |
| Prudential Jupiter Merlin Balanced Portfolio |
| Prudential Jupiter Merlin Growth Portfolio |
| Prudential Kames Ethical Equity |
| Prudential Kames Investment Grade Bond |
| Prudential Kames Strategic Bond |
| Prudential Kames UK Opportunities |
| Prudential L&G UK Property |
| Prudential M&G Corporate Bond [#] |
| Prudential M&G Dividend |
| Prudential M&G Episode Allocation |
| Prudential M&G Episode Growth |
| Prudential M&G Gilt & Fixed Interest Income ^{##} |
| Prudential M&G Global High Yield Bond |
| Prudential M&G Global Themes |
| Prudential M&G Managed Growth |
| Prudential M&G Property Portfolio |
| Prudential M&G Recovery |
| Prudential M&G Smaller Companies |
| Prudential M&G Strategic Corporate Bond |
| Prudential M&G UK Select |
| Prudential Man GLG Japan CoreAlpha |
| Prudential Managed |
| Prudential Newton Global Equity |

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|---|
| Prudential Newton Global Income |
| Prudential Newton Multi-Asset Balanced |
| Prudential North American |
| Prudential Old Mutual UK Mid Cap |
| Prudential Pacific Markets |
| Prudential Royal London Sustainable Leaders |
| Prudential Schroder Income |
| Prudential Schroder Tokyo |
| Prudential Schroder UK Smaller Companies |
| Prudential Schroder US Mid Cap |
| Prudential Stewart Investors Asia Pacific Leaders |
| Prudential Strategic Growth |
| Prudential UK Equity and Bond |
| Prudential UK Tracker |

Distribution Income Funds*

| |
|---|
| Prudential 0-35% Equity Managed Distribution** |
| Prudential Invesco Perpetual Income (Inc)*** |
| Prudential M&G Corporate Bond (Inc)*** |
| Prudential M&G Dividend (Inc)*** |
| Prudential M&G Gilt and Fixed Interest Income (Inc)** |
| Prudential M&G Global High Yield Bond (Inc)*** |
| Prudential M&G Property Portfolio (Inc)*** |
| Prudential Managed Distribution** |

[#] Formerly known as Prudential Corporate Bond Fund.

^{##} Formerly known as Prudential Fixed Interest Fund.

* 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.

** These funds distribute on the **17 February/17 August** each year.

*** These funds distribute on the **17 May/17 November** each year.

Information to read before making a decision

The fund value

The value of your investment can go down as well as up so you might get back less than you put in.

For investments in the With-Profits Fund(s) (see page 11), 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 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)
- our charges
- the smoothing process
- whether you have chosen a Protected fund
- and when you take your money out

The guarantee, if applicable, is applied to your plan on the guarantee date. Please speak to your adviser or visit [pru.co.uk/investments/investment-fund-range/prufund-range](https://www.pru.co.uk/investments/investment-fund-range/prufund-range) for more information on PruFund and how it works, including an explanation of Expected Growth Rates.

Fund costs and charges

The funds shown on pages 4 to 6, each have an applicable Key Information Document and Investment Option Document. These include the following ongoing costs information:

- Portfolio transaction costs – The impact of the costs of buying and selling underlying investments.
- Other ongoing costs – The impact of the costs that a fund manager takes each year for managing your investments.

In those documents the 'Other ongoing costs' shown include the Annual Management Charge and, where applicable, further costs that may also apply. Further explanations on what these are follow below. For the funds that don't have a Key Information Document and Investment Option Document (as they're no longer available for new investors) then fund cost information is available on page 11.

We take a base Annual Management Charge (AMC) from each of the funds you invest in. This is the charge you pay to invest in a fund. Any further costs shown cover expenses borne by the fund.

If the AMC exceeds the return earned, the fund will go down in value. In general the AMC is taken by the deduction each day of 1/365th of the applicable Annual Management Charge, from the relevant unit-linked fund.

This differs slightly for With-Profits and PruFund.

For With-Profits the annual charge applied will depend on the returns we achieve on our With-Profits funds. We expect an annual charge of 1.25%, which is included in the fund cost on page 11, if the fund returns are 4.5% a year after tax. Charges on With-Profits business depend on the performance of the With-Profits Fund and, in particular, the investment returns achieved and expenses incurred. Over time, if investment returns are higher, then the charges would be expected to be higher, and if investment returns are lower, the charges would be expected to be lower. There's an additional charge to pay for the guarantees the With-Profits Fund supports. The annual charge, and charges to cover the cost of these guarantees, are already taken into account when we calculate the bonus rates for our With-Profits Fund. To find out more about the charges for this fund, please refer to the Key Features document or speak to your adviser.

The AMC for the PruFund funds is taken by the monthly cancellation of units from each investment.

If you select a Protected PruFund Fund, you'll be able to select from a range (where available) of guarantee terms, where the guarantee will only apply at the end of the selected guarantee term. Each guarantee term has its own additional charge and this will be payable for the whole of this term. For full details of the guarantee terms available and the associated charges, please refer to the document "PruFund Range of Funds: Guarantee Options" – INVS11470. You can get a copy of this from your adviser or from [pru.co.uk](https://www.pru.co.uk)

In addition to our annual charges, there are further costs which impact the overall performance of the fund. All other costs, excluding dealing costs as explained in the first bullet below, are included in the 'Other ongoing costs' in a Key Information Document and Investment Option Document and in the fund cost information on page 11 in this fund guide. Examples of these further costs include:

- When a fund manager trades the investments in your fund (for example, makes a decision to sell one holding and buy another) there are associated costs, for example taxes, which the fund pays. These are included in 'Portfolio transaction costs' in a Key Information Document and Investment Option Document. These costs are paid for out of the overall performance of the fund, but they're not included in the Further Costs figures on page 11 in this fund guide.
- For funds that invest in property, either directly (i.e. the fund owning physical property) or indirectly (i.e. owning units in a property fund or shares in a property company) there are additional costs incurred for the development, maintenance, operation and renovation of the properties held. We call these property expenses, and they're paid for out of the overall performance of the fund.

Where applicable, an Investment Option Document together with your illustration will include information on fund costs and charges applicable to your chosen fund(s).

Costs and charges may vary in future and they may be higher than they are now.

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

The fund costs and charges listed in this guide are indicative, based on the current levels of costs, and are correct as at 17 September 2018.

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 such as Unit Trusts, Open Ended Investment Companies (OEICs), derivatives or other investment vehicles, where 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).

PruFund Funds are all invested in the Prudential With-Profits Fund. The funds aim to protect investors against some of the extreme ups and downs of investment performance using "smoothing" mechanisms. But 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 WPG0027 for With-Profits and WPG0031 for PruFund) for more information.

The smoothing process offered by our PruFund funds means that we may apply restrictions to certain switches and withdrawals from these funds. To find out more, please refer to your product Key Features document, and the associated document "Your With-Profits Plan – a guide to how we manage the Fund (PruFund range of funds) – WPG0031.

Unit Pricing Basis for Unit-Linked Funds

When we determine the basis to be used for calculating the unit price, it's important to think about 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's 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 go up. In both cases the movement in price can be frequent, significant and will happen straight away.

You can find details of how we manage our Unit-Linked funds at pru.co.uk/ppfm/ul

You'll also find there a shortened "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

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 have any questions 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 wouldn't 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 can't guarantee that we'll never delay longer than these timescales. If these delays apply to you, we'll 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 (FSCS). You may be able to make a claim if Prudential is unable to meet its financial obligations. But, it's 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 pru.co.uk/about_us/fscs or you can call the FSCS on 0800 678 1100.

To find out more

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

For the funds listed on pages 4 to 6, it's very important that you read both the Key Information Document and relevant fund Investment Option Document(s) before making an investment decision. Pages 10 to 11 provide important information for funds that do not have a Key Information Document and Investment Option Document.

Funds that are only available to existing investors

As these funds are no longer available to new investors an Investment Option Document is not produced. Instead information is included here that can help you with an investment decision that you wish to make.

1) Potential reward and risk

Investing is about balancing the risk you're 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.

Prudential rate the potential reward and risk of the funds on the following pages on a scale from A (the lowest) to F (the highest).



Some key things to think about:

- The value of our funds may go down as well as up. You may not get back the full amount of your investment.
- These potential reward and risk categories are not the same as the information provided in Investment Options Documents and so it's not appropriate to compare directly across different funds.
- We've developed these risk rating categories to help provide an indication of the potential level of reward and risk that's attributable to a fund based on the type of assets which may be held within the fund.
- These risk rating categories shouldn't be considered generic to the fund management industry as other companies might use different descriptions.
- We regularly review these risk rating categories and so they might 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, we'll provide information on the new risk rating.

We strongly recommend that before making any fund choice you ensure you understand the appropriate risk ratings. You'll find this information in our fund guides, along with further information, at pru.co.uk/funds. For details of material fund changes please visit pru.co.uk/fundchanges. Information is normally shown for one year.

2) Asset class risk types

- Funds can invest in different types of assets. 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 and reduce the risk of losing money. So they're not relying on the performance of an individual asset or assets of the same type. We call this diversification.
- The next few pages show which asset class risk types relate to individual funds.
- You'll find definitions for each of the risk types by visiting pru.co.uk/risktypes

You should think about discussing any decision with your financial adviser.

It's important to also note that your adviser may make their own assessment of the risk rating of funds when thinking about your needs and objectives, and this may differ from Prudential's own internal assessment.

The information included in this guide is correct as at 17 September 2018 unless another date is shown.

Funds that are only available to existing investors

Access to the funds below is no longer available to new customers investing in Prudential Investment Plan on or after 11/09/2017. However if you're an existing customer pre 11/09/2017, you'll still be able to top up or switch into the Prudential With-Profits Optimum Return and the Prudential With-Profits Optimum Bonus Fund.

| | Potential Reward and Risk Indicator | Fund costs (%) [*] | Asset Class Risk Types | | | | | | | | Can existing investors in the product top-up | Can existing investors in the product switch in |
|---|-------------------------------------|-----------------------------|------------------------|----------------|----------|----------|--|-----------------------|-------------------------|-------|--|---|
| | | | Equity | Fixed Interest | Property | Currency | Smaller Companies and Developing Markets | Financial Instruments | Alternative Investments | Other | | |
| Prudential With-Profits (Optimum Bonus) | C | 1.33 | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | Yes | Yes |

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) | C | 1.37 | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | Yes | Yes |
|--|---|------|---|---|---|---|---|---|---|---|-----|-----|

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.

These funds are both invested in the Prudential With-Profits Fund, and aim to protect investors against some of the ups and downs of investment performance using a "smoothing" mechanism. Please refer to Your With-Profits Plan – a guide to how we manage the Fund (document reference WPG0027 for With-Profits) for more information.

For With-Profits the annual charge applied will depend on the returns we achieve on our With-Profits funds. We expect an annual charge of 1.25%, which is included in the fund cost above, if the fund returns are 4.5% a year after tax. There is an additional charge to pay for the guarantees the With-Profits Fund supports. The annual charge, and charges to cover the cost of these guarantees, are already taken into account when we calculate the bonus rates for our With-Profits Fund. To find out more about the charges for this fund, please refer to the Key Features document or speak to your adviser.

* This is equivalent to the 'Other ongoing costs' in an Investment Option Document. The 'Portfolio transaction costs' provided in a Key Information Document and Investment Option Document are not included in the figure above. Those 'Portfolio transaction costs' reflect the impact of buying and selling investments in the fund and they impact on the overall performance of a fund.

Funds that are only available to existing investors in the funds

The funds below are no longer available for further investment or switches.

| | Potential Reward and Risk Indicator | Fund costs (%) [*] | Asset Class Risk Types | | | | | | | Can existing investors in the product top-up | Can existing investors in the product switch in | |
|--|-------------------------------------|-----------------------------|------------------------|----------------|----------|----------|--|-----------------------|-------------------------|--|---|-------|
| | | | Equity | Fixed Interest | Property | Currency | Smaller Companies and Developing Markets | Financial Instruments | Alternative Investments | | | Other |
| Prudential M&G UK Euity Income (Inc)** | F | 1.22 | ✓ | | | | | | | | No | No |

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 is equivalent to the 'Other ongoing costs' in an Investment Option Document. The 'Portfolio transaction costs' provided in a Key Information Document and Investment Option Document are not included in the figure above. Those 'Portfolio transaction costs' reflect the impact of buying and selling investments in the fund and they impact on the overall performance of a fund.

** This fund can pay out a natural "income" based on what the underlying assets in the fund have earned (for example this can include dividends from shares). Please see your Key Features document for further information on withdrawing money from your plan. This fund distributes on the 17 February/17 August each year.

Some useful investment terms

You should read this section for information on what some of the more technical terms in this guide mean.

We've included this information in case there is wording that you're unsure of.

"Blue Chip" Companies

Companies which are large, and considered to be reputable and financially sound.

Bonds (and Fixed Interest Securities)

All bonds are really just IOUs that promise to pay an amount of money on a specified date and pay a fixed rate of interest along the way. Companies and governments can issue bonds, when they want to raise money. Bonds issued by companies are called corporate bonds. Bonds issued by the UK government are called gilts and those issued by the US government are called treasury bonds.

Collective Investment Schemes

A way of pooling investment with others within a single investment fund. Once you've joined the scheme, you can have access to a wider range of investments than if you were investing individually. You'll also share the costs and benefits. Collective Investment Schemes, OEICs, Unit Trusts, Mutual funds, usually either target investments in geographic regions (like emerging market countries) or specific themes (like technology or property).

Corporate Bonds

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

Derivatives

These refer to products such as futures and options which are generally an arrangement between different parties to buy or sell a standard quantity of a specified asset on a fixed future date at a price agreed today.

Equities

Equities are also known as shares or stocks. They are a share of the ownership of a company. Shares have two potential benefits. Firstly, the share price goes up as the value of the company goes up. Also, regular payments, called dividends, may be made to the owner of the share. These are based on how well the company is doing.

Financial Times Stock Exchange (FTSE)

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Floating Rate Notes

Short-term loans to financial companies, such as banks. The investor receives interest payments, and at the end of an agreed period the company has to repay the loan. The interest payment rates are linked to a specified "floating" rate, usually the London Interbank Offered Rate (LIBOR). This means that interest rate payments may go up or down.

Government Bonds

Loans to the government where the buyer of the government bond lends money to the government. In return, they get regular interest payments and the promise that the initial sum will be repaid on a specified later date.

Hedging

A way of trying to reduce or limit risk. Hedging involves making a deal in one market in order to try to protect against possible losses in another.

Index-Linked Securities

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

Investment Grade

An agency(e.g. Standard and Poors) can give a rating to a corporate or government bond. The rating indicates the agency believes that the bond issuer has a relatively low risk of not paying what it owes the buyer of the bond. 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)

The interest rate that London banks charge when they lend money to each other over a short period of time. It's often used as a benchmark by companies like banks when setting other short term interest rates.

Money Market Investments

These are cash and investments similar to cash such as bank deposits, certificates of deposits, fixed interest securities or floating rate notes. They usually have a life of less than a year.

OEIC

An open collective investment scheme. Like all such 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. When you invest new money, new shares or units are created to match the share price. When you take money out (redeem your shares), the assets are sold at the share price. An Open Ended Investment Company is a British version of a European SICAV (Société d'Investissement a Capital Variable) or Irish VCIC (Variable Capital Investment Company).

Preference Shares (also called Preferred Stock or Preferred Shares)

Shares in a company which give their holders a right to a fixed dividend payment. Some carry voting rights.

If you hold preference shares, you may get preferential treatment over common share holders. You'll get a dividend before them and, in the event of bankruptcy, you'll be paid from company assets before common share holders (but after debt holders).

Shares

See Equities.

Smaller Companies

Companies that you can find on a recognised exchange that have lower value than blue chip companies. In the UK, smaller companies are usually defined as those with market values below the top 350 companies in the FTSE All Share Index.

Undertakings for Collective Investment in Transferable Securities (UCITS)

Collective investments, such as OEICs and SICAVs, which can be sold across national borders within the EU.

Further information

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



pru.co.uk

"Prudential" is a trading name of The Prudential Assurance Company Limited, which is registered in England and Wales. This name is also used by other companies within the Prudential Group. Registered office at Laurence Pountney Hill, London EC4R 0HH. Registered number 15454. Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.