

Fund Update

For the Prudential (ex M&G) Range of pension funds

April 2020

Contents

Six monthly investment report for the period 1 October 2019 to 31 March 2020	3
M&G's view of the market 1 January 2020 to 31 March 2020	4
Prudential range of pension funds (ex M&G)	5
Further information	11

Six monthly investment report for the period 1 October 2019 to 31 March 2020

Who is the report for?

This report is intended for customers who hold pension plans with Prudential. These plans were originally taken out with M&G and transferred to Scottish Amicable Life in December 2000 and Prudential in 2002.

What is this report for?

The purpose of this document is to provide an insight on investment markets and funds over the period, and is provided for information purposes only.

It should not be considered as financial advice.

Any change to your investment arrangements should be discussed with an adviser.

Important

Please remember that past performance is not a reliable indicator of future performance. The commentary in this report reflects the general views of the individual fund manager and should not be taken as a recommendation or advice as to how a specific market or fund is likely to perform.

The value of your investment can go down as well as up so you might not get back the amount you put in. What you get back will depend on the fund chosen and how it performs and is not guaranteed.

All information is shown as at 30 April 2020 unless otherwise stated.

It is our policy to review the aims and objective of the products we offer, on a continual basis, in light of prevailing market conditions.

We may at some point in the future close, amend or merge any of the funds currently available in order to satisfy our customers' investment needs.

If this happens and your plan is linked to one of these funds we will write to you to let you know what we propose to do.

M&G's view of the market

1 January 2020 to 31 March 2020

Global investor sentiment remained broadly stable through the early part of the quarter, despite a brief flare-up in US/Iran tensions that had threatened to destabilise oil markets and the Middle East region. However, the emergence of the COVID-19 outbreak quickly affected financial markets from mid-February onwards. Emerging market equities were the first to be hit, reflecting the fact that the early part of the crisis was centred on China and its near neighbours. Steep falls in stockmarkets around the world then followed, as policymakers scrambled to provide monetary and fiscal support and populations went into lockdown. The oil price retreated as a result of a Saudi/Russia spat and amplified the levels of distress in the markets. Demand for 'risk-free' Western government bonds spiked, before later cooling off again. In the currency markets the US dollar strengthened against most major currencies, fulfilling its role a safe-haven currency in times of market stress.

Prudential range of pension funds (ex M&G)

The following is a list of existing funds covered in this report.

Below we have listed the current Annual Management Charge (AMC) and also the Total Charges for each fund. Please note that our charges may vary in the future and could be higher than they are now.

- “Total Charges” are the sum of the Annual Management Charge plus “Other Charges”
- “Other Charges” may consist of some or all the following:
 - Expenses incurred in relation to any underlying Unit Trust/OEIC holdings (often termed “Unit Trust Expenses” or “UTES”).
 - Other Charges and Expenses incurred in relation to any underlying Unit Linked Fund holdings, and:
 - Direct Custody Fees that the Unit Linked Fund bears (i.e. custodian fees relating to buying/selling assets and safe-keeping of asset records). Please note that the level of these fees are not set by Prudential and may change as and when the relevant body decides to do so.
 - Also, for funds that invest directly or indirectly in property there are additional costs incurred for the development, maintenance, operation and renovation of the properties held. These costs are known as property expenses, are paid for out of the overall performance of the fund.

Fund Name	AMC	Total Charges
Pru Cash Fund	1.00%	1.00%
Pru Equity Fund	1.00%	1.00%
Pru International Fund	1.00%	1.00%
Pru Japan Fund	1.00%	1.00%
Pru M&G Corporate Bond Fund	1.00%	1.00%
Pru M&G European Select Fund	1.00%	1.00%
Pru M&G Gilt & Fixed Interest Income Fund	1.00%	1.00%
Pru M&G Global High Yield Bond Fund	1.00%	1.00%
Pru M&G Global Select Fund	1.00%	1.00%
Pru M&G Global Themes Fund	1.00%	1.00%
Pru M&G Property Portfolio Fund	1.00%	1.68%
Pru M&G Recovery Fund	1.00%	1.00%
Pru M&G UK Income Distribution Fund	1.00%	1.00%
Pru M&G UK Select Fund	1.00%	1.00%
Pru Managed Fund	1.00%	1.05%
Pru Managed Income Fund	1.00%	1.00%
Pru North American Fund	1.00%	1.00%
Pru Pacific Markets Fund	1.00%	1.13%
Pru Personal Pension Equity Fund	0.50%	0.50%
Pru PPP Fund	1.00%	1.00%

Pru Cash Fund

Objective: 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.

Pru Equity Fund

Objective: The investment strategy of the fund is to purchase units in the LF Prudential UK Growth Qualified Investor Scheme Fund – the underlying fund. Underlying Fund Objective: The 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).

Pru International Fund

Objective: 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 M&G, Eastspring and PPMA.

Pru Japan Fund

Objective: The investment strategy of the fund is to purchase units in the M&G Japan Fund – the underlying fund. Underlying Fund Objective: The fund aims to provide a higher total return (the combination of capital growth and income), net of the Ongoing Charge Figure, than that of the MSCI Japan Index over any five-year period. At least 80% of the fund is invested directly in equity securities and equity related securities of companies across any sectors and market capitalisations that are incorporated, domiciled, or do most of their business in Japan. The fund usually holds a concentrated portfolio of fewer than 50 companies. The fund may also invest other transferable securities directly and via collective investment schemes (including funds managed by M&G). The fund may also hold cash and near cash for liquidity purposes. Derivatives may be used for efficient portfolio management and hedging.

Pru M&G Corporate Bond Fund

Objective: The investment strategy of the fund is to purchase units in the M&G Corporate Bond Fund – the underlying fund. Underlying Fund Objective: 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 IA £ Corporate Bond Sector over any five-year period. At least 70% of the fund is invested, directly or indirectly through derivatives, in investment grade corporate debt securities. These securities can be issued by companies from anywhere in the world, including Emerging Markets. These securities are denominated in sterling or hedged back to sterling.

Other investments may include:

- debt securities issued or guaranteed by governments and their agencies, public authorities, quasi-sovereigns and supranational bodies, denominated in any currency;
- below investment grade and unrated debt securities;
- Asset-Backed Securities; and
- other transferable securities, cash, and near cash, directly or via collective investment schemes (including funds managed by M&G).

Derivatives may be used for investment purposes, efficient portfolio management and hedging.

Pru M&G European Select Fund

Objective: The investment strategy of the fund is to purchase units in the M&G European Select Fund – the underlying fund. Underlying Fund Objective: The fund aims to provide a combination of capital growth and income, net of the Ongoing Charge Figure, that is higher than the FTSE World Europe ex UK Index over any five-year period.

Pru M&G Gilt & Fixed Interest Income Fund

Objective: The investment strategy of the fund is to purchase units in the M&G Gilt & Fixed Interest Income Fund – the underlying fund. Underlying Fund Objective: 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.

Pru M&G Global High Yield Bond Fund

Objective: The investment strategy of the fund is to purchase units in the M&G Global High Yield Bond Fund – the underlying fund. Underlying Fund Objective: The fund aims to provide a higher total return (the combination of capital growth and income), net of the Ongoing Charge Figure, than that of the ICE BofAML Global High Yield Index (GBP Hedged) over any five-year period. At least 80% of the fund is invested, directly or indirectly through derivatives, in below investment grade corporate debt securities, These securities can be issued by companies from anywhere in the world, including Emerging Markets.

Other investments may include:

- Asset-Backed Securities, and
- other transferable securities, government bonds, cash, and near cash, directly or via collective investment schemes (including funds managed by M&G).

There are no credit quality restrictions applicable to the fund's investments. The fund aims to hedge any non-sterling assets back to sterling. Derivatives may be used for investment purposes, efficient portfolio management and hedging.

Pru M&G Global Select Fund

Objective: The investment strategy of the fund is to purchase units in the M&G Global Select Fund – the underlying fund.

Underlying Fund Objective: The fund aims to provide a higher total return (the combination of capital growth and income), net of the Ongoing Charge Figure, than that of the MSCI World Index over any five-year period.

At least 80% of the fund is invested in equity securities and equity-related securities of companies across any sector and market capitalisation that are domiciled in any country, including Emerging Markets.

The fund has a concentrated portfolio and usually holds fewer than 40 companies.

Sustainability considerations play an important role in determining the investment universe and assessing business models. The fund excludes securities issued by companies that are assessed to be in breach of the United Nations Global Compact principles on human rights, labour, environment and anti-corruption; and companies involved in the production of tobacco and controversial weapons.

Pru M&G Global Themes Fund

Objective: The investment strategy of the fund is to purchase units in the M&G Global Themes Fund – the underlying fund. Underlying Fund Objective: The fund aims to provide a higher total return (the combination of capital growth and income) than that of the MSCI ACWI Index over any five-year period. The fund will invest at least 80% of its Net Asset Value in the equity securities of companies across any sectors and market capitalisations that are domiciled in any country, including emerging markets. The fund may also invest in collective investment schemes, other transferable securities and may hold cash for liquidity purposes. Derivatives may be used for efficient portfolio management.

Pru M&G Property Portfolio Fund

Objective: The investment strategy of the fund is to purchase units in the M&G Property Portfolio – the underlying fund. Underlying Fund Objective: The 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.

Pru M&G Recovery Fund

Objective: The investment strategy of the fund is to purchase units in the M&G Recovery Fund – the underlying fund. Underlying Fund Objective: The fund aims to provide a higher total return (the combination of capital growth and income), net of the Ongoing Charge Figure, than that of the FTSE All-Share Index over any five-year period. At least 80% of the fund is invested directly in equity securities and equity-related securities of companies across any sectors and market capitalisations that are incorporated, domiciled, listed or do most of their business in the United Kingdom. The fund may also invest in other transferable securities directly and via collective investment schemes (including funds managed by M&G). The fund may also hold cash for liquidity purposes. Derivatives may be used for efficient portfolio management and hedging.

Pru M&G UK Income Distribution Fund

Objective: The investment strategy of the fund is to purchase units in the M&G UK Income Distribution Fund – the underlying fund. Underlying Fund Objective: The fund aims to increase income distributions over time and targets a yield greater than that of the FTSE All-Share Index. Although income will be the primary consideration, the investment manager will also aim for capital growth. At least 70% of the fund will be invested in UK equities. The fund focuses on good-quality but undervalued stocks that offer a higher income than the FTSE All-Share Index by identifying those companies that exhibit the following qualities: strong business operations, good cash flows and attractive dividend growth prospects. The fund may also invest in sterling-denominated fixed income securities. Cash and near cash may be held for ancillary purposes and derivatives may be used for efficient portfolio management and hedging purposes.

Pru M&G UK Select Fund

Objective: The investment strategy of the fund is to purchase units in the M&G UK Select Fund – the underlying fund. Underlying Fund Objective: The fund to provide a higher total return (the combination of capital growth and income), net of the Ongoing Charge Figure, than that of the FTSE All Share Index over any five-year period. At least 80% of the fund is invested directly in equity securities and equity-related securities of companies across any sectors and market capitalisations, that are incorporated, domiciled, listed or do most of their business in the United Kingdom. The fund usually holds a concentrated portfolio of fewer than 50 companies. The fund may also invest in other transferable securities directly and via collective investment schemes (including funds managed by M&G). The fund may also hold cash for liquidity purposes. Derivatives may be used for efficient portfolio management and hedging.

Pru Managed Fund

Objective: 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.

Pru Managed Income Fund

Objective: The investment strategy of the fund is to purchase units in the M&G Episode Growth Fund – the underlying fund. Underlying Fund Objective: The fund aims to deliver a higher total return (the combination of capital growth and income), net of the Ongoing Charge Figure, than that of a composite index comprising two thirds global equities and one third global bonds, over any five-year period. The fund is a multi-asset fund that invests across a range of asset classes, including equities, fixed income securities, convertibles, cash and near cash. Exposure to these assets may be gained either directly or indirectly via collective investment schemes or derivatives. The fund may also invest indirectly via collective investment schemes or derivatives in other asset classes such as property and gold. The currency exposure of the fund will be actively managed, seeking to enhance returns, with a minimum of 25% of the fund exposed to sterling and a minimum of 50% in developed market currencies (including sterling). Derivatives may be used for investment purposes, efficient portfolio management and hedging.

Pru North American Fund

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

Pru Pacific Markets Fund

Objective: The investment strategy of the fund is to purchase units in the LF Prudential Pacific Markets Trust – the underlying fund. Underlying Fund Objective: That trust aims 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.

Pru Personal Pension Equity Fund

Objective: The investment strategy of the fund is to achieve long-term capital growth (the combination of income and growth of capital) by investing mainly in UK and International companies, predominantly through collectives managed by M&G, Eastspring and PPMA.

Pru PPP Fund

Objective: The investment strategy of the fund is to achieve long-term capital growth (the combination of income and growth of capital) by investing mainly in UK and International companies, predominantly through collectives managed by M&G, Eastspring and PPMA.

Further information

Source: London Stock Exchange Group plc and its group undertakings (collectively, the "LSE Group"). © LSE Group 2018. FTSE Russell is a trading name of certain of the LSE Group companies. e.g., "FTSE®" "Russell®", "FTSE Russell®", "MTS®", "FTSE4Good®", "ICB®", "Mergent®, The Yield Book®," are a trade mark(s) of the relevant LSE Group companies and are used by any other LSE Group company under license. "TMX®" is a trade mark of TSX, Inc. and used by the LSE Group under license. All rights in the FTSE Russell indexes or data vest in the relevant LSE Group company which owns the index or the data. Neither LSE Group nor its licensors accept any liability for any errors or omissions in the indexes or data and no party may rely on any indexes or data contained in this communication. No further distribution of data from the LSE Group is permitted without the relevant LSE Group company's express written consent. The LSE Group does not promote, sponsor or endorse the content of this communication.

For any other plan and fund information, please contact

Prudential Customer Services Department

**Lancing
BN15 8GB**

Tel: **0800 000 000**

Calls may be monitored and recorded for quality and security purposes.

Investment Management

Your funds are managed by M&G Investment Management Limited which is authorised and regulated by the Financial Conduct Authority ("FCA") and is registered on the FCA's register, No. 119328. M&G Investment Management Limited is a wholly owned subsidiary of M&G plc – global.mandg.com

Please note that exchange rate fluctuations can affect both income and capital value of funds with overseas investments.

For up-to-date performance information and daily fund prices, simply log on to pru.co.uk/funds and follow the steps below:

- choose "Fund Prices, info and tools"
- select Pension Funds
- Filter on Plan/Product
- select Former M&G Pension Plans

pru.co.uk

"Prudential" is a trading name of The Prudential Assurance Company Limited which is registered in England and Wales. Registered Office at 10 Fenchurch Avenue, London EC3M 5AG. Registered number 15454. Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.