

# Fund Brochure

Prudential Personal Pension

# Choice of Funds

Before you decide which fund or funds to invest in, you should consider the types of funds and the level of risk involved with each.

## Types of funds

Our range of pension plans offers you the choice of investing in a wide range of funds. You can select investment funds that are solely managed by Prudential or in some cases, those managed by other leading external investment managers.

The investment funds available to you will invest in equities, property, fixed interest securities/bonds, cash or a mixture of these. Each of these investments has a different characteristic and can be summed up as follows:

<b>Equities</b>	Company shares
<b>Property</b>	Commercial property investment in offices, shops and factories
<b>Bonds</b>	Interest paying securities issued by companies, governments and other official bodies
<b>Cash</b>	Investments in short-term interest bearing deposits and bonds

## How much risk should I take with my money?

Before deciding which funds to invest in, you should consider the types of funds and level of risk involved. To help you choose an investment mix to suit your specific needs, the funds are graded into risk bands – minimal risk, lower risk, lower to medium risk, medium risk, medium to higher risk and higher risk.

These risk categories have been developed by Prudential. They should not be viewed as generic descriptions across the fund management industry and Prudential will review them regularly. Therefore they may change in the future.

They serve to indicate the potential level of risk attributable to that specific fund.

Furthermore, for pension investment, it is important to take into account the perceived fund risk that suit each individual life stage. Different risk profiles may be appropriate at different stages of the investment.

You should also consider that the effect of inflation would be to reduce what you could buy in the future with your pension.

If investment returns are sufficiently low, inflation could cancel out returns that you make on your pension investment.

This risk is particularly relevant to lower risk funds that invest in fixed interest and cash, because they have no protection against inflation, as provided by equity and property investments.

Risk Categories	Risk Category Descriptions
<p><b>General</b> These risk categories have been classified by Prudential, they should not be viewed as generic descriptions across the fund management industry. These classifications may change in the future.</p>	
<p><b>Minimal Risk</b> Prudential Cash Pension Fund</p>	<p>These funds may invest in a combination of cash, money market instruments and other types of interest bearing securities.</p>
<p><b>Lower Risk</b> Prudential Fixed Interest Pension Fund</p>	<p>These funds may invest in fixed interest securities including gilts, index-linked and an element of corporate bonds. These types of investment are generally recognised as lower risk</p>
<p><b>Lower to Medium Risk</b> Prudential Corporate Bond Pension Fund Prudential With-Profits Pension Fund</p>	<p>Some of these funds invest in fixed interest securities, predominantly corporate bonds, with higher yielding corporate bonds placed towards the top end of this range as they carry higher default risk. The other funds in this category invest in a wide range of assets which help to provide risk diversification.</p>
<p><b>Medium Risk</b> Prudential Managed Pension Fund Prudential Property Pension Fund</p>	<p>These funds are predominantly multi-asset funds with a higher weighting in equities. The Property Fund is also in this category.</p>
<p><b>Medium to Higher Risk</b> Prudential International Pension Fund Prudential Invesco Perpetual Managed Pension Fund Prudential Newton Managed Pension Fund</p>	<p>These funds offer a diverse geographical spread of equity investment. The funds within this category will have greater overseas exposure and underlying volatility than the "medium" sector.</p>
<p><b>Higher Risk</b> Prudential Equity Pension Fund Prudential Ethical Pension Fund Prudential European Pension Fund Prudential Invesco Perpetual Income Pension Fund Prudential Japanese Pension Fund Prudential Newton Higher Income Pension Fund Prudential North American Pension Fund Prudential Pacific Markets Pension Fund Prudential Small Companies Pension Fund</p>	<p>These are specialist equity funds that focus on set geographical regions or a particular type of share e.g. shares of smaller companies or those that conform to certain criteria.</p>

For more information on each of these funds, including details of where they can invest, please see the fund objectives starting on page 5.

There are certain risks associated with the funds that we offer. The key ones are as follows:

➤ **The value of an investment or fund may fluctuate and is therefore not guaranteed.**

**You may not get back the full amount of your original investment.**

➤ A Market Value Reduction may be applied to money that is taken out of the With-Profits Fund. Please see the Key Features Document for further details.

➤ The sterling value of overseas investments in the funds may also rise and fall as a result of exchange rates fluctuations.

➤ For full details on charges please see the Key Features Document.

### Can I change my mind?

Although we ask you to choose which fund you'd like to invest in, you can switch your existing funds from one to another and/or choose to redirect future contributions to a different fund. There is currently no charge for switching although we reserve the right to do so in the future.

When switching between different investment funds (including under the Lifestyle Option), the sale of existing units and the purchase of new units will not normally take place on the same date. For example, the new units may be bought on a date and using the relevant unit price some three or four days later than the date the original units were sold. The prices of units can, as always, go up or down during that time: this is a risk that is borne by you. The exact time lapse between sale and purchase will depend on the investment funds involved in the switch.

No interest is due for the period between the sale and purchase of units.

A Market Value Reduction (MVR) may be applied if you switch out of, or you take money out of the With-Profits fund.

We may make an adjustment to your fund value if the value of the underlying assets is less than the value of your plan including all bonuses. This adjustment is designed to protect investors who are not taking their money out of the Fund. However, the amount you get back from your Plan will not be less than the value of the underlying investments relating to your part of the Fund. We apply the MVR to your Plan value including regular and final bonuses. We do not apply an MVR at your selected retirement date or on any claims due to death (see Key Features Document for more details).

### Choosing an investment fund

You can choose to invest your money in a range of funds, or you may prefer to choose a Lifestyle Option, which will automatically switch the investments as you approach retirement.

### Lifestyling

Lifestyling is an investment strategy which aims to provide long-term growth, but with automatic switching into funds with lower risk profiles as you approach retirement. To begin with all your contributions would be invested in a fund with a higher risk profile. Then 8 or 10 years before your Selected Retirement Date, we will gradually move your money into funds with a lower risk profile. The switches are free of charge.

### The funds

Prudential is committed to providing a broad range of investment funds by offering you the choice of selecting investment funds solely managed by Prudential or those managed by leading external investment managers. If you choose an externally managed investment fund, Prudential will act on your behalf by buying the appropriate number of units in your chosen fund.

In addition, the sale and purchase of units in any of the funds (including switches between funds) may be delayed in some circumstances. For example, where the interests of all policyholders need to be protected, or where there is a delay in receiving the proceeds of a sale of assets, or in circumstances where it is not possible to trade.

The investment funds are currently all "forward priced". This means that the unit prices for any given transaction – that is buying units with payments, selling units to provide benefits or a transfer out or switching between investment funds – is not determined until after the transaction has started to be processed. There may be a time lapse between the date you request the transaction and the relevant unit price date(s) for that transaction, with a further delay before the relevant unit price(s) is known. Where selling units, there may also be a time lapse before the proceeds of the sale are made available for reinvestment or to provide benefits or a transfer out. In any particular case, the exact time lapse will depend on the investment fund(s) involved in the transaction.

In some circumstances, an external fund manager may make an adjustment either to purchases or sales of units, in order to ensure that those policyholders who are not trading in its funds are not treated unfairly. If such an adjustment is made, we may have to make a corresponding adjustment to the unit price for either buying or selling units in that externally linked fund on that day. Please refer to the list of funds in conjunction with the Key Features Document.

Funds and Fund managers	Objective	Risk rating	Current charges per year
<b>Prudential Cash Pension Fund*</b>	This Fund aims to produce the optimum return by investing in interest bearing deposits and other money market investments including Floating Rate Notes, pooling the cash of all investors.	Minimal	1%
<b>Prudential Fixed Interest Pension Fund</b>	This Fund aims to provide a high and secure income, with stability of capital by investing mainly in Government, sovereign and government guaranteed stocks.	Lower	1%
<b>Prudential Corporate Bond Pension Fund</b>	This Fund aims to maximise the total long term growth (the combination of income and growth of capital) in sterling by investing in a portfolio consisting wholly or mainly of bonds issued by UK companies.	Lower to Medium	1%
<b>Prudential With-Profits Pension Fund</b>	<p>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.</p> <p>There are currently two types of bonuses:</p> <p><b>Regular Bonus</b> This is added during the term of your plan. When we decide the rates of regular bonus, the main thing we consider is the return we expect our investments to earn in the future. We hold back some of this return to enable us to pay final bonus.</p> <p><b>Final Bonus</b> This is an additional bonus, which we expect to pay when you take money from your plan. If the investment return has been low over the lifetime of your plan, a final bonus may not be paid. There is no guarantee final bonus will be paid.</p> <p>If all, or any part of the pension is invested in the With-Profits Fund and the pension is transferred or early retirement is taken, we may apply an adjustment called a Market Value Reduction (MVR). If an MVR applies you may not receive any final bonus, or the full value of the regular bonus. However, the amount you get back from your Plan will not be less than the value of the underlying investments relating to your share of the Fund. MVRs are designed to protect investors not taking their money out of the Fund.</p> <p>Full details of our current practice of applying an MVR can be found in the Key Features Document.</p> <p>The Annual Management Charge of this fund is already taken into account when we calculate the bonus rates for our With-Profits Funds. For further details of the charges for this fund please refer to your Key Features Document.</p>	Lower to Medium	please see "What are the charges?" section of the Key Features Document

\* This Fund has a guarantee that the bid value of units in the Fund will not fall.

Funds and Fund managers	Objective	Risk rating	Current charges per year
<b>Prudential Property Pension Fund</b>	<p>This Fund aims to achieve a rising level of income and long-term growth.</p> <p>This Fund invests in shops, retail warehouses, offices, industrial, warehouse property and land geographically spread throughout the UK. This can be difficult to sell – so you may not be able to sell/cash in this investment when you want to. We may have to delay acting on your instructions to sell your investments. At other times the fund may hold significant levels of cash and short term deposits in advance of purchasing, or following sale of, property and/or land.</p> <p>You should look upon your investment in property as being long term. There are large costs when we buy and sell property. The allowance for these costs amongst other factors can lead to short-term falls in the price of units in the Property Fund. The value of property is generally a matter of a valuer's opinion rather than fact. Under certain circumstances, in the interest of other investors, we reserve the right to defer any early encashment or switch between funds. This may be for a period of up to 6 months in the case of units held in the Property Fund.</p>	Medium	1%
<b>Prudential Managed Pension Fund</b>	<p>This Fund aims to provide steady medium to long-term total 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.</p>	Medium	1%
<b>Prudential International Pension Fund</b>	<p>This Fund aims to provide long-term capital growth by investing mainly in a spread of equity markets throughout the world, mainly through Prudential's Unit Trusts. This includes the Prudential Trusts investing in the markets of the USA, Europe, the Asia-Pacific region and Japan. It provides instant investment diversification across a broad cross-section of overseas equity portfolios.</p>	Medium to Higher	1%
<b>Prudential Invesco Perpetual Managed Pension Fund++</b>	<p>This Fund aims to achieve long-term capital growth by investing mainly in UK and overseas securities.</p>	Medium to Higher	1.25%
<b>Prudential Newton Managed Pension Fund++</b>	<p>This Fund aims to provide total long-term growth (the combination of income and growth of capital) by investing mainly in a diversified portfolio of UK and international equities with the option of holding up to 15% in bonds and cash.</p>	Medium to Higher	1.25%
<b>Prudential Equity Pension Fund</b>	<p>This Fund aims to provide total long-term growth (the combination of income and growth of capital) by investing mainly in a portfolio of equity holdings listed on the London Stock Exchange, with focus on "blue chip" companies.</p>	Higher	1%

Funds and Fund managers	Objective	Risk rating	Current charges per year
<b>Prudential Ethical Pension Fund</b>	This Fund aims to provide total long-term growth (the combination of income and growth of capital) by investing mainly in UK companies that avoid activities which have a significantly harmful impact on the world around us.	Higher	1%
<b>Prudential European Pension Fund</b>	This Fund aims to achieve long-term capital growth by investing mainly in the shares of continental European companies quoted on the stockmarkets of Europe in all economic sectors.	Higher	1%
<b>Prudential Japanese Pension Fund</b>	This Fund aims to provide high long-term growth through actively managing a portfolio consisting wholly or mainly of companies, the securities of which are listed in, or the operations of which are based mainly in, Japan.	Higher	1%
<b>Prudential North American Pension Fund</b>	This Fund aims to provide total long-term growth (the combination of income and growth of capital) by investing in an actively managed portfolio of investments consisting wholly or mainly of companies which are mainly based in the USA, but with the scope to invest in Canada and Latin America.	Higher	1%
<b>Prudential Pacific Markets Pension Fund</b>	This Fund aims to provide total long-term growth (the combination of income and growth of capital) by investing in an actively managed portfolio of investments consisting wholly or mainly of companies which are mainly based in the Asia Pacific region (excluding Japan).	Higher	1%
<b>Prudential Small Companies Pension Fund</b>	This Fund aims to provide above average long-term capital growth. It invests mainly in the shares of small growing companies, mainly in the UK.	Higher	1%
<b>Prudential Invesco Perpetual Income Pension Fund+</b>	This 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.	Higher	1.25%
<b>Prudential Newton Higher Income Pension Fund++</b>	This Fund aims to provide total long-term growth (the combination of income and growth of capital) by investing in a portfolio consisting wholly or mainly of UK equities. The Fund concentrates on high yielding equities which exhibit strong cash flow and dividend growth.	Higher	1.25%

+ This Fund invests in the fund manager's own collective investment fund of the same name.

++ The Fund management group stated manages an underlying Prudential Fund. It should not be confused with the same or similar named collective investment fund offered independently by the fund management group.

Full terms and conditions are available on request.

Funds and Fund managers	Objective	Where does the fund invest ?	Risk rating
<b>Lifestyle Option 1</b>	Aims to achieve long-term growth, but with automatic switching into lower risk funds as you approach retirement	Initially in your choice of funds then between 10 and 5 years before your Selected Retirement Date (SRD) your investments are automatically switched in pre-set proportions at monthly intervals to the Prudential Fixed Interest Fund. Over the final 5 years, the investment is switched into a mixture of Fixed interest and Cash, then all into Cash.	This will vary depending on the funds you choose
<b>Lifestyle Option 2</b>	Aims to achieve long-term growth, but with automatic switching into lower risk funds as you approach retirement	Initially in your choice of funds then between 10 and 5 years before your Selected Retirement Date (SRD) your investments are automatically switched in pre-set proportions at monthly intervals to the Prudential Managed Fund. Over the last 5 –3 years, the investment is switched from the Managed Fund into the Fixed Interest Fund. Then over the last 3 years, from Fixed Interest, to a mixture of Fixed Interest and Cash, and then all into Cash.	This will vary depending on the funds you choose
<b>Lifestyle Option 3</b>	Aims to achieve long-term growth, but with automatic switching into lower risk funds as you approach retirement	Initially in your choice of funds then between 8 and 3 years before your Selected Retirement Date (SRD) your investments are automatically switched in pre-set proportions at monthly intervals to the Prudential Managed Fund. Over the final 3 years, the investment is switched into a mixture of Fixed interest and Cash, then all into Cash, in the final year.	This will vary depending on the funds you choose

Prudential reserves the right to change the terms of the Lifestyle Option, subject to certain restrictions in respect of existing investments in the Lifestyle Option. When switching an existing investment to the Lifestyle Option, 100% of the savings invested (excluding savings invested in the With-Profits Fund) will automatically

be switched. Completion of an additional form will be required to authorise the switch of savings from the With-Profits Fund to the Lifestyle Option. Prudential reserves the right to withdraw or change the funds available at any time, subject to certain restrictions. New funds may also be made available.

Full terms and conditions of all the Prudential products are available upon request. For full details on charges please see pages 7 & 8 in the Key Features Document.

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