Fund Guide

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

Flexible Investment Plan
Introduction to this guide

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

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

The funds in this guide are available to most investors in the following products:

- Flexible Retirement Plan
- Flexible Investment Plan
Some important notes we'd like you to read:

- 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 would like one of these please contact us on 0345 640 2000 and we'll send these out to you.
- 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 30 June 2019, 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.
- For important decisions it’s always good to talk to experts who can help you, that’s why we recommend that you discuss fund selection with your financial adviser.
Potential reward and risk

Asset class risk types

Learn more about asset classes and their risk

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

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

Funds can invest in different types of assets. And each carries a level of risk.

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

Some funds can invest in more than one asset type to try to reduce the risk of losing money. So they’re not relying on the performance of an individual asset or assets of the same type. We call this diversification.

See pages 12 to 19 for how the following asset class risk types relate to individual funds.

Equity

Equities and “shares” are the same thing. When a fund buys a share, it’s investing in a company and, in exchange, receives a share of the ownership of that company. Shares give two potential investment benefits:

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

Over the longer-term, equities can offer greater growth potential than many other asset types. But the value of equities can go down and up a lot. Funds investing in equities tend to carry a higher risk of capital loss than funds investing in fixed interest securities or money market investments (we’ll talk about these later in this section).

The financial results of other companies and general stock market and economic conditions can all affect a company’s share price, and as a result, the value of any fund investing in that company.

Where a fund invests in equities, we’ve rated the fund as having a risk type of “Equity”.

Fixed Interest and Index-Linked Securities

Fixed interest securities, or “bonds”, are loans issued by companies or by governments in order to raise money. Bonds issued by companies are called Corporate Bonds, those issued by the UK government are often called Gilts or UK Government bonds and those issued by the US government are called Treasury Bonds. In effect all bonds are IOUs that promise to pay you a sum on a specified date and pay a fixed rate of interest along the way.

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

On the whole, investing in government or corporate bonds is lower-risk than investing in equities. The British Government has never failed to make interest or principal payments on gilts as they fall due. (Source: Debt Management Office, June 2019).

However, it’s possible for a government bond to default. And with corporate bonds there’s a risk that the company may not be able to repay its loan or that it may default on its interest payments.
You can reduce the risks related to investing in bonds if you invest through a bond fund. When a fund manager selects a range of bonds, you’re less reliant on the performance of any one company or government. If the fund reinvests the bond income it generates, it can provide attractive levels of growth. But, there’s a risk you might not get back the amount you invest and the income you receive is neither fixed or guaranteed.

Corporate and government bonds are sensitive to interest rate trends. An increase in interest rates is likely to reduce their value, and the value of any fund investing in them. Where a fund could be exposed to these types of risk, we’ve rated the fund as having a risk type of “Fixed Interest”.

**Commercial Property**

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

You can invest in property directly (eg owning physical property) or indirectly (eg owning shares in a property company as part of a diversified range of assets).

The return from investing in property is a combination of rental income and changes in the value of the property; which is generally a matter of a valuer’s opinion rather than fact. We think Property is lower risk than equities, but higher risk than bonds over the long-term.

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

The actual value of a property is what someone is prepared to pay for it – an actual sale value. As sales are infrequent, interim valuations are based on a valuer’s opinion and can change from time to time. This can affect the value of a fund invested in commercial property, with the value possibly fluctuating significantly.

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

- Cash could remain uninvested as property assets can be difficult to buy, leading to lower returns than expected.
- The value of the fund may be reduced if a large number of withdrawals are requested and it’s necessary for properties to be sold at reduced prices.
- There may be delays removing your money from the fund if property is proving difficult to sell.
- Property fund valuations may change periodically, upwards or downwards.
- Rental income isn’t guaranteed. Defaulted rent and unoccupied properties could reduce returns.
- If the size of the fund falls significantly, the fund may have to hold fewer properties, and this reduced diversification may lead to an increase in risk.
- In some circumstances we may suspend one or more of our Property funds to protect the interests of our investors. If this happens we’ll write to investors to let them know.

Where a fund could be exposed to these risks, we’ve rated the fund as having a risk type of “Property”.

**Currency Risk and Overseas Investments**

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

Where a proportion of a fund is invested in non-Sterling assets, we’ve rated the fund as having a risk type of “Currency”.
Smaller Companies and Developing Markets

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

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

This means increased risk for your investment.

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

Financial Instruments

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

Derivatives: These cover products such as futures and options which are generally an arrangement to buy or sell a standard quantity of a specified asset on a fixed future date at a price agreed today. This type of investment may carry a higher risk of capital loss than funds investing in other assets.

Derivatives usually rely on a counterparty – the person or company with which the fund manager has made the agreement about future deals. If the counterparty gets into financial difficulty, it may be difficult to obtain a price for valuations or for the investment manager to dispose of the asset – that creates risk to the value of the fund. There’s a risk of capital loss in the event of the counterparty to the derivative becoming insolvent or suffering other financial difficulties.

In such circumstances the derivative may have no value.

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

Where a fund could be exposed to these types of risk, we’ve rated it as having a risk type of “Financial Instruments”.

Alternative Investments

These include non-traditional, complex or specialist investments, such as hedge funds, private equity and complex derivative based strategies. Alternative investments can be more difficult to value and can take longer to buy or sell.

Where a fund could be exposed to these types of risk, we’ve rated it as having a risk type of “Alternative Investments”.

Other

We’ve rated a number of funds as having a risk type of “Other”.

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

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

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

Small number of holdings
The fund may have investment concentrated in relatively few individual assets. So, returns from the fund can be significantly influenced by the performance of a small number of individual holdings and may be more volatile than funds with a wider spread of underlying assets.
Low risk assets
Some funds keep a proportion of your money in cash deposits and other money market investments. Over the long-term, money market investments usually offer the lowest risk of all asset types but also the lowest potential returns. Some funds hold money market investments because they’re aiming for security more than substantial growth. Others hold just enough in cash deposits to make sure money is available for customer withdrawals. Over the long term, money market investments can be a low risk asset type but may also produce low returns compared to other asset types.

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

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

Where a fund could be exposed to these types of risk, we’ve rated it as having a risk type of “Other”.

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

The table opposite can help illustrate this concept. It’s not exhaustive, but covers a wide range of funds and investments and shows the general principle that, as the level for potential higher returns goes up so does the level of risk. On pages 12 to 19 you can see how these potential reward and risk indicator numbers relate to our funds. Some key things to think about:

• The value of your investment can go down as well as up so you might get back less than you put in.
• 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.
• We may amend a risk rating 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. If we do this, 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 helpful information in this fund guide, 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.

You should also consider discussing your 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 considering your needs and objectives, and this may differ from Prudential’s own internal assessment.

The information included in this guide is correct as at 30 June 2019, unless another date is shown.
Potential Reward and Risk Indicator

Types of Fund

These are mostly based on sector classifications by the Association of British Insurers (ABI). The description used may match an individual ABI sector name or be a Prudential suggested description for a grouping of similar sectors. The only exception to this is “With-Profits” which isn’t classified by the ABI. Where a fund is classified by the ABI then we’ll use the sector it’s in as a starting point to think about its appropriate position in the scale above. But please note that, each fund is considered individually and membership of an ABI sector doesn’t automatically imply a particular potential reward and risk indicator number.

** With-Profits Funds

PruFund funds invest in our With-Profits Fund and some appear in a lower or higher potential reward and risk indicator category. This is because of the different asset mix that applies to each PruFund fund. Please refer to the specific PruFund potential reward and risk indicator on pages 12 to 13.

Further information

If you’re looking for more information, including the latest version of this fund guide and details of changes to our funds, then please visit pru.co.uk/funds

You’ll also find an explanation of each of the ABI sector classifications on pru.co.uk/abi
Fund information
Explanations we think you should read

Learn about what can impact your fund value and about charges and costs
This section can help you understand a bit more about the factors that can impact funds and what we mean by fund charges and further costs.

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’s a switch from a purchase price to a sales price then the unit price could reduce. If there’s 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 friendly version, our “Customer Guide”, which explains briefly:

• how the Prudential unit-linked funds work
• our current approach to managing them
• the standards and practices we use to manage the funds.

Principally, this Customer Guide will explain:

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

The Fund Value
The value of 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 Funds, the value of the plan depends on how much profit the Funds make and how we decide to distribute it. If you’re unsure how the With-Profits Fund works, please speak to a financial adviser.

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.
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).

The established 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 PruFund range of Funds” – WPGB0031.

Fund Charges and Further Costs

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

In addition to our charges, there may be further costs incurred. Where these are applicable, they’re paid for by the fund and will impact on the overall performance.

For information on current fund charges and further costs please refer to the following documents which can be found on pru.co.uk, or are available from your financial adviser.

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

The PruFund Protected Cautious and PruFund Protected Growth funds, differ from the PruFund Cautious and PruFund Growth funds as they provide a guarantee, where available. Any available guarantee will have an additional charge that isn’t included in the AMC shown.

These funds are only available at the start of the plan for the Flexible Investment Plan. For the Flexible Retirement Plan you can invest in the fund at any time. Please refer to the document “The PruFund Range of Funds: Guarantee Options” – INVS11470, for information on how the guarantee works and charges.

Further Information

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

If you have any questions about this product, your fund choice or the fund charges and further costs 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. You may be able to make a claim if Prudential is unable to meet its financial obligations. However, it’s important to know that any compensation will depend on your eligibility, the type of financial product or service involved, the 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.

Further information

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

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

Learn about the funds available to you

We’ve included this information to help you quickly see the range of funds we offer and the risks they have.

<table>
<thead>
<tr>
<th>Funds</th>
<th>Availability</th>
<th>Asset Class Risk Types</th>
<th>Potential Reward and Risk Indicator</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>FRP</td>
<td>FIP</td>
<td>Association of British Insurers (ABI) Sector</td>
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<tr>
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<sup>a</sup> PruFund funds are only available to FIP plans taken out after April 2005.
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* This fund is due to close on 18 October 2019.

* Previously known as Prudential Newton Global Equity Fund
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* This fund is due to close on 18 October 2019.

** Previously known as Prudential Newton Global Income Fund

*** Previously known as Prudential Newton Multi-Asset Balanced Fund
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<th>Funds</th>
<th>Availability</th>
<th>Asset Class Risk Types</th>
</tr>
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## Funds

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- **Prudential M&G Smaller Companies** UK Smaller Companies
- **Prudential M&G Strategic Corporate Bond** Sterling Corporate Bond
- **Prudential M&G UK Select** UK All Companies
- **Prudential Man GLG Japan Core Alpha** Japan Equities
- **Prudential Managed** Mixed Investment 40-85% Shares
- **Prudential Managed Distribution** Distribution Funds
- **Prudential Merian UK Mid Cap** UK All Companies
- **Prudential North American** North America Equities
- **Prudential Pacific Markets** Asia Pacific ex Japan Equities
- **Prudential Royal London Sustainable Leaders** UK All Companies
- **Prudential Schroder Income** UK Equity Income
- **Prudential Schroder Tokyo** Japan Equities
- **Prudential Schroder UK Smaller Companies** UK Smaller Companies
- **Prudential Schroder US Mid Cap** North America Equities
- **Prudential Stewart Investors Asia Pacific Leaders** Specialist
- **Prudential Strategic Growth** Global Equities
- **Prudential UK Equity and Bond** Mixed Investment 20-60% Shares
- **Prudential UK Tracker** UK All Companies

### Asset Class Risk Types

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### Potential Reward and Risk Indicator

- **6**

### Additional Fund Choices (see pages 22–33 for more information)

- **Prudential M&G Smaller Companies** UK Smaller Companies
- **Prudential M&G Strategic Corporate Bond** Sterling Corporate Bond
- **Prudential M&G UK Select** UK All Companies
- **Prudential Man GLG Japan Core Alpha** Japan Equities
- **Prudential Managed** Mixed Investment 40-85% Shares
- **Prudential Managed Distribution** Distribution Funds
- **Prudential Merian UK Mid Cap** UK All Companies
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- **Prudential UK Equity and Bond** Mixed Investment 20-60% Shares
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### Asset Class Risk Types

- **Equity**
- **Fixed Interest**
- **Property**
- **Currency**
- **Smaller Companies and Developing Markets**
- **Financial Instruments**
- **Alternative Investments**
- **Other**
- **Potential Reward and Risk Indicator**

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

### Additional Fund Choices – Distribution Income Funds

- **Prudential 0-35% Equity Managed Distribution**
  - Mixed Investment 0-35% Shares
  - Potential Reward and Risk Indicator: 3

- **Prudential Invesco Income (Inc)**
  - UK All Companies
  - Potential Reward and Risk Indicator: 6

- **Prudential M&G Corporate Bond (Inc)**
  - Sterling Corporate Bond
  - Potential Reward and Risk Indicator: 2

- **Prudential M&G Dividend (Inc)**
  - UK Equity Income
  - Potential Reward and Risk Indicator: 6

- **Prudential M&G Gilt and Fixed Interest Income (Inc)**
  - UK Gilt
  - Potential Reward and Risk Indicator: 4

- **Prudential M&G Global High Yield Bond (Inc)**
  - Sterling High Yield
  - Potential Reward and Risk Indicator: 3

- **Prudential M&G Property Portfolio (Inc)**
  - UK Direct Property
  - Potential Reward and Risk Indicator: 4

- **Prudential M&G UK Equity Income (Inc)***
  - UK Equity Income
  - Potential Reward and Risk Indicator: 6

- **Prudential Managed Distribution**
  - Distribution Funds
  - Potential Reward and Risk Indicator: 3

### Further information

If you’re looking for more information on these funds, for example fact sheets, then visit [pru.co.uk/funds](http://pru.co.uk/funds)
You’ll also find an explanation of each of the ABI sector classifications on [pru.co.uk/abi](http://pru.co.uk/abi)
Learn about the investment strategies of our funds

We’ve included this information so you can understand what each of the funds aim to do and where your money might be invested.

Prudential Multi Asset Funds

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

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

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

Prudential PruFund Risk Managed Funds

Prudential PruFund Risk Managed 1\(^1\)
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 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.

Prudential PruFund Risk Managed 2\(^1\)
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.

Prudential PruFund Risk Managed 3\(^1\)
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.

Prudential PruFund Risk Managed 4\(^1\)
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 14.5% 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.

Prudential Risk Managed Passive Funds

Prudential Risk Managed Passive 1
The investment strategy of the fund is to buy units in the LF Prudential Risk Managed Passive 1 Fund. That fund aims to achieve long-term (in excess of 5 years) total return (the combination of income and growth of capital) by investing in a mix of assets from around the world and aims to limit volatility over rolling 5 year periods to 9%. There is no guarantee that the volatility target will be met and at any time the actual volatility may be higher or lower than the long term target.
Prudential Risk Managed Passive 3
The investment strategy of the fund is to buy units in the LF Prudential Risk Managed Passive 3 Fund. That fund aims to achieve long-term (in excess of 5 years) total return (the combination of income and growth of capital) by investing in a mix of assets from around the world and aims to limit volatility over rolling 5 year periods to 12%. There is no guarantee that the volatility target will be met and at any time the actual volatility may be higher or lower than the long term target.

Prudential Risk Managed Active Funds
Prudential Risk Managed Active 1
The investment strategy of the fund is to buy units in the LF Prudential Risk Managed Active 1 Fund. That fund aims to achieve long-term (in excess of 5 years) total return (the combination of income and growth of capital) by investing in a mix of assets from around the world and aims to limit volatility over rolling 5 year periods to 9%. There is no guarantee that the volatility target will be met and at any time the actual volatility may be higher or lower than the long term target.

Prudential Risk Managed Active 2
The investment strategy of the fund is to buy units in the LF Prudential Risk Managed Active 2 Fund. That fund aims to achieve long-term (in excess of 5 years) total return (the combination of income and growth of capital) by investing in a mix of assets from around the world and aims to limit volatility over rolling 5 year periods to 10%. There is no guarantee that the volatility target will be met and at any time the actual volatility may be higher or lower than the long term target.

Prudential Risk Managed Active 3
The investment strategy of the fund is to buy units in the LF Prudential Risk Managed Active 3 Fund. That fund aims to achieve long-term (in excess of 5 years) total return (the combination of income and growth of capital) by investing in a mix of assets from around the world and aims to limit volatility over rolling 5 year periods to 12%. There is no guarantee that the volatility target will be met and at any time the actual volatility may be higher or lower than the long term target.

Prudential Risk Managed Active 4
The investment strategy of the fund is to buy units in the LF Prudential Risk Managed Active 4 Fund. That fund aims to achieve long-term (in excess of 5 years) total return (the combination of income and growth of capital) by investing in a mix of assets from around the world and aims to limit volatility over rolling 5 year periods to 14.5%. There is no guarantee that the volatility target will be met and at any time the actual volatility may be higher or lower than the long term target.

Prudential Risk Managed Active 5
The investment strategy of the fund is to buy units in the LF Prudential Risk Managed Active 5 Fund. That fund aims to achieve long-term (in excess of 5 years) total return (the combination of income and growth of capital) by investing in a mix of assets from around the world and aims to limit volatility over rolling 5 year periods to 17%. There is no guarantee that the volatility target will be met and at any time the actual volatility may be higher or lower than the long term target.

Other Prudential Multi Asset Funds
Prudential PruFund Cautious and Protected Cautious 1,3
Objective to 29 July 2019: The fund aims for steady and consistent growth through a cautious approach to investing. The fund currently invests around 70% in a well-diversified portfolio of fixed interest securities and holdings of cash and money market instruments. The balance is invested in UK and international shares, property and alternative assets.

Objective from 29 July 2019: The fund aims for steady and consistent growth over the medium to long term (5 to 10 years or more) through a cautious approach to investing. The fund invests in UK and international equities, property, fixed interest securities, index-linked securities, cash and other specialist investments. The fund will aim to invest 50-75% in fixed interest securities, index-linked securities and cash, although we may occasionally move outside this range to meet the fund objectives.
Prudential PruFund Growth and Protected Growth\textsuperscript{1,3}

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

Prudential With-Profits (Optimum Bonus)\textsuperscript{1,2}

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)\textsuperscript{1,2}

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.

Additional Fund Choices

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

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

Prudential Aberdeen Japan Equity

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

Prudential Artemis European Growth

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

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1 These funds are all invested in the Prudential With-Profits Fund. The funds aim to protect investors against some of the ups and downs of investment performance using “smoothing” mechanisms. 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 WPGB0027 for With-Profits and WPGB0031 for PruFund) for more information. Where they’re available, the returns on the With-Profits (Optimum Bonus) Fund and the PruFund Funds may differ from the returns on the With-Profits Fund/With-Profits (Optimum Return) Fund due to the smoothing process used and differences in the asset mix or the fund objectives.

2 There’s a charge to pay for the guarantees the With-Profits Fund supports. Please refer to your Key Features Document for more information.

3 Flexible Retirement Plan – if you select a Protected PruFund Fund, you’ll be able to select from a range of guarantee terms, where the guarantee will only apply on the plan anniversary of the selected term or at the date you reach your Selected Retirement Age. Each guarantee term has its own charge and will be payable for the whole of the term. For full details of the guarantee terms available and the associated charges, please refer to the document “PruFund Range of Funds: Guarantee Options” – INVS11470. You can get a copy of this from your adviser or from pru.co.uk
Prudential Artemis Global Growth
The investment strategy of the fund is to purchase units in the Artemis Global Growth Fund. That fund aims to achieve long-term capital growth from a diversified portfolio investing in any economic sector in any part of the world. The Manager actively manages the portfolio in order to achieve the objective and will not be restricted in respect of choice of investments either by company size or industry, or in terms of the geographical split of the portfolio.

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

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

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

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

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

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

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

Prudential Baillie Gifford American
The investment strategy of the fund is to purchase units in the Baillie Gifford American Fund. The objective is to produce capital growth over the long term. The Sub-fund will invest principally in equities of companies which are listed, quoted, traded, incorporated, domiciled or conducting a significant portion of their business in the United States of America. Such investment may be direct or indirect and the portfolio will be concentrated. The Sub-fund may also invest in other equities, cash and near cash. Up to (but no more than) 10% in value of the Sub-fund may be invested in each of the following: (1) collective investment schemes, including those managed or operated by the ACD and (2) deposits. The Sub-fund will be actively managed and investment may be made in any economic sector.
Prudential Baillie Gifford High Yield Bond
The investment strategy of the fund is to purchase units in the Baillie Gifford High Yield Bond Fund. That fund aims to produce a high level of return by investing in a diversified portfolio consisting primarily of sub-investment grade bonds. Currency forwards and derivatives may be used from time to time in keeping with the fund’s objective with the intention of either protecting or enhancing the return on the fund. No more than 10% in value of the property of the fund will be invested in units of other collective investment schemes. More than 35% in value of the property of the fund may be invested in Government and Public securities.

Prudential BlackRock Gold & General
The investment strategy of the fund is to purchase units in the BlackRock Gold & General Fund. That fund seeks to achieve long-term capital growth primarily through an actively managed portfolio of gold mining, commodity and precious-metal related shares. The fund may also invest in other transferable securities and units in collective investment schemes. Derivatives may also be used for investment purposes and for the purposes of efficient portfolio management. It tends to be volatile and is particularly suitable for diversification in a larger portfolio.

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

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

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

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

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

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

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

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

Prudential European Tracker
The investment strategy of the fund is to purchase units in the M&G European Index Tracker Trust. That trust aims to track the FTSE Europe (ex UK) Index.
Prudential Fidelity Asia
The investment strategy of the fund is to purchase units in the Fidelity Asia Fund. That fund aims to achieve long term capital growth from a portfolio made up of the shares of companies throughout the Pacific Basin, but excluding Japan. The portfolio is likely to have a bias towards larger companies. However, the fund operator is not restricted in the choice of company either by size or industry, or in terms of the geographical split of the portfolio, which is largely determined by the availability of attractive investment opportunities, rather than the outlook for each market.

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

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

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

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

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

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

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

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

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

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

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

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

Prudential Invesco Global Targeted Returns
The investment strategy of the fund is to buy units in the Invesco Global Targeted Returns Fund (UK). That fund aims to achieve a positive total return in all market conditions over a rolling 3 year period. The Fund targets a gross return of 5% per annum above UK 3 month LIBOR (or an equivalent reference rate) and aims to achieve this with less than half the volatility of global equities, over the same rolling 3 year period. There is no guarantee that the Fund will achieve a positive return or its target and an investor may not get back the full amount invested.

The fund seeks to achieve its objective by using a range of investment strategies and techniques to invest actively in a broad selection of asset classes across all economic sectors worldwide. These asset classes will include equities, equity related securities, debt securities (including those issued by corporate bodies, governments and/or supranational institutions), warrants, collective investment schemes (including but not limited to exchange traded funds), cash, near cash, money market instruments and any other eligible instrument.

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

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

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

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

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

Prudential Investec Cautious Managed
Objective to 7 August 2019: The investment strategy of the fund is to purchase units in the Investec Cautious Managed Fund. That fund aims to provide a combination of income and long term capital growth by investing conservatively in a diversified portfolio of equities, bonds and other fixed interest securities of high quality and marketability. At all times the fund’s equity exposure will be limited to a maximum of 60% of the portfolio value.
Objective from 7 August 2019: The investment strategy of the fund is to purchase units in the Investec Cautious Managed Fund. That fund aims to provide a combination of income and long-term capital growth by investing conservatively in a diversified portfolio of equities, bonds and other fixed interest securities of high quality and marketability.

The Fund targets a return of UK Consumer Prices Index (CPI) +4% each year (gross of fees) over 5 year rolling periods. While the Fund aims to achieve its objective and its performance target, there is no guarantee that either will be achieved, over 5 year rolling periods or over any period and there is a risk of loss.

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

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

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

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

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

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

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

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

Prudential Jupiter European Special Situations
The investment strategy of the fund is to purchase units in the Jupiter European Special Situations Fund. That fund aims to achieve long-term capital growth by exploiting special situations principally in Europe. The fund’s investment policy is to attain the objective by investing principally in European equities, in investments considered by the manager to be undervalued.
Prudential Jupiter Merlin Balanced Portfolio
The investment strategy of the fund is to purchase units in the Jupiter Merlin Balanced Portfolio. That portfolio aims to achieve long-term capital growth with income by investing predominantly in unit trusts, OEICs, Exchange Traded Funds and other collective investment schemes across several management groups. The underlying funds invest internationally in company shares, fixed interest securities, commodities and property.

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

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

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

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

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

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

Prudential M&G Corporate Bond
The investment strategy of the fund is to purchase units in the M&G Corporate Bond Fund. That fund aims to provide income and capital growth. At least 70% of the fund is invested in sterling-denominated corporate debt instruments. The fund’s exposure to corporate debt may be gained through the use of derivatives. Derivatives may also be used for efficient portfolio management.

Any currency exposures within the fund may be managed by currency hedges into sterling. The fund may also invest in collective investment schemes, other transferable securities and other debt instruments (including corporate debt and government and public securities denominated in any currency), cash, near cash, other money market securities, warrants and other derivative instruments.
Prudential M&G Dividend
The investment strategy of the fund is to purchase units in the M&G Dividend Fund. That fund invests mainly in a range of UK equities with the aim of achieving a steadily increasing income stream. The fund will target a yield higher than that of the FTSE All-Share Index. Subject to this, the aim will be to maximise total return (the combination of income and growth of capital).

Prudential M&G Episode Allocation
The investment strategy of the fund is to purchase units in the M&G Episode Allocation Fund. The fund aims to deliver a total return (the combination of capital growth and income) of at least 5% per annum above the 3-month GBP LIBOR rate, before any charges are taken, over any five year period. There is no guarantee that the Fund will achieve a positive return over five years, or any other period, and investors may not get back the original amount they invested. 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.

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

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

Prudential M&G Managed Growth
The investment strategy of the fund is to purchase units in the M&G Managed Growth Fund. 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 85% global equities and 15% global bonds, over any five-year period. The fund is a multi-asset fund that invests at least 70% of its assets in other collective investment schemes in order to gain exposure to assets from anywhere in the world, including equities, fixed income, convertibles, cash, or near cash. The fund may also invest directly in these assets. In aggregate, the fund will invest at least 70% of its assets in equities, either directly or via collective investment schemes. Derivatives may be used for investment purposes, efficient portfolio management and hedging.

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

Prudential M&G Recovery
The investment strategy of the fund is to purchase units in the M&G Recovery Fund. That 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.

Prudential M&G Smaller Companies
The investment strategy of the fund is to purchase units in M&G Smaller Companies Fund. That fund aims to deliver a higher total return (the combination of capital growth and income) than the Numis Smaller Companies Index (excluding Investment Companies), net of the Ongoing Charge Figure, over any five year period. At least 80% of the fund is invested in the UK smaller companies. These are UK listed companies which, at the initial time of purchases, are:

- in the bottom 10% (by market capitalisation) of the FTSE All-Share Index, or
- in the Numis Smaller Companies Index (excluding Investment Companies), or
- listed on the Alternative Investment Market.

The fund may also invest in collective investment schemes and other transferable securities. Cash and near cash may be held for ancillary purposes and derivatives, including warrants, may be used for efficient portfolio management and hedging purposes.

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

Prudential M&G UK Select
The investment strategy of the fund is to purchase units in the M&G UK Select Fund. That 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 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.

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

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

Prudential Managed Distribution
The investment strategy of the fund is to deliver capital growth and produce a regular income over the longer term by investing mainly in sterling denominated equities, bonds and property via collective investment schemes.

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

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

Prudential Pacific Markets
The investment strategy of the fund is to purchase units in the LF Prudential Pacific Markets Trust. 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.

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

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

Prudential Schroder Tokyo
The investment strategy of the fund is to purchase units in the Schroder Tokyo Fund. That Fund aims to provide capital growth by investing in equity and equity related securities of Japanese companies. The fund invests at least 80% of its assets in equity and equity related securities of Japanese companies. Investments are made based on Japan’s economic strengths, such as its manufacturing industry (in particular on those parts of it that are demonstrating an ability to exploit newly emerging technology) and on sectors benefiting from structural change in the economy. The fund may also invest in collective investment schemes, warrants and money market instruments, and hold cash. The fund may use derivatives with the aim of reducing risk or managing the fund more efficiently.

Prudential Schroder UK Smaller Companies
The investment strategy of the fund is to purchase units in the Schroder UK Smaller Companies Fund. That fund aims to provide capital growth by investing in equity and equity related securities of small-sized UK companies. The fund invests at least 80% of its assets in equity and equity related securities of small-sized UK companies. These are companies that are incorporated, headquartered or have their principal business activities in the UK and, at the time of purchase, are similar in size to those comprising the bottom 10% by market capitalisation of the UK equities market.
The small cap universe is an extensive, diverse and constantly changing area of the UK market. Smaller companies offer investors exposure to some niche growth areas that, often, cannot be accessed through large companies. They also tend to grow more rapidly than larger firms.

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

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

**Prudential Schroder US Mid Cap**

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

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

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

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

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

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

**Prudential Stewart Investors Asia Pacific Leaders**

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

**Prudential Strategic Growth**

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

**Prudential UK Equity and Bond**

The investment strategy of the fund is to provide long term growth (the combination of income and capital growth) by investing mainly in UK equities and sterling denominated Corporate Bonds via collective investment schemes.

**Prudential UK Tracker**

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

**Additional Fund Choices – Distribution Income Funds**

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

**Prudential 0-35% Equity Managed Distribution (Inc)**

The investment strategy of the fund is to provide a regular income, whilst achieving long-term growth and seeking to limit capital volatility by investing mainly in assets such as bonds, property and UK equities via collective investment schemes. No more than 35% of the fund will be invested in equities at any time.
Prudential Invesco Income (Inc)²
The investment strategy of the fund is to purchase units in the Invesco Income Fund (UK). That fund aims to achieve a reasonable level of income together with capital growth by investing primarily in shares of companies listed in the UK, with the balance invested internationally.

Prudential M&G Corporate Bond (Inc)²
The investment strategy of the fund is to purchase units in the M&G Corporate Bond Fund. That fund aims to provide income and capital growth. At least 70% of the fund is invested in sterling-denominated corporate debt instruments. The fund’s exposure to corporate debt may be gained through the use of derivatives. Derivatives may also be used for efficient portfolio management. Any currency exposures within the fund may be managed by currency hedges into sterling. The fund may also invest in collective investment schemes, other transferable securities and other debt instruments, cash, near cash, other money market securities, warrants and other derivative instruments.

Prudential M&G Dividend (Inc)²
The investment strategy of the fund is to purchase units in the M&G Dividend Fund. That fund invests mainly in a range of UK equities with the aim of achieving a steadily increasing income stream. The fund will target a yield higher than that of the FTSE All-Share Index. Subject to this, the aim will be to maximise total return (the combination of income and growth of capital).

Prudential M&G Gilt & Fixed Interest Income (Inc)¹
The investment strategy of the fund is to purchase units in the M&G Gilt & Fixed Interest Income Fund. The fund aims to provide income and capital growth. At least 70% of the fund is invested in short, medium or long-dated gilts according to the fund manager’s view at any given moment of the likely course of interest rates and trend of the gilt market. The fund’s exposure to gilts may be gained through the use of derivatives. Derivatives may also be used for efficient portfolio management. The fund may also invest in collective investment schemes, other transferable securities, other debt instruments, cash, near cash, other money market securities, warrants and other derivative instruments.

Prudential M&G Global High Yield Bond (Inc)²
The investment strategy of the fund is to purchase units in the M&G Global High Yield Bond Fund. That fund aims to provide income and capital growth. At least 80% of the fund is invested in higher yielding corporate debt instruments which may be denominated in sterling, European currencies and other major global currencies, should the investment managers deem them to be appropriate investments. The fund’s exposure to higher yielding corporate debt instruments may be gained through the use of derivatives and any currency exposures within the fund may be managed by currency hedges into sterling. Derivatives may also be used for efficient portfolio management. The fund may also invest in collective investment schemes, government and public securities and other transferable securities, cash, near cash, other money market instruments, warrants and other derivative instruments. More than 80% of the fund will be in sterling or hedged back to sterling.

Prudential M&G Property Portfolio (Inc)²
The investment strategy of the fund is to purchase units in the M&G Property Portfolio. That fund aims to carry on Property Investment Business and to manage cash raised from investors for investment in the Property Investment Business. In so doing, the Fund aims to maximise long term total return (the combination of income and growth of capital) through investment mainly in commercial property.

Prudential M&G UK Equity Income (Inc)¹
The investment strategy of the fund is to purchase units in the M&G Dividend Fund. That fund invests mainly in a range of UK equities with the aim of achieving a steadily increasing income stream. The fund will target a yield higher than that of the FTSE All-Share Index. Subject to this, the aim will be to maximise total return (the combination of income and growth of capital).

Prudential Managed Distribution (Inc)²
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).

¹ These funds distribute on the 17 February/17 August each year.
² These funds distribute on the 17 May/17 November each year.
Some useful investment terms
Learn about some tricky investment related words

You should read this section to find out what some of the more technical terms in this guide mean. We’ve included this information in case there’s wording that you’re unsure of.

This is a high-level guide to some useful investment terms. It’s not meant to cover every term you may come across. Please speak to your financial adviser if you need help of want to know more about terms used around investments.

“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 increases as the value of the company increases. Also regular payments, also 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. Often used by Hedge Funds.

Index-Linked Securities
Are similar to fixed interest securities but the payments to the investor are normally increased in line with a measure of inflation.

Investment Grade
An agency (e.g. Standard and Poors) can give a rating to a corporate or government bond. The rating tells us 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 another 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 (Open Ended Investment Company)
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.

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 shareholders. You'll get a dividend before them and, in the event of bankruptcy, you’ll be paid from company assets before common shareholders (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.

Units/Unit Linked
Unit linked funds are divided into units and the investors hold a number of units representing the money they have invested. The price of units changes daily to reflect the value of the assets held in the fund and so the investor’s fund value at any point depends on the price of the units.

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