Pru
part of M&G plc

Fund Guide

Flexible Lifetime Annuity and Flexible Income Drawdown Plan

(Flexible Retirement Income Account (FRIA))

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 Income Drawdown Plan (FIDP)
- Flexible Lifetime Annuity (FLA)

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 17 January 2022, 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.

Before making any decisions you should speak to your financial adviser. They can discuss and help you understand your fund selection.

Risk and potential reward

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. Here we explain the risks of each.

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 15 to 19 for how the following asset class risk types relate to individual funds.

Equity

Equities are commonly known as 'shares'. When a fund buys an equity, it's investing in a company and, in exchange, receives a share of the ownership of that company. Equities give two potential investment benefits:

- equity prices normally increase if the value of the company increases, although the value of equities can go down and up a lot.
- 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.

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.

The British Government has never failed to pay back money owed to investors. (Source: Debt Management Office, December 2021).

But, 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 are 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 there are a large number of withdrawals 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 Emerging 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 Emerging 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 (where a stock is borrowed then sold and bought back before being returned to where they were borrowed from) 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 may 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

Where available, some funds may offer some form of protection from downside risks (ie the potential for falls in value) 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 (see earlier 'Derivatives' explanation) and liquidity problems. Please note, PruFund Protected Funds are currently unavailable to new investments.

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.

Risk and potential reward

Risk and Potential Reward Indicator

Learn how we rate the risk of the funds

We've included this so you can understand what the different numbers next to each fund, in the next few pages, mean.

Investing is about balancing the risk you're comfortable with alongside the potential rewards that you want to achieve and your capacity for loss. Your attitude to investment risk is personal to you and may change in the future.

The table on the next page 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 15 to 19 you can see how these risk and potential reward indicator numbers relate to our funds.

Some key things to think about:

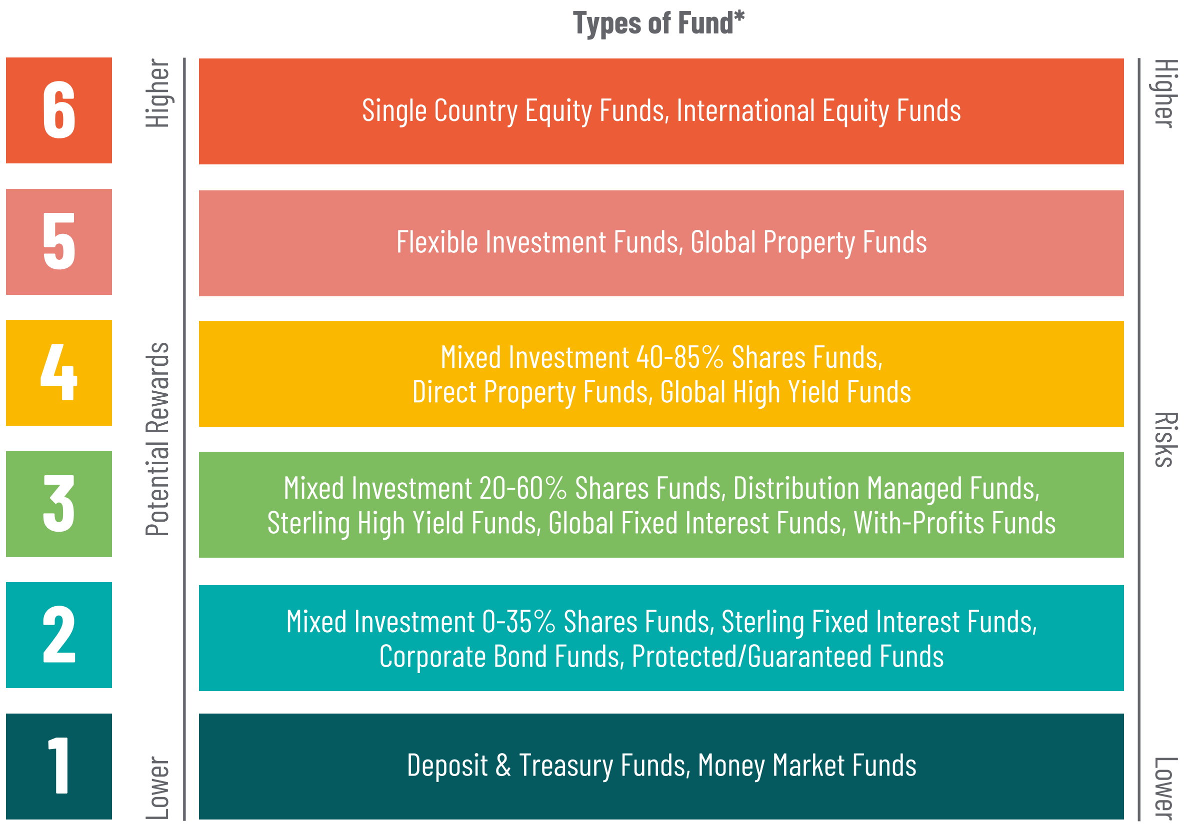
- The value of your investment can go down as well as up so you might get back less than you put in.
- The types of assets a fund invests in will have a significant effect on its performance. Generally, the higher the potential returns, the higher the risk.
- A fund's name isn't indicative of the risk it may take.
- We've developed these risk rating categories to help provide an indication of the level of risk and potential reward 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 17 January 2022 unless another date is shown.

Risk and Potential Reward 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 risk and potential reward indicator number.

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 emerging 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 go down. 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 Fund, the value of the plan depends on how much profit the fund makes and how we decide to distribute it. If you're unsure how the With-Profits Fund works, please speak to a financial adviser.

How Unit-Linked Funds Invest

Some of the Prudential funds listed in this guide may invest in 'underlying' funds or other investment vehicles. Have a look at a fund's objective and that will tell you where it invests – including if that's in an underlying fund or funds.

If the Prudential fund is investing in just one underlying fund then it's what's known as a 'mirror' fund, as the performance of the Prudential fund broadly aims to reflect the performance of the underlying fund it invests in. The performance of our Prudential fund, compared to what it's invested in won't be exactly the same. The differences between the underlying fund and our fund can be due to:

- additional charges,
- cash management (needed to help people to enter and leave our fund when they want),
- tax,
- timing of investments (this is known as a fund's dealing cycle, it varies between managers and can be several days).

Fund Charges and Further Costs

Annual Management Charge

We take an Annual Management Charge (AMC) for looking after your investment, from each of the funds you invest in. Any further costs shown are expenses which are borne by the fund. Together they add up to the Yearly Total (%). These are shown on pages 15 to 19. We might change our charges in future.

In general the AMC is taken by the deduction each day of 1/365th of the applicable Annual Management Charge, from the relevant investment-linked fund.

This AMC also includes a 0.25% charge for further commission – this is ongoing commission linked to the value of the plan.

If you agree a different commission rate above or below 0.25% this will be debited or credited through cancelling or adding units respectively.

This differs slightly for With-Profits.

For the With-Profits Fund, we deduct a charge through the bonus mechanism. This is currently expected to be 0.85% a year, assuming future investment returns in the With-Profits Fund are 5% a year. Charges on With-Profits business depend on the performance of the With-Profits Fund and, in particular, the investment returns achieved and expenses incurred. Over time, if investment returns are higher, the charges would be expected to be higher, and if investment returns are lower, the charges would be expected to be lower.

There's an additional charge to pay for the guarantees the With-Profits Fund supports. The annual charge, further costs, and charges to cover the cost of these guarantees, are already taken into account when we calculate the bonus rates for our With-Profits Fund. To find out more about the charges for this fund, please refer to the Key Features Document and other plan documentation, including your annual statement, or speak to your adviser.

Further costs

In addition to our annual 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. Some examples of what these further costs might include are shown below. These aren't listed in order of importance, they won't necessarily apply to all funds, and this isn't an exhaustive list.

Name	What this means	Where applicable, are they included in the further costs figures we show in this fund guide and/or illustration?
Miscellaneous fund administration fees and costs	There can be a number of different administration fees and costs associated with funds. These can include, for example, audit fees, custody fees, infrastructure costs, registrar fees, regulatory fees, stock lending fees, and trustee fees.	Yes, for a number of these funds, but not all (see below*).
Performance fees	In some funds the fund managers are paid a fee depending on how they perform.	No, but if they're applicable they will impact on the performance of a Fund.
Property expenses	For funds that invest in property, either directly (i.e. the fund owning physical property) or indirectly (i.e. owning units in a property fund or shares in a property company) there are costs incurred for managing these properties. These can include costs for development, maintenance, oversight and renovation of the properties held, collecting rents, and managing tenants, as well as running costs that cannot be passed onto tenants.	No, for unit-linked funds**, unless they're for property investments that are managed by M&G, which are disclosed. Yes, for the With-Profits Fund.
Transaction costs	When a fund manager trades the investments in a fund (for example, makes a decision to sell one holding and buy another) there are associated costs, for example taxes.	No, but if they're applicable they will impact on the performance of a fund.

* *Currently these are rebated back by Prudential for the Prudential M&G Dividend Fund, Prudential M&G Global High Yield Bond Fund, Prudential M&G Managed Growth Fund and the Prudential Risk Managed Passive 1 Fund. For these funds they won't impact on the fund performance, and aren't disclosed. We reserve the right to not rebate them in the future.*

** *Currently these are rebated back by Prudential to the fund, so they won't impact the fund performance, and aren't disclosed. We reserve the right to not rebate them in the future.*

Further costs might be incurred by a Prudential fund or, where it's applicable, any fund our fund invests in (see the 'Investment strategy' for information on where a fund might invest).

Fund charges and further costs may vary in future and they may be higher than they are now. We'll write to you if an AMC goes up for a fund you are invested in, unless the change in the AMC we quote is part of the expected function of that fund (for example our With-Profits Fund – see your Key Features document for more information). As it's normal for further costs to vary over time we won't contact you when they change. If fund charges and further costs exceed the return earned, the fund will go down in value.

The further costs listed in this guide are indicative, based on the current levels of costs, and are correct as at 17 January 2022.

This brochure is based on our understanding, as at 17 January 2022, of the current taxation, legislation and HM Revenue and Customs practice, all of which are liable to change without notice. The impact of taxation (and any tax reliefs) depends on individual circumstances.

Your funds are invested in a Prudential contract. Although the investment return will reflect the performance of your chosen fund manager(s), you don't have any contract with them; your contract remains with Prudential. This doesn't apply to funds held as part of a self invested personal pension.

For Flexible Lifetime Annuity, the investment strategy can continue undisturbed up to the policy anniversary following your 89th birthday.

The value of your fund may be eroded, especially if investment returns are poor and a high level of income is taken; this could result in a lower income in the future.

The investment returns may be less than those shown in the illustrations. Annuity rates may be at a worse level in the future. When maximum withdrawals are taken, high levels of income may not be sustainable.

Questions you may have

How many funds can I hold?

If you're following a self-managed investment strategy you can invest in a maximum of 19 funds from the range available subject to the minimum investment amount. Please refer to your technical guide we issued to you or the general funds appendix issued with your members booklet.

What is the minimum switch amount?

The minimum amount that you can switch between funds is £2,500.

What is the maximum I can invest in any fund?

There's no maximum.

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.

Compensation

The products Prudential Assurance Company Limited (PACL) offer are covered by the Financial Services Compensation Scheme (FSCS). If we get into financial difficulties, you may be able to make a claim. The FSCS is an independent body set up by Government to provide compensation for people where their authorised financial services provider gets into financial difficulties and becomes unable, or unlikely to be able, to pay claims against it. This circumstance is referred to as being 'in default'.

Losses, which may result from poor investment performance, are not covered by the FSCS.

Where does FSCS protection apply?

There is full FSCS coverage if PACL is 'in default'.

- Your plan is protected up to 100% of the value of your claim.
- Any funds you choose to hold in your pension plan will be included in the value of your claim in the event that PACL is declared 'in default'.
- If you hold the Prudential With-Profits Fund in your pension, it is protected 100% in the event of the default of PACL.

All the other funds we offer, apart from the fund mentioned above, are unit-linked, and invest in other funds managed by non-PACL fund managers. FSCS cover does not apply if the non-PACL fund manager were to be 'in default'.

- There is no FSCS cover for unit-linked funds investing with non-PACL fund managers if that manager were to be 'in default'.
- See 'How Unit-Linked Funds Invest' for further information on these types of fund (often called 'mirror' funds).

You can find out more information on the FSCS at **pru.co.uk/fscs**, or you can call us.

Information is also available from the Financial Services Compensation Scheme.

Visit their website: **fscs.org.uk**

Or write to: The Financial Services Compensation Scheme, PO Box 300, Mitcheldean GL17 1DY

Or call the FSCS: Telephone: 0800 678 1100

Where FSCS coverage does not apply, then other factors can come in

As explained in the 'Where does FSCS protection apply?' section, the FSCS doesn't cover every situation. For example unit-linked funds that invest in the funds of non-PACL fund managers (often called 'mirror' funds).

But, where FSCS protection does not apply, there are other factors that could help if the worst happened and a provider was 'in default'. For example, the use of custodians or depositories to provide protection for fund assets, where there is separate legal ownership of assets and legal entities that aren't liable for any losses of a fund manager. In so doing, the intention is that the underlying fund will not be liable for any losses the underlying fund management company incurs.

PACL would aim to recover any money invested in an underlying fund where the fund manager has been declared 'in default', but PACL would not be liable for any loss incurred from the default of the non-PACL fund manager.

Further information

For more information on the above, please refer to your Technical Guide.

Fund information

Funds, ABI sectors, asset class risk types, risk and potential reward indicators and fund charges and further costs

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.

Funds	Association of British Insurers (ABI) Sector	Asset Class Risk Types									Fund Charges & Further Costs		
		Equities	Fixed Interest	Property	Currency	Smaller Companies and Emerging Markets	Financial Instruments	Alternative Investments	Other	Risk and Potential Reward Indicator	Annual Management Charge (%)	Further Costs (%)	Yearly Total (%)
Prudential Artemis Income	UK Equity Income	✓	✓		✓		✓		✓	6	1.55	0.05	1.60
Prudential Artemis Strategic Bond	Sterling Strategic Bond		✓		✓		✓		✓	3	1.30	0.07	1.37
Prudential Asia Pacific	Asia Pacific ex Japan Equities	✓			✓	✓				6	1.50	0.03	1.53
Prudential BlackRock Gold & General	Commodity/ Energy	✓			✓	✓	✓	✓	✓	6	1.60	0.17	1.77
Prudential BlackRock UK	UK All Companies	✓								6	1.40	0.17	1.57
Prudential BlackRock UK Special Situations	UK All Companies	✓				✓				6	1.45	0.17	1.62
Prudential Cash~	Deposit & Treasury		✓						✓	1	1.00	0.00	1.00
Prudential European	Europe ex UK Equities	✓	✓		✓		✓		✓	6	1.00	0.05	1.05
Prudential Global Emerging Markets Portfolio	Global Emerging Markets Equities	✓			✓	✓	✓		✓	6	1.60	0.15	1.75
Prudential International	Global Equities	✓	✓		✓		✓			6	0.95	0.05	1.00

~ *Investments in a cash fund could potentially be affected by inflation and/or charges. Inflation could mean your money is less able to what it could before and charges will reduce the value of a cash fund over time.*

Funds	Association of British Insurers (ABI) Sector	Asset Class Risk Types								Risk and Potential Reward Indicator	Fund Charges & Further Costs		
		Equities	Fixed Interest	Property	Currency	Smaller Companies and Emerging Markets	Financial Instruments	Alternative Investments	Other		Annual Management Charge (%)	Further Costs (%)	Yearly Total (%)
Prudential Invesco Global Bond	Global Fixed Interest		✓		✓		✓		✓	3	1.30	0.17	1.47
Prudential Invesco Global Targeted Returns*	Specialist	✓	✓		✓		✓		✓	4	1.72	0.00	1.72
Prudential Invesco Managed Growth	Flexible Investment	✓	✓		✓	✓	✓		✓	5	1.23	0.32	1.55
Prudential Invesco Monthly Income Plus**	Sterling Strategic Bond	✓	✓		✓		✓		✓	3	1.55	0.17	1.72
Prudential Invesco UK Equity Income^	UK All Companies	✓			✓	✓	✓		✓	6	1.23	0.16	1.39
Prudential Janus Henderson China Opportunities	Global Emerging Markets Equities	✓			✓	✓	✓		✓	6	1.55	0.25	1.80
Prudential JP Morgan Natural Resources	Commodity/ Energy	✓			✓	✓	✓		✓	6	1.55	0.05	1.60
Prudential M&G Corporate Bond	Sterling Corporate Bond		✓		✓		✓		✓	2	0.80	0.00	0.80
Prudential M&G Dividend	UK Equity Income	✓								6	1.03	0.00	1.03
Prudential M&G European Sustain Paris Aligned	Europe ex UK Equities	✓			✓	✓				6	1.00	0.00	1.00

* *This fund is managed on a Single Fund Charge – only one total charge is shown.*

^ *This fund is scheduled for closure in the foreseeable future and you may wish to take this into account if choosing to invest in it for the longer term. Existing investors will be contacted directly prior to the point of closure.*

** *This fund is scheduled for closure in March 2022.*

Funds	Association of British Insurers (ABI) Sector	Asset Class Risk Types								Risk and Potential Reward Indicator	Fund Charges & Further Costs		
		Equities	Fixed Interest	Property	Currency	Smaller Companies and Emerging Markets	Financial Instruments	Alternative Investments	Other		Annual Management Charge (%)	Further Costs (%)	Yearly Total (%)
Prudential M&G Gilt & Fixed Interest Income	UK Gilts		✓		✓		✓		✓	4	0.80	0.00	0.80
Prudential M&G Global High Yield Bond	Sterling High Yield		✓		✓		✓		✓	3	1.25	0.00	1.25
Prudential M&G Global Sustain Paris Aligned	Global Equities	✓			✓	✓				6	1.00	0.00	1.00
Prudential M&G Japan	Japan Equities	✓			✓					6	1.50	0.00	1.50
Prudential M&G Managed Growth	Flexible Investment	✓	✓		✓		✓		✓	6	0.80	0.00	0.80
Prudential M&G Property Portfolio	UK Direct Property	✓		✓			✓		✓	4	0.80	0.94	1.74
Prudential M&G Recovery	UK All Companies	✓				✓			✓	6	1.00	0.00	1.00
Prudential M&G Short Dated Corporate Bond	Sterling Corporate Bond		✓		✓		✓		✓	2	0.80	0.00	0.80
Prudential M&G Smaller Companies	UK Smaller Companies	✓				✓	✓	✓	✓	6	1.00	0.00	1.00
Prudential Managed	Mixed Investment 40-85% Shares	✓	✓	✓	✓		✓		✓	4	0.95	0.08	1.03

Funds	Association of British Insurers (ABI) Sector	Asset Class Risk Types								Risk and Potential Reward Indicator	Fund Charges & Further Costs		
		Equities	Fixed Interest	Property	Currency	Smaller Companies and Emerging Markets	Financial Instruments	Alternative Investments	Other		Annual Management Charge (%)	Further Costs (%)	Yearly Total (%)
Prudential Risk Managed Active 2	Mixed Investment 20-60% Shares	✓	✓	✓	✓	✓	✓	✓	✓	3	1.34	0.07	1.41
Prudential Risk Managed Active 3	Mixed Investment 20-60% Shares	✓	✓	✓	✓	✓	✓	✓	✓	3	1.29	0.07	1.36
Prudential Risk Managed Passive 1	Mixed Investment 0-35% Shares	✓	✓	✓	✓	✓	✓	✓	✓	2	1.00	0.03	1.03
Prudential Risk Managed Passive 3	Mixed Investment 20-60% Shares	✓	✓	✓	✓	✓	✓	✓	✓	3	1.02	0.02	1.04
Prudential Schroder Income**	UK Equity Income	✓							✓	6	1.50	0.17	1.67
Prudential Schroder UK Smaller Companies	UK Smaller Companies	✓				✓			✓	6	1.45	0.17	1.62
Prudential Stewart Investors Asia Pacific Leaders Sustainability	Specialist	✓			✓	✓	✓			6	1.60	0.05	1.65
Prudential UK Equity	UK All Companies	✓	✓		✓		✓		✓	6	1.00	0.02	1.02

** *This fund is scheduled for closure in March 2022.*

Funds	Association of British Insurers (ABI) Sector	Asset Class Risk Types									Fund Charges & Further Costs		
		Equities	Fixed Interest	Property	Currency	Smaller Companies and Emerging Markets	Financial Instruments	Alternative Investments	Other	Risk and Potential Reward Indicator	Annual Management Charge (%)	Further Costs (%)	Yearly Total (%)
Prudential US Equity	North America Equities	✓	✓		✓		✓		✓	6	1.00	0.02	1.02
Prudential With-Profits*	Unclassified	✓	✓	✓	✓	✓	✓	✓	✓	3	0.85	0.24	1.09

* *The annual charge, further costs, and charges to cover the cost of the guarantees, are already taken into account when we calculate the bonus rates for our With-Profits Fund. Please refer to your Key Features Document and other plan documentation, including your annual statement, for information on charges.*

Further information

If you're looking for more information on these funds, for example fact sheets, then 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

Investment strategies

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.

The following funds have been selected and made available to you by Prudential.

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.

The following funds are all Prudential Pension 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 Artemis Income

Objective: The investment strategy of the fund is to purchase units in the Artemis Income Fund – the underlying fund.

Underlying Fund Objective: The 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

Objective: The investment strategy of the fund is to purchase units in the Artemis Strategic Bond Fund – the underlying fund.

Underlying Fund Objective: The 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 Asia Pacific

Objective: The investment strategy of the fund is to purchase units in the M&G Funds (1) – Asia Pacific (ex Japan) Equity fund – the underlying fund.

Underlying Fund Objective: The sub-fund aims to provide a higher total return (capital growth plus income), net of the Ongoing Charge Figure, than the FTSE Custom Asia Pacific ex Japan Country Capped Index over any three-year period.

Prudential BlackRock Gold & General

Objective: The investment strategy of the fund is to purchase units in the BlackRock Gold & General Fund – the underlying Fund.

Underlying Fund Objective: The fund aims to provide a return on your investment (generated through an increase in the value of the assets held by the Fund) (gross of fees) over the long term (5 or more consecutive years beginning at the point of investment) through investment in shares of companies related to gold mining, commodities and precious-metals. It tends to be volatile and is particularly suitable for diversification in a larger portfolio.

Prudential BlackRock UK

Objective: The investment strategy of the fund is to purchase units in the BlackRock UK Fund – the underlying fund.

Underlying Fund Objective: The fund aims to provide a return on your investment (generated through an increase in the value of the assets held by the fund) (gross of fees) over the long term (5 or more consecutive years beginning at the point of investment) by investing in the shares of larger companies incorporated or listed in the UK.

Prudential BlackRock UK Special Situations

Objective: The investment strategy of the fund is to purchase units in the BlackRock UK Special Situations Fund – the underlying fund.

Underlying Fund Objective: The fund aims to provide a return on your investment (generated through an increase in the value of the assets held by the fund) (gross of fees) over the long term (5 or more consecutive years beginning at the point of investment) by investing in shares of companies incorporated or listed in the UK.

Prudential Cash

The investment strategy of the fund is to provide an investment return that is consistent with a high degree of security with short-term liquidity. The fund holds a mixture of deposits and short-term bonds and securities issued by banks, the UK Government, local authorities and leading UK companies.

Prudential European

Objective: The investment strategy of the fund is to purchase shares in European (excluding UK) companies via other M&G funds. It is a "fund of funds" holding units in several more specialised European equity funds to give access to a variety of methods for generating investment returns in differing market conditions.

Prudential Global Emerging Markets Portfolio

Objective: 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 International

Objective: The investment strategy of the fund is to provide medium to long term growth (5 to 10 years or more) by investing mainly in a spread of equity markets throughout the world, predominantly through collective investment schemes.

Prudential Invesco Global Bond

Objective: The investment strategy of the fund is to purchase units in the Invesco Global Bond Fund (UK) – the underlying fund.

Underlying Fund Objective: The fund aims to achieve income and capital growth over the medium to long term (3 to 5 years plus). The fund invests at least 80% of its assets in debt securities (including investment grade, non-investment grade and unrated) issued by governments, supranational bodies, other public entities as well as by companies, globally. The fund will take active currency positions globally.

Prudential Invesco Global Targeted Returns

Objective: The investment strategy of the fund is to buy units in the Invesco Global Targeted Returns Fund (UK) – the underlying fund.

Underlying Fund: The 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 3 month SONIA. The fund aims to achieve this with less than half the volatility of global equities, over the same rolling 3 year period.

Prudential Invesco Managed Growth

Objective: The investment strategy of the fund is to purchase units in the Invesco Managed Growth Fund (UK) – the underlying fund.

Underlying Fund Objective: The fund aims to achieve long-term (5 years plus) capital growth. The fund invests at least 80% of its assets in collective investment schemes (including funds managed by the Invesco Group) which invest in a broad range of assets including shares or other equity related securities and corporate and government debt securities (including investment grade, non-investment grade and unrated).

Prudential Invesco Monthly Income Plus

Objective: The investment strategy of the fund is to purchase units in the Invesco Monthly Income Plus Fund (UK) – the underlying fund.

Underlying Fund Objective: The fund aims to achieve income and capital growth over the medium to long term (3 to 5 years plus). The fund invests at least 80% of its assets globally in corporate and government debt securities (including investment grade, non-investment grade and unrated) and shares or other equity related securities of companies.

Prudential Invesco UK Equity Income

Objective: The investment strategy of the fund is to purchase units in the Invesco UK Equity Income Fund (UK) – the underlying fund.

Underlying Fund Objective: The fund aims to achieve income and capital growth over the long term (5 years plus).

Prudential Janus Henderson China Opportunities

Objective: The investment strategy of the fund is to purchase units in the Janus Henderson China Opportunities Fund – the underlying fund.

Underlying Fund Objective: The fund aims to provide a return, from a combination of capital growth and income over the long term. To outperform the MSCI Zhong Hua Index by 2.5% per annum, before the deduction of charges, over any 5 year period. The fund invests at least 80% of its assets in a concentrated portfolio of shares (equities) and derivatives (complex financial instruments) of companies, of any size, in any industry, in China or Hong Kong. Companies will have their registered office in or do most of their business (directly or through subsidiaries) in this region. The fund may invest up to 50% of its assets in China A Shares. The portfolio may be concentrated in terms of its number of holdings and/or the size of its largest holdings. The fund may also invest in other assets including companies outside this region, depositary receipts or other similar investments, Collective Investment Schemes (including those managed by Janus Henderson) and cash and money market instruments. The investment manager strategy seeks to identify companies that can generate unexpected earnings growth, at both an industry and stock level, not yet recognised by the broader market. The investment manager may use derivatives (complex financial instruments) to reduce risk or to manage the fund more efficiently. The fund is actively managed with reference to the MSCI Zhong Hua Index, which is broadly representative of the companies in which it may invest, as this forms the basis of the fund's performance target. The investment manager has discretion to choose investments for the fund with weightings different to the index or not in the index.

Prudential JP Morgan Natural Resources

Objective: The investment strategy of the fund is to purchase units in the JP Morgan Natural Resources Fund – the underlying fund.

Underlying Fund Objective: The 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 M&G Corporate Bond

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

Underlying Fund Objective: The fund aims to provide a higher total return (the combination of capital growth and income), net of the Ongoing Charge Figure, than the average return of the IA £ Corporate Bond Sector over any five-year period. At least 70% of the fund is invested, directly or indirectly through derivatives, in investment grade corporate debt securities including investment grade Asset-Backed Securities. These securities can be issued by companies from anywhere in the world, including Emerging Markets. These securities are denominated in sterling or hedged back to sterling.

Other investments may include:

- debt securities issued or guaranteed by governments and their agencies, public authorities, quasi-sovereigns and supranational bodies and denominated in any currency;

- below investment grade and unrated debt securities;
- below investment grade and unrated asset-Backed Securities; and
- other transferable securities, cash, and near cash, directly or via collective investment schemes (including funds managed by M&G).

Investments in Asset-Backed Securities are limited to 20% of the fund. The fund aims to hedge any non-sterling assets to sterling. Derivatives may be used for investment purposes, Efficient Portfolio Management and hedging.

Prudential M&G Dividend

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

Underlying Fund Objective: The fund has three aims which are to provide an annual yield higher than that of the FTSE All-Share Index, to provide an income stream that increases every year and 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 70% of the fund is invested in equity securities and equity-related securities of companies across any sector and market capitalisation, that are incorporated, domiciled, listed or do most of their business in the United Kingdom. The fund may also invest in other transferable securities, including the shares of non-UK companies, cash and near cash directly or via collective investment schemes (including funds managed by M&G). Derivatives may be used for efficient portfolio management and hedging.

Prudential M&G European Sustain Paris Aligned

Objective: The investment strategy of the fund is to purchase units in the M&G European Sustain Paris Aligned Fund – the underlying fund.

Underlying Fund Objective: The fund has two aims:

- To provide a higher total return (capital growth plus income), net of the Ongoing Charge Figure, than that of the MSCI Europe ex UK Index over any five-year period; and
- To invest in companies that contribute towards the Paris Agreement climate change goal. At least 80% of the fund is invested directly in equity securities and equity-related securities of companies across any sector and market capitalisation that are incorporated, domiciled, or listed in Europe, excluding the UK. The fund has a concentrated portfolio and usually holds fewer than 35 companies. The fund invests in securities that meet the ESG Criteria and Sustainability Criteria.

The following types of exclusions apply to the fund's direct investments:

- Norms-based exclusions: investments that are assessed to be in breach of commonly accepted standards of behaviour related to human rights, labour rights, environment and anti-corruption.
- Sector-based and/or values-based exclusions: investments and/or sectors exposed to business activities that are assessed to be damaging to human health, societal wellbeing, the environment, or otherwise assessed to be misaligned with the Fund's sector-based and/or values-based criteria.
- Other exclusions: investments assessed to be otherwise in conflict with the ESG Criteria and Sustainability Criteria.

Prudential M&G Gilt & Fixed Interest Income

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

Underlying Fund Objective: The fund aims to provide a higher total return (the combination of capital growth and income), net of the Ongoing Charge Figure, than that of the FTSE UK Conventional Gilts All Stocks Index over any five-year period. At least 70% of the fund is invested, directly or indirectly through derivatives, in investment grade short, medium and long-dated gilts. These securities are issued or guaranteed by the UK government, and denominated in sterling. Other investments may include transferable securities, cash, and near cash, directly or via collective investment schemes (including funds managed by M&G). Derivatives may be used for investment purposes, efficient portfolio management and hedging.

Prudential M&G Global High Yield Bond

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

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

Other investments may include:

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

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

Prudential M&G Global Sustain Paris Aligned

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

Underlying Fund Objective: The fund has two aims:

- To provide a higher total return (capital growth plus income), net of the Ongoing Charge Figure, than that of the MSCI World Index over any five-year period; and
- To invest in companies that contribute towards the Paris Agreement climate change goal. At least 80% of the fund is invested directly in equity securities and equity-related securities of companies across any sector and market capitalisation that are domiciled in any country, including Emerging Markets.

  The fund has a concentrated portfolio and usually holds fewer than 40 companies. The fund invests in securities that meet the ESG Criteria and Sustainability Criteria. The following types of exclusions apply to the fund's direct investments:

  - Norms-based exclusions: investments that are assessed to be in breach of commonly accepted standards of behaviour related to human rights, labour rights, environment and anti-corruption.
  - Sector-based and/or values-based exclusions: investments and/or sectors exposed to business activities that are assessed to be damaging to human health, societal wellbeing, the environment, or otherwise assessed to be misaligned with the fund's sector-based and/or values-based criteria.
  - Other exclusions: investments assessed to be otherwise in conflict with the ESG Criteria and Sustainability Criteria.

Prudential M&G Japan

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

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

The fund may also hold cash and near cash for liquidity purposes. Derivatives may be used for efficient portfolio management and hedging.

Prudential M&G Managed Growth

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

Underlying Fund Objective: The fund aims to provide a higher total return (the combination of capital growth and income) net of the Ongoing Charge Figure, than the average return of the IA Flexible Investment Sector over any five-year period.

Prudential M&G Property Portfolio

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

Objective: The investment objective of the fund is to carry on Property Investment Business and to manage cash raised from investors for investment in the Property Investment Business. In doing so, the Fund aims to provide a higher total return (capital growth plus income), net of the Ongoing Charge Figure and Property Expense Ratio, than the average return of the IA UK Direct Property Sector over any five-year period. At least 70% of the fund is invested directly in a diversified portfolio of commercial property in the UK. This may be reduced to 60%, if it is considered prudent for liquidity management.

The fund may also invest in other property related assets such as:

- other types of property, including residential property;
- property of any type outside the UK;
- funds (including funds managed by M&G); and
- transferable securities (such as shares and bonds); and money market instruments.

For liquidity management, the fund may invest in cash; near cash; money market instruments; and government bonds, directly, or via funds (including funds managed by M&G). Derivatives may be used for investment purposes, efficient portfolio management and hedging.

Prudential M&G Recovery

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

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

Prudential M&G Short Dated Corporate Bond

Objective: The investment strategy of the fund is to purchase units in the M&G Short Dated Corporate Bond Fund – the underlying fund.

Underlying Fund Objective: The fund aims to provide a higher total return (the combination of capital growth and income), net of the Ongoing Charge Figure, than that of the Markit iBoxx EUR Corporates 1-3 year Index (GBP Hedged) over any five-year period. At least 80% of the fund is invested, directly or indirectly through derivatives, in short-dated investment grade fixed and floating rate corporate debt securities and in Asset-Backed Securities. These securities can be issued by companies from anywhere in the world, including Emerging Markets. These securities can be denominated in any currency.

Other investments may include:

- below investment grade and unrated corporate debt securities; and
- other transferable securities, cash, and near cash, directly or via collective investment schemes (including funds managed by M&G).

The fund aims to hedge any non-sterling assets back to sterling. Derivatives may be used for investment purposes, efficient portfolio management and hedging.

Prudential M&G Smaller Companies

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

Underlying Fund Objective: The 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 transferrable 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 Managed

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

Prudential Risk Managed Active 2

Objective: The investment strategy of the fund is to buy units in the LF Prudential Risk Managed Active 2 Fund – the underlying fund.

Underlying Fund Objective: The 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 the average volatility per annum over rolling 5 year periods to 10%. There is no guarantee the objective will be achieved over any time period and the actual volatility, at any time, may be higher or lower than 10%. Capital invested is at risk.

Prudential Risk Managed Active 3

Objective: The investment strategy of the fund is to buy units in the LF Prudential Risk Managed Active 3 Fund – the underlying fund. Underlying Fund Objective: The 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 the average volatility per annum over rolling 5 year periods to 12%. There is no guarantee the objective will be achieved over any time period and the actual volatility, at any time, may be higher or lower than 12%. Capital invested is at risk.

Prudential Risk Managed Passive 1

Objective: The investment strategy of the fund is to buy units in the LF Prudential Risk Managed Passive 1 Fund – the underlying fund.

Underlying Fund Objective: The 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 the average volatility per annum over rolling 5 year periods to 9%. There is no guarantee the objective will be achieved over any time period and the actual volatility, at any time, may be higher or lower than 9%. Capital invested is at risk.

Prudential Risk Managed Passive 3

Objective: The investment strategy of the fund is to buy units in the LF Prudential Risk Managed Passive 3 Fund – the underlying fund.

Underlying Fund Objective: The 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 the average volatility per annum over rolling 5 year periods to 12%. There is no guarantee the objective will be achieved over any time period and the actual volatility, at any time, may be higher or lower than 12%. Capital invested is at risk.

Prudential Schroder Income

Objective: The investment strategy of the fund is to purchase units in the Schroder Income Fund – the underlying fund.

Underlying Fund Objective: The fund aims to provide income and capital growth in excess of the FTSE All Share (Gross Total Return) index (after fees have been deducted) over a three to five year period by investing in equity and equity related securities of UK companies.

Prudential Schroder UK Smaller Companies

Objective: The investment strategy of the fund is to purchase units in the Schroder UK Smaller Companies Fund – the underlying fund.

Underlying Fund Objective: The fund aims to provide capital growth in excess of the FTSE UK Series Small Cap ex Investment Trusts (Gross Total Return) index (after fees have been deducted) over a three to five year period by investing in equity and equity related securities of small-sized UK companies.

Prudential Stewart Investors Asia Pacific Leaders

Objective: The investment strategy of the fund is to purchase units in the Stewart Investors Asia Pacific Leaders Sustainability Fund – the underlying fund.

Underlying Fund Objective: The 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 UK Equity

Objective: The investment strategy of the fund is to purchase shares in UK companies via other M&G funds. It is a "fund of funds" holding units in several more specialised UK equity funds to give access to a variety of methods for generating investment returns in differing market conditions.

Prudential US Equity

Objective: The investment strategy of the fund is to purchase units in the M&G (ACS) BlackRock Optimised US Equity Fund – the underlying fund.

Underlying Fund Objective: The Sub-Fund aims to reflect the risk and return characteristics of the S&P 500 Index gross of the Ongoing Charges Figure. The Sub-Investment Manager uses a structured and systematic, bottom-up stock selection process to build a portfolio with similar risk-return characteristics as the Index in order to meet the Sub-Fund's investment objective; in addition the Sub-Investment Manager aims to maximise the Sub-Fund's ESG characteristics by overweighting its investments in securities which score well against the Sub-Investment Manager's ESG research framework, and underweighting the securities which score less well.

Prudential With-Profits*

Objective: 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.

* This fund aims to protect investors against some of the extreme highs and lows of short-term investment performance using a "smoothing" mechanism. Please refer to "Your With-Profits Plan – A guide to how we manage the Fund" (document reference WPGB0027) for more information.

Choosing a strategy

When thinking about choosing an option, you must remember that the higher the exposure to the stock market, the greater the potential investment returns over the longer term. Equally, if the stock market falls, the greater the risk to the value of investment and so your retirement income will fall.

There are three Lifetime investment strategies to choose from:

- Cautious
- Standard
- Adventurous

Each strategy offers a different balance of potential investment return and risk, which is set by the mix of investment funds held. These are our own definitions, and apply to the strategies rather than to the funds within each strategy. The Lifetime Investment Strategy funds (which are described in detail on previous pages) are:

- The Prudential With-Profits Fund
- The M&G Managed Growth Pension Fund
- The M&G Corporate Bond Pension Fund (Series 2)

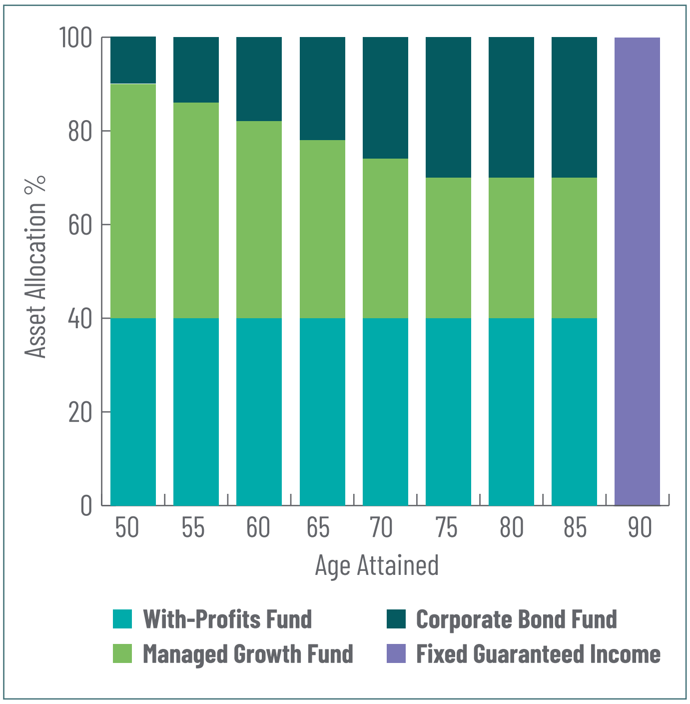
The investment risk of each strategy generally reduces as you get older. We do this by automatically re-balancing the mix between the different investment funds within the chosen strategy every year. Your choice of strategy also determines your investment mix when you reach the policy anniversary following your 89th birthday.

The Lifetime Investment Strategies have been designed to run potentially right through to the policy anniversary following your 89th birthday. If you're investing only in the Flexible Income Drawdown Plan (FIDP), investment past the age of 75 isn't available so it may not be appropriate for you to pursue a Lifetime Investment Strategy. You'll need to discuss this with your adviser.

Details of the three strategies are set out here:

Cautious

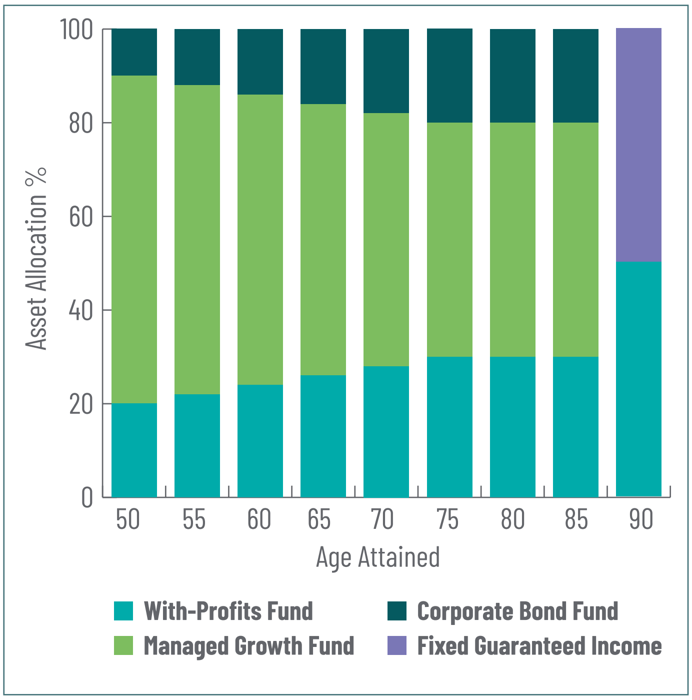
With this strategy, units are held in a mix of the M&G Managed Growth Fund (which is a 'fund of funds' i.e. a fund that invests in other funds rather than directly in assets), the Prudential With-Profits Fund and the M&G Corporate Bond Fund. The Managed Growth Fund is gradually replaced by a greater holding in the Corporate Bond Fund. When you reach the policy anniversary following your 85th birthday, the holding in each of the funds will gradually be replaced by an element of Fixed Guaranteed Income. When you reach the policy anniversary following your 89th birthday you'll receive a fixed amount of income which is guaranteed for life and won't reduce (we call this a 100% Fixed Guaranteed income).



Note: While the cautious lifetime strategy is lower risk when compared with the other investments available from FRIA, it's higher risk when compared to the option of purchasing a guaranteed pension annuity for example.

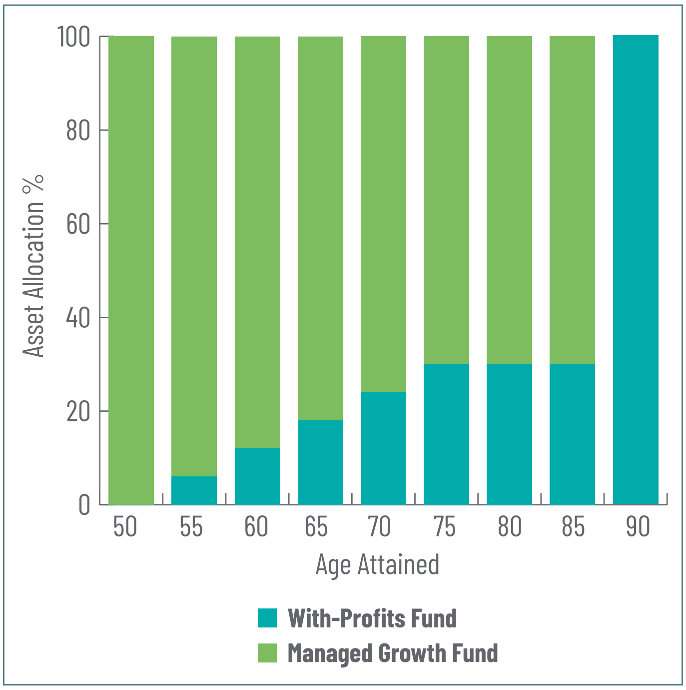
Standard

With this strategy, units are held in the M&G Managed Growth Fund (which is a 'fund of funds' i.e. a fund that invests in other funds, rather than directly in assets), the Prudential With-Profits Fund and the M&G Corporate Bond Fund. The units in the Managed Growth Fund are gradually replaced by a greater holding in the With-Profits Fund and the Corporate Bond Fund. When you reach the policy anniversary following your 85th birthday some of your funds will be gradually exchanged for Fixed Guaranteed Income. When you reach the policy anniversary following your 89th birthday your remaining funds will be converted into a Fixed Guaranteed Income (which is a fixed amount of income which is guaranteed for life and won't reduce) and With-Profits Income (in the case of remaining With-Profits Fund units) which will provide you with a regular income for the rest of your life. It's linked to the performance of our With-Profits Fund, so your income has the potential to go up. Your income can also fall, although we'll never pay you less than a certain level which we call our Secure Level.



Adventurous

This strategy has the highest stock market content, provided by the M&G Managed Growth Fund (which is a 'fund of funds' i.e. a fund that invests in other funds, rather than directly in assets). The holding in this fund is gradually switched into the Prudential With-Profits Fund. When you reach the policy anniversary following your 89th birthday, the whole fund is converted into a With-Profits Income which will provide you with a regular income for the rest of your life. It's linked to the performance of our With-Profits Fund, so your income has the potential to go up. Your income can also fall, although we'll never pay you less than a certain level which we call your Secure Level.



Note: If you decide to switch from one Lifetime Investment Strategy to another (after the policy anniversary following your 85th birthday) you should be aware that the new strategy will apply regardless of previous switch transactions. Any previous conversions to a Fixed Guaranteed Income are permanent and can't be reversed.

The risk profile of funds can be judged in different ways and may change. Our Strategy options, from time-to-time, may not match to our Prudential risk ratings, in terms of the movement from higher to lower risk, as our Prudential risk ratings may change.

Some useful investment terms

Learn about some investment related terms

This is a high-level guide to some useful investment terms. It's not meant to cover every term you may come across and you may not find each item in the glossary within this guide. Please speak to your financial adviser if you need help or 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, such as OEICs, Unit Trusts, Mutual funds, usually 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 moves as the value of the company changes. Also, regular payments, called dividends, may be made to the owner of the share. These are based on how well the company is doing.

Financial Times Stock Exchange (FTSE)

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Floating Rate Notes

Short-term loans to financial companies, such as banks. The investor receives interest payments, which may go up or down, and at the end of an agreed period the company has to repay the loan.

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 indicates the agency believes that the bond issuer has a relatively low risk of not paying what it owes the buyer of the bond. Bonds with credit ratings of AAA, AA, A or BBB are considered investment grade. Low rated bonds with ratings of BB or below are often called Junk Bonds.

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.

Investments in cash or cash-like funds could potentially be affected by inflation and/or charges. Inflation could mean your money is less able to buy what it could before and charges will reduce the value of a cash or cash-like fund over time.

OEIC

An open collective investment scheme. Like all such schemes, an OEIC has no fixed amount of capital. The total value of the OEIC is equally divided into shares which will vary in price and in the number issued. When you invest new money, new shares or units are created to match the share price. When you take money out (redeem your shares), the assets are sold at the share price.

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.

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.

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