

Your guide to The PruFund Planet range



The power to build a better future

More and more people are becoming aware of the potential planet-friendly investments offer in helping to shape the world we live in, and are looking to invest in funds which can deliver positive outcomes as well as competitive returns.

Prudential's new fund range – PruFund Planet – gives you the power to build a better future for yourself, for society and for the planet.

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What is PruFund Planet?

PruFund Planet is a range of five funds, each with their own risk profile that seek to deliver positive environmental and societal outcomes.

It's designed for clients who want to know their savings are creating positive outcomes but who also want a smoothed investment experience.

PruFund Planet offers the potential for steady returns for saving and retirement.

Smoothed investment

Investments in the PruFund Planet range are subject to an established smoothing process which helps protect you from some of the day-to-day fluctuations associated with direct investment.

Full details on the smoothing process are available on page 7.

Investing in positive outcomes

When our investment experts look for places to invest your money, they use a range of factors to decide where to invest.

One of the considerations when selecting investments is whether they do any harm, so that would mean excluding certain areas, such as controversial weapons or unethical business practices, for example.

As well as the potential for returns, our experts look at three important areas when considering investment options – Environmental, Social and Governance (ESG).

Environmental, Social and Governance (ESG) factors



Environmental factors – such as levels of carbon emissions produced, waste levels and pollution management



Things that benefit society – such as fair working conditions, working with local communities and quality and diversity



Companies with robust controls (for example, fair working conditions) – such as ensuring transparency in supply chains and shareholder voting

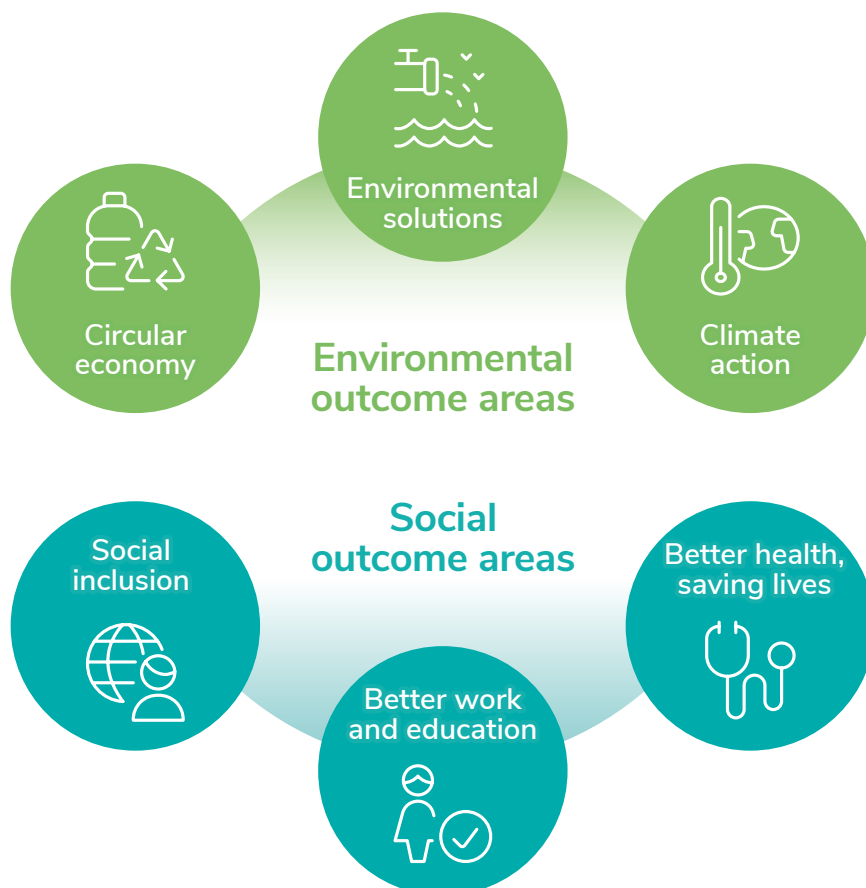
Investing ranges from traditional investing to maximise returns, and philanthropy to achieve social and environmental good. PruFund Planet looks to take advantage of opportunities that exist between these two approaches – to invest your money whilst aiming to create positive outcomes and competitive returns.

PruFund Planet integrates responsible investment, with investing in ESG opportunities and seeking to address societal and environmental challenges, often for under-served or disadvantaged groups, to generate competitive financial returns.

Responsible investing generally aims to avoid harmful investment activities, which is typically implemented through negative exclusions in areas such as; controversial weapons, tobacco, coal mining or gambling. Historically, the term "ethical" investing has had a similar meaning to "responsible" investing.

So when you invest in PruFund Planet, some of your money is invested to make a positive impact. This means it's invested in companies, governments or other entities that set out to achieve specific and measurable differences to environmental or societal issues.

PruFund Planet comes from Pru – one of the UK's most recognisable savings and investment companies. And as part of M&G plc our size and scale means you can have access to a huge and diverse global range of investments, across different asset classes, both in the UK and around the world. It's the power of Pru, working for you.



So how does PruFund Planet work?

Your money is pooled together with that of other investors within your chosen fund, and used to buy a large spread of different types of investments (often described as asset classes).

Reducing risk by investing in a diversified mix of asset classes

PruFund Planet funds aim to grow your money over the medium to long term (5 to 10 years or more), while protecting you from some of the extreme short-term ups and downs of direct stock market investments, by using an established smoothing process. This means that while you won't benefit from the full upside of any potential stockmarket rises you won't suffer from the full effects of any downfalls either.

PruFund Planet funds are a part of the Prudential With-Profits Fund, which is currently worth approximately £143bn*, which means we can buy a wide range of assets which may not be possible for someone to buy directly.

However, there are differences across the range of PruFund Planet funds in their objectives and mix of assets, and how PruFund Planet delivers returns to investors when compared to other With-Profits business. This means the returns received by investors will vary by fund choice. PruFund Planet funds are multi-asset funds which means you get access to a wide range of assets, across different asset types and countries.

This allows you to spread the risk of investment.

This diversification aims to balance the performance of the various different assets, so "your eggs aren't all in one basket". In essence this aims to offset poor performance in one asset type with good performance in another. Investing money can be rewarding, but it's not without risk...

- The value of an investment can go down as well as up, so you might get back less than you put in.
- Charges will reduce the value of the investment and they may increase in the future.
- Withdrawals from the fund can exhaust the investment. Therefore it's important to try to ensure that invested money needs to last for as long as is intended.
- Inflation will affect the buying power of the money you get back.

! With-Profits Fund explained

With-profits funds pool policyholders' investments, and the returns are smoothed to help reduce the volatility (how much prices move up and down over a given period) associated with direct equity investments.

Essentially a fund made up of shares, property, cash and fixed interest securities.

The products that use with-profits are typically regular and single premium savings plans and pensions.

! How we manage your money

The PruFund Planet funds are actively managed by the M&G Treasury & Investment Office (T&IO) – a large and well resourced multi-asset team.

T&IO manages over £177bn* across a growing range of multi-asset investment solutions and annuities on behalf of Prudential UK and Europe.

T&IO has great strength and depth with access to a team that includes investment professionals with expertise in capital market research, investment strategy design, liability management, derivatives and portfolio management.

You'll find more information on the M&G Treasury & Investment Office (T&IO) on page 11.

* Figures as at 31 December 2020

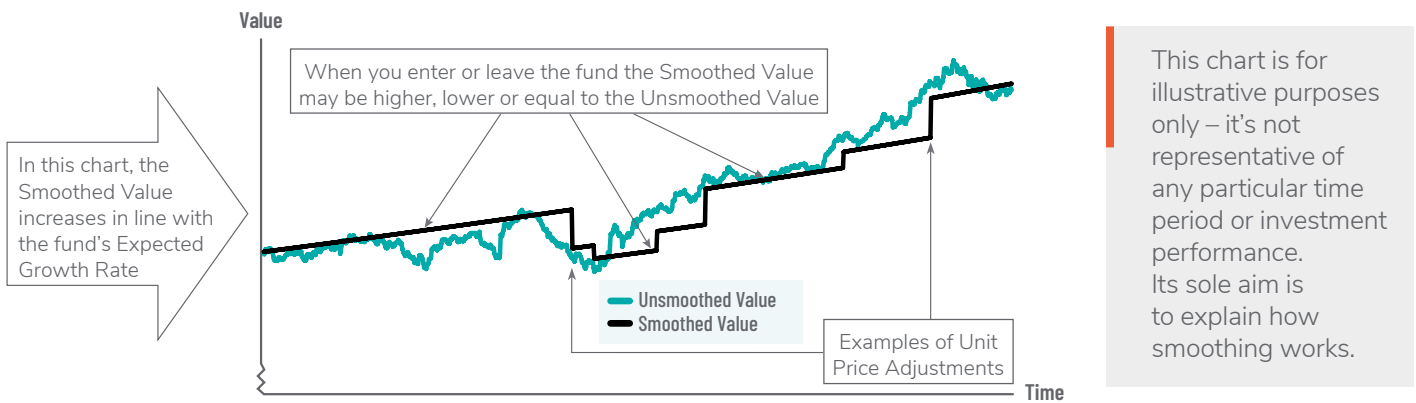
How the smoothing process works

The PruFund Planet funds aim to grow your money over the medium to long term (5-10 years or more). The funds use an established 'smoothing process' which aims to protect you from the extreme short-term ups and downs of direct stock market investment. In other words, to give you a more stable rate of growth than you would get,

if you were directly exposed to the daily changes in the fund's underlying investment performance.

So while you won't benefit from the full upside of any potential stock market rises, you won't suffer from the full effects of any downsides either.

An illustration of how PruFund Planet smoothing works



Expected Growth Rate (EGR)

Prudential sets EGRs; these are the annualised rates your investment would normally grow at. The EGRs reflect our view of how we think each fund will perform over the long term (up to 15 years).

Each fund has its own EGR and your investments fund will normally grow daily by the relevant EGR. EGRs are reviewed every 3 months, and may be higher, the same, or lower than they were at the start of your investment.

Unit Price Reset – explained

We may decide to reset the smoothed price of a PruFund Planet fund on a particular day, to protect the With-Profits Fund. If we do, the smoothed price of the affected fund would be adjusted to be the same value as the unsmoothed price on that working day. This adjusted smoothed price will then continue to grow in line with the EGR from the working day after this reset. This is known as a Unit Price Reset.



Unit Price Adjustment (UPA).

Although we use a long term view of performance to set EGRs, we also have to take into account shorter-term performance. On a daily basis, if the shorter-term performance differs too much from our current Expected Growth Rate, we'd have to amend the value of your fund up or down to ensure we are not returning too much or too little. We call these Unit Price Adjustments (UPAs).

Suspension of smoothing – explained

There may be occasions where we have to suspend the smoothing process for one or more PruFund Planet funds for a period of consecutive days, to protect our With-Profits Fund and those invested in it. When this happens, the smoothed price for the affected fund(s) is set to the unsmoothed price for each day until the smoothing process is reinstated.

Your financial adviser will be able to give you more information on our smoothing process, EGRs and UPAs, Unit Price Resets and suspension of smoothing, for our PruFund Planet funds.

What happens when I first invest?

Your investment is initially invested in a holding fund for a maximum of a month called a PruFund Planet Account, where it will increase daily in line with the Expected Growth Rate (EGR) applicable to that account. During this time product charges will be applied, but the investment will not be subject to any smoothing adjustments such as Unit Price Adjustments (UPAs) or Unit Price Resets, before it is switched into your chosen fund at the next investment date the EGR will be applied daily to the smoothed price of your fund over the duration of the quarter. Combined with the spread of investments in the well-diversified funds, the smoothing process means that the risks associated with a PruFund Planet investment can be lower than those found from investing directly in one asset class, such as equities.



EGRs reflect our long-term view of the fund growth and UPAs allow us to make any necessary adjustments to help keep the fund growth on track, in line with the EGR. EGRs and UPAs are part of the smoothing process. You'll find the latest EGRs at: pru.co.uk/investments/investment-fund-range/prufund-range/

Moving out of PruFund Planet

You can leave a PruFund Planet fund at any time. There is no fixed term, but there is a 28-day delay if you are moving out of a PruFund Planet fund to another fund. Currently there is no delay on moving out of PruFund Planet if you are leaving the product, but we could introduce one if we needed to do so to protect all those within the fund.

Please see 'Your With-Profits Plan – a guide to how we manage the fund (PruFund Planet range of funds)' (WPGB0031) for more information.

Full details of how the PruFund Planet smoothing process works, including when and by how much we will adjust the smoothed prices of the PruFund Planet funds, along with some examples, can be found in 'A step by step guide to the PruFund smoothing process' (PRUF1098101), available from your financial adviser

Our PruFund Planet range

Everyone is different in terms of the risk they're willing and able to take, and the returns they want to aim for. Investing is about balancing the potential reward you could achieve, with the level of risk you're prepared to accept.

PruFund Planet funds invest across our spectrum of positive outcomes, from clean technology and renewable energy to social enterprise. These funds vary in terms of their potential risk and potential reward, meaning that depending on your attitude to risk and reward, PruFund Planet may provide an option that meets your needs.

Our investment strategy aims to secure the highest total return over the time you have your plan, consistent with the objectives of the individual PruFund Planet fund, while maintaining an acceptable level of risk.

We have five funds available in the PruFund Planet range. The numbering of the funds, i.e. PruFund Planet 1, up to PruFund Planet 5, indicates the increasing level of investment risk – with 1 low and 5 high. The higher level of investment risk, the greater the potential reward.

The value of your investment can go down as well as up so you might get back less than you put in. For the PruFund Planet range of funds, what you receive will depend on the value of the underlying investments, the Expected Growth Rates as set by the Prudential Directors, our charges and the smoothing process.

Investment Objective

The PruFund Planet funds aim to achieve a total return from income and capital over the medium to long term (at least 5-10 years), while aiming to deliver positive environmental and societal outcomes in addition to financial returns.

These Funds that invest across our spectrum of positive outcomes; from clean technology and renewable energy to social enterprise, have three categories of outcome;

1. Mitigating Environmental, Social and Governance risks and minimising negative outcomes
2. Pursuing Environmental, Social and Governance opportunities
3. Investing in positive outcomes for disadvantaged groups or stakeholders.

PruFund Planet 1 – The fund aims to limit the fluctuations (volatility) your investment experiences, after allowing for smoothing, to 9% per annum.

PruFund Planet 2 – The fund aims to limit the fluctuations (volatility) your investment experiences, after allowing for smoothing, to 10% per annum.

PruFund Planet 3 – The fund aims to limit the fluctuations (volatility) your investment experiences, after allowing for smoothing, to 12% per annum.

PruFund Planet 4 – The fund aims to limit the fluctuations (volatility) your investment experiences, after allowing for smoothing, to 14.5% per annum.

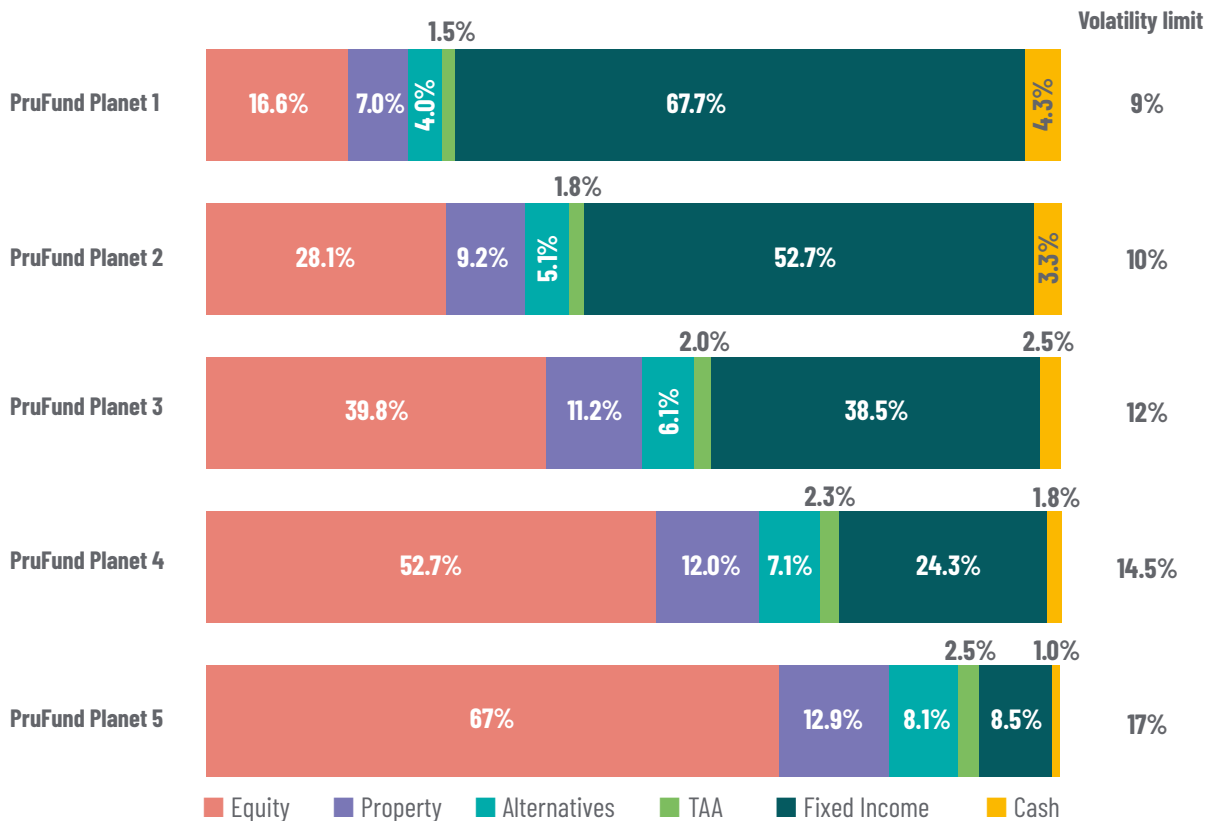
PruFund Planet 5 – The fund aims to limit the fluctuations (volatility) your investment experiences, after allowing for smoothing, to 17% per annum.

Please note: There is no guarantee the funds will achieve their objective of managing the volatility to the target level.

Each of our PruFund Planet funds is designed to suit different attitudes to risk and reward. They all benefit from our established smoothing process – explained on page 7 – and are aimed at investors looking to invest for 5 to 10 years or more.

These funds are numbered one to five based on how volatile we expect each fund to be after smoothing has been applied. For example, PruFund Planet 1 has the lowest volatility limit of 9% after smoothing, and therefore has the lowest amount invested in assets that are likely to be more volatile as you can see below (with just over 16% invested in shares, as at July 2021).

PruFund Planet 5 on the other hand, has the highest volatility limit of 17% after smoothing, and has the highest amount invested in assets that are likely to be more volatile (67% invested in shares, at launch on 27 July 2021).



Source: Prudential as at 27 July 2021. Asset allocations are regularly reviewed and may vary from time to time, but will always be consistent with the fund objective.

You can find explanations of these types of assets in ‘Some terms explained’, starting on p12.

Your money can help to protect and improve society and the planet, as well as aiming to deliver competitive returns.

Your financial adviser will be able to talk to you about your attitude to risk, financial goals and your personal values.

The M&G Treasury & Investment Office (T&IO) – experts in diversified investment

We believe a well-diversified fund is more likely to achieve consistent returns and that value can be added through a sound and well-structured investment process. This is why we use M&G's expert investment strategists at T&IO to make our strategic investment decisions. They work with hundreds of investment professionals in both the UK and across the world, to find new investment opportunities. Opportunities that not only help the planet, but aim to generate financial returns and steady growth over time.

Prudential's investment strategist

T&IO's main objective is to ensure that they optimise the asset allocation of funds. This is core to their investment approach. Importantly, they regularly keep the asset allocation under control. To achieve the right mix of assets at any given time, they have a regular process of monitoring and adjusting the mix for any market or fund changes.

The T&IO approach to asset allocation

Most financial professionals agree that asset allocation is one of the most important decisions that investors make. To help inform their asset allocation decisions, T&IO analyses the information available to them on the performance of assets over both the long and the short term. They look backward at historical information and they also look forward to consider how each asset is likely to perform. And at the core of any long-term asset allocation decision is a process that has been in place – and successful – for nearly two decades

Access to a global range of funds

Investors have access to a global range of funds within the funds underlying holdings. T&IO work closely with other investment companies to offer diversification. This diversification aims to balance the performance of the various different assets, so “your eggs aren't all in one basket”.

Team-based approach

T&IO use a team-based approach to reach a consensus house view. As part of the M&G group, T&IO draws upon the experience of hundreds of investment professionals both in the UK and around the world.

Governance framework

Investment teams are supported by experienced information and risk monitoring teams. Governance and controls are particularly important for T&IO, and as such they work within a thorough and effective governance framework, so that each part of the investment process is reviewed and controlled at all times.

Demonstrable success

T&IO's ability to produce investment returns has helped meet investor expectations over long periods and through difficult market conditions. The scale and breadth of assets under management means that T&IO is often a preferred counterparty in the marketplace, able to negotiate competitive terms and ensure a premium service is always provided.

Please remember that past performance should not be considered a reliable indicator of future performance.

Some terms explained

Active management

The traditional investment approach where fund managers actively build and change a portfolio of assets (eg stocks and shares) in order to take advantage of what they believe are the best opportunities.

Alternative assets

Alternative assets are things that don't fit into the four main asset classes (Shares, Bonds, Property or Cash). These investments usually behave differently to the wider economy and are in specialist areas. These could be things like royalties, transport networks and alternative energy. Investing in Alternative Assets is another way to further spread the risk of your investment.

Assets

Items that are owned by an individual such as property and investments. Money in a bank or building society account is known as a liquid asset. Assets may also be held in a fund.

Diversification

Spreading your investments to help reduce the risk within your portfolio.

Equities

Another name for shares held in a company or companies.

Fixed Income/Fixed Interest Securities

More commonly known as 'bonds' these 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 called gilts and those issued by the US government are called treasury bonds. In effect all bonds are IOUs that promise to pay a sum on a specified date and pay a fixed rate of interest along the way.

Fund Manager

An individual who is employed by a company to manage money. It is a fund manager's aim to buy shares or other assets such as property or bonds that they believe will increase in value or provide a level of income.

Holding Account

When you invest in one of our PruFund Planet funds, your money will be put into a 'holding account' where it will stay until the next PruFund Investment Date. While your money is in a holding account, it increases daily in line with the Expected Growth Rate applicable to that account. During this time, we apply product charges but the investment will not be subject to any smoothing adjustments, Unit Price Resets or suspension of smoothing. There is an associated holding account for each PruFund Planet fund.

Pooled Investment

Investments such as unit trusts, where a number of people put their money together to enable them to buy a wider range of investments, thereby spreading the risk of volatility.

Property

In the context of 'Property' as a type of asset, investment is usually in commercial property such as offices, shops and industrial premises.

Return

A measure of performance. It is the total of the increase in value and any income received over a given period, expressed as a percentage.

Shares

See Equities.

Strategic Asset Allocation (SAA)

Strategic asset allocation is a long term asset allocation approach, commensurate to the investor's risk profile and financial goals.

Tactical Asset Allocation (TAA)

An investment style in which the three primary asset classes (stocks, bonds, and cash) are actively balanced and adjusted, to maximize portfolio returns while Keeping market risk to a minimum.

Volatility

A measure of how much an investment's price is likely to fluctuate during a set period of time.

With-Profits Fund

Essentially a fund made up of shares, property, cash and fixed-interest securities, which usually carries a medium risk. The products that use with-profits are typically regular and single premium savings plans and pensions. With-profits funds pool policyholders' investments, and the returns are smoothed to help reduce the volatility associated with direct equity investments.

More information

You can refer to the relevant Key Features Document and Funds Guides for more details on our range of funds. These are available from your financial adviser.

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