

Quarterly Update

Prudential Risk Managed Active range

Quarter 2 2022

An introduction to the quarterly update for Prudential Risk Managed Active range

Inside you will find information including investment aims, how funds are chosen, commentary on financial markets and updates on each fund.

The information in this guide is as at 30 June 2022 unless otherwise stated.

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Prudential Risk Managed Active range – availability

It's possible to invest in the Prudential Risk Managed Active range through a number of products, and, as an OEIC, from a range of fund “platforms” such as Cofunds, Fidelity FundsNetwork, Transact and more.

	Prudential Retirement Account	International Portfolio Bond	OEIC	ISA*	Prudential Investment Plan	Flexible Retirement Plan (Personal Pension & Drawdown)	Prudential International Investment Bond
Risk Managed Active 1	✓	✓	✓	✓	✓	✓	✓
Risk Managed Active 2	✓	✓	✓	✓	✓	✓	✓
Risk Managed Active 3	✓	✓	✓	✓	✓	✓	✓
Risk Managed Active 4	✓	✓	✓	✓	✓	✓	✓
Risk Managed Active 5	✓	✓	✓	✓	✓	✓	✓

* The Prudential ISA is provided by Link Financial Investments Limited, the ISA Plan Manager. Link Financial Investments Limited is responsible for all the regulatory and legal aspects of the ISA and the provision of customer services.

Information to be aware of when reading this update

- This quarterly update describes the asset allocations, fund aims and risk/reward profiles of the Open Ended Investment Company (OEIC) versions of these funds. This fund type is distinguished from the Unit-Linked versions, that invest exclusively in the OEIC funds, by the prefix 'LF' in their full name as in 'LF Prudential Risk Managed Active 1' for example.
- If you invest or hold these funds in a Pension, Life or International policy you may have the Unit-Linked version that doesn't have the 'LF' prefix. Instead it will simply say 'Prudential' (for Pension and Life funds) as in 'Prudential Risk Managed Active 1' for example. International funds will have the prefix 'PIA' in their title.
- The Unit-Linked versions generally have a slightly larger proportion of their holdings in cash and may have different charging and taxation costs. This will mean their investment performance will be different to their OEIC equivalent. Pages 16 and 17 has the respective performance figures for both the OEIC and Unit-Linked versions of these funds, that is further broken down into the performance as held as an OEIC or within a Life, Pension or International Insurance policy.
- Your product literature will help you identify which version of the fund you may hold. Or alternatively ask your financial adviser for more information.

For more information on how our Risk Managed Active range is managed please ask your financial adviser for a copy of 'An Introduction to the Risk Managed Active range'.

Prudential Risk Managed Active range

The Prudential Risk Managed Active range offers a choice of five risk-managed multi-asset collective funds each with its own risk profile, investing at least 70% in active collective investments. M&G Investment Management Ltd, part of the M&G plc Group, are the investment managers for the Risk Managed Active funds. They make the relevant adjustments to portfolios based on recommendations from M&G Treasury & Investment Office (T&IO).

Meet the experts

M&G Treasury & Investment Office (T&IO)

- T&IO are our in-house investment strategists and “manager of managers”.
- They are a well-resourced team that includes experienced investment professionals with specialist expertise in capital markets research, investment strategy design, liability management, portfolio management and manager selection and oversight.
- T&IO are responsible for approximately £175 billion AUM, as at 31st December 2021, across a range of multi-asset investment solutions.

T&IO recommend each portfolio's asset allocation.

When reviewing the asset allocation, T&IO consider their long-term view of each type of asset the portfolio can hold and decide which ones to use in line with appropriate risk parameters.

The underlying Prudential Risk Managed Active OEIC funds are owned by Link Finance and are available for investment as OEIC funds or as life and pension funds available on Prudential and Prudential International products.

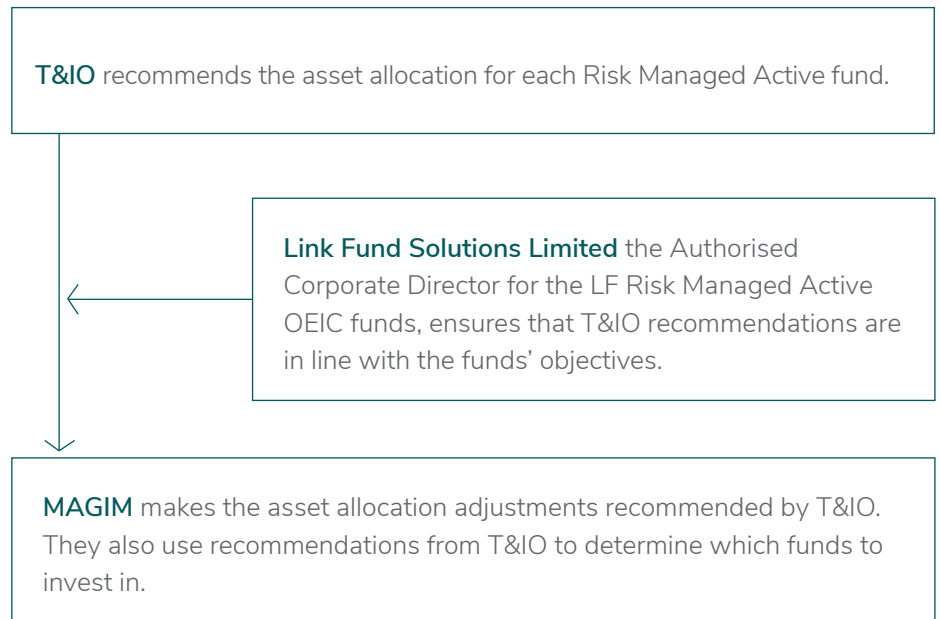
Each Risk Managed Active fund is a 'fund of funds', which means that each invests in a range of underlying funds. Fund of funds can offer a simple solution to the challenge of selecting funds and diversifying across different types of assets.

Within a fund of funds as part of an OEIC investment, underlying funds can be switched and replaced as often as is necessary without having to pay any Capital Gains Tax (CGT). Fund of funds are often called 'multimanager' funds.

The Risk Managed Active funds use the combined expertise of T&IO, the same team that manages our PruFund funds.

- T&IO recommends the asset allocation for each Risk Managed Active fund.
- T&IO selects the funds which they believe best meet the portfolio asset mix requirements.

Fund Management in more detail



Who is MAGIM?

M&G Investment Management Ltd (MAGIM), part of the M&G plc Group, are the investment managers for the Risk Managed Active range. They make the fund selections and asset allocations adjustments recommended by T&IO.

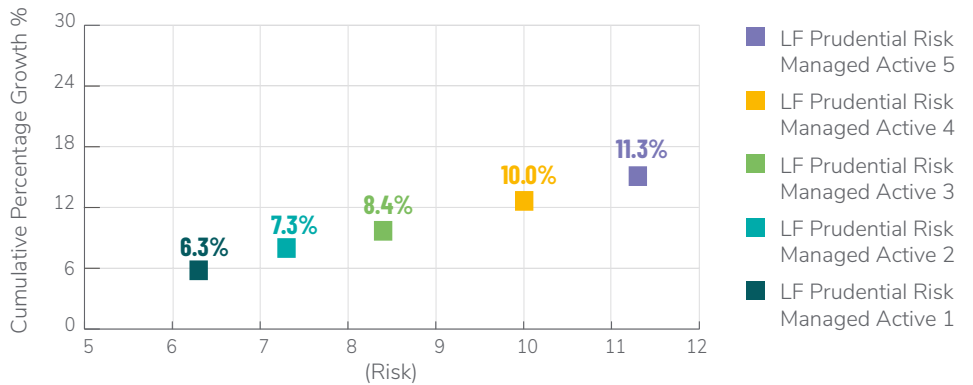
Risk vs Return

The chart opposite illustrates the daily price (percentage growth) and risk (volatility) of each of the funds over the past five years.

Volatility, is the rate at which the price of, for example, a fund can move up or down. If the price of a fund moves up and down rapidly and by significant amounts over short term periods, it can be said to have a high volatility. If the price almost never changes by significant amounts over short term periods, it has a low volatility.

Source: FE fundinfo

Collective Performance Figures 30/06/17 to 30/06/22



Volatility – (represented by Standard Deviation, which is a measure of how much a value moves about against its own average)

These figures are based on the OEIC which is the underlying investment of the Life, Pension and International fund versions. The figures are based on the movement of the daily price with net income reinvested. The figures include tax and charges applicable to the fund.

The Risk Managed Active funds are a range of multi-asset Open Ended Investment Company (OEIC) funds designed to help meet your attitude to risk by using asset allocation. The numbering of the funds within the fund names i.e. Prudential Risk Managed Active 1 fund, up to Prudential Risk Managed Active 5 fund, indicates the increasing level of investment risk associated with that fund – with 1 low and 5 high. The higher the level of investment risk, the greater the potential reward. The chart below shows the relative risk of our Risk Managed Active funds.

We can't predict the future. Past performance isn't a guide to future performance. The value of your investment can go down as well as up and you may not get back the amount you put in.



Portfolio Manager – market update

In this section the portfolio management team share their thoughts on current market conditions and how this shapes the views to the portfolio asset allocations. This commentary reflects their general views and should not be taken as recommendation or advice as how any specific market is likely to perform.

Fears of an imminent recession in the US and Europe, brought on by months of rising inflationary pressure which dented consumer and business confidence, gathered steam during the quarter. Business surveys for the month of June pointed to a sharp deceleration in the growth of the global economy, as manufacturing and services sector activity slowed among the world's leading economies. Economic damage from the war in Ukraine has been a significant factor in the slowdown and has greatly exacerbated the global inflation problem. Fuel and food prices have increased rapidly, hitting vulnerable populations in low-income countries hardest. The worsening inflationary picture necessitated a more aggressive pace of interest rate hikes from many of the world's central banks.

The economic picture remains uncertain however, we continue to believe that there are long-term opportunities available for the careful investor.

Phil Butler CFA
Portfolio Manager

Views on asset types

Each of the funds is made up of a number of different types of assets. These can be covered in three main categories.

Equities

Having treaded water through April and May, UK equities succumbed to a sell-off by global stocks in June. This also left the domestic market below the waterline for the first half of the year, although ahead of the major global regional market's ex Japan in local currency terms. The UK's resilience reflects the market's defensive characteristics, relatively cheap valuation, attractive yield and the high proportion of energy, mining, pharmaceutical and bank stocks in its composition.

US equities suffered their biggest declines since the arrival of the coronavirus pandemic. Investors struggled to assess the impact of moving from a low to a high inflation regime and this led to volatility.

European equities fell heavily as growing concerns about a global economic recession curbed investor risk appetite. Amid persistently high inflation and signs of slowing economic activity, investors worried that central banks' plans to raise interest rates would lead to an economic slowdown.

The Japanese stockmarket fell, like many other markets. Notable was the weakness of the Japanese yen, which fell against most major currencies.

Our view remains that a broadly diversified portfolio of equities will benefit overall returns over the long-term but that much uncertainty exists in the short-term.

Fixed income

The second quarter saw further steep declines across fixed income markets, largely driven by fears that persistently high inflation would necessitate an even more aggressive series of rate hikes from the world's central banks. Against this backdrop, UK government bonds (gilts) delivered negative returns as the 10-year gilt yield climbed sharply from around 1.7% at the end of March to around 2.2% by the end of June. UK corporate bonds were also in negative territory.

Global bond markets continued to display an uncertain direction because of international events, high inflation, the threat of slowing growth, and interest rate volatility. Bond yields, rose on major government bonds, investment grade corporate bonds, and lower-rated high yield bonds. Emerging market bonds also fared poorly.

Over the long-term, we continue to favour corporate bonds over government bonds.

Property

UK commercial property made a solid start, with real estate investors seemingly unperturbed by the gyrations seen in other asset classes. All sectors recorded a positive total return in April and May, although gains moderated somewhat from those seen over the first quarter. This has been achieved against a backdrop of rising inflation and a steep upward trajectory in interest rates (the Bank of England raised rates to 1.25% in June). So far in the quarter industrials and retail have seen the strongest capital growth, with the recovery in retail primarily driven by retail warehouses. In the office sector, investor interest is focused on good quality stock, whereas more compromised assets from the perspective of "green credentials" remain out of favour.

We continue to invest in property. The asset class offers solid income streams and a good degree of diversification.

Overview

The portfolio manager maintains a small overweight position in US and UK equities and added to China equities during June. The small overweight to Alternatives and property remains.

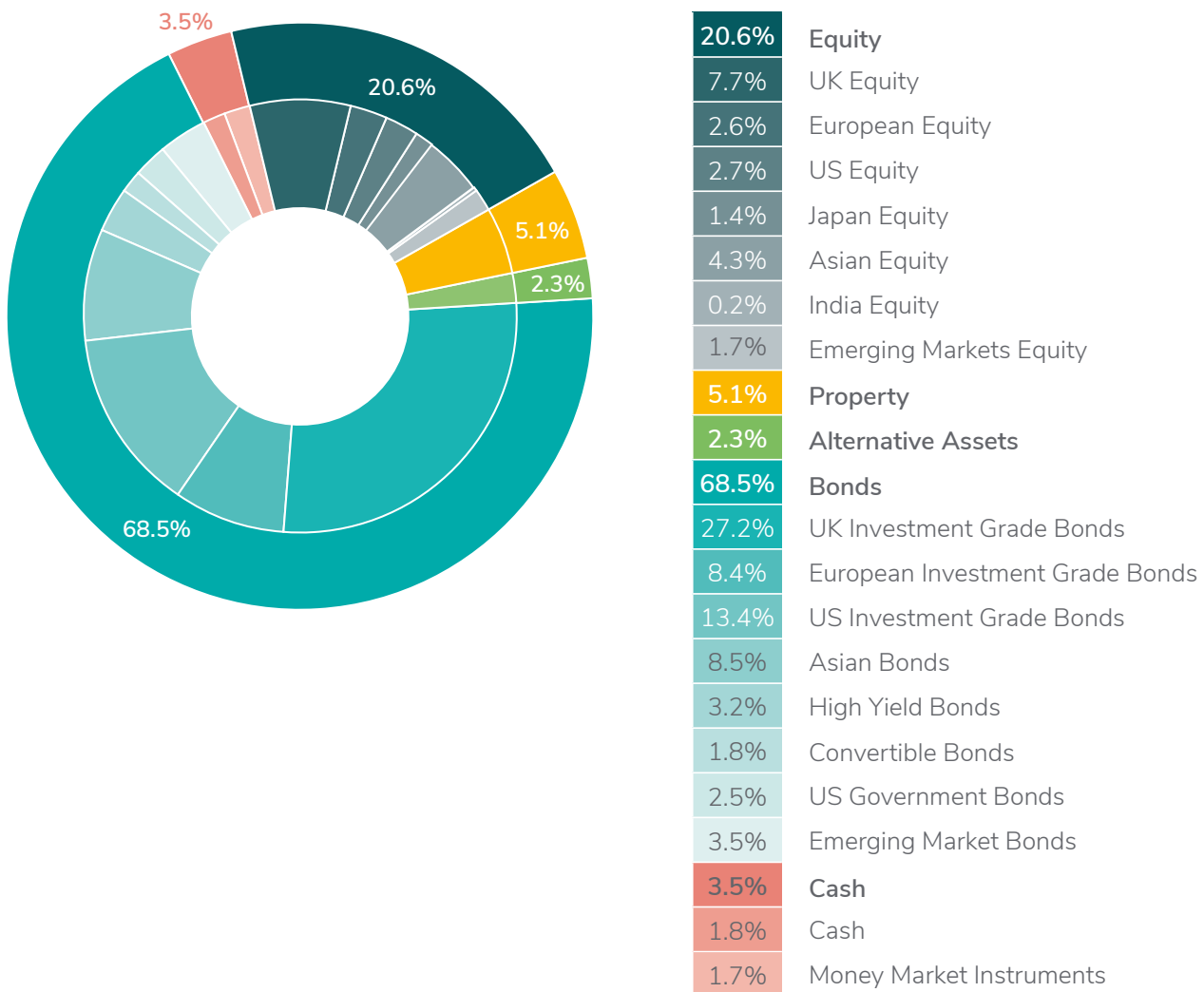
Risk Managed Active 1

Investment objective of the collective fund (an Open Ended Investment Company or OEIC)

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 (the amount by which the fund's value increases or decreases), per annum over rolling 5 year periods to 9%. There is no guarantee that the objective will be met over any time period and at any time the actual volatility may be higher or lower than 9%. You may get back less than you invest.

Total Fund size: £111,491,041

Holdings as at 30 June 2022



Source: T&IO. Asset allocations are regularly reviewed and may vary from time to time, but will always be consistent with the fund objective. These positions can also be impacted by cash flows in and out of the portfolio. Please note that the data may not always add up to 100.0% due to rounding.

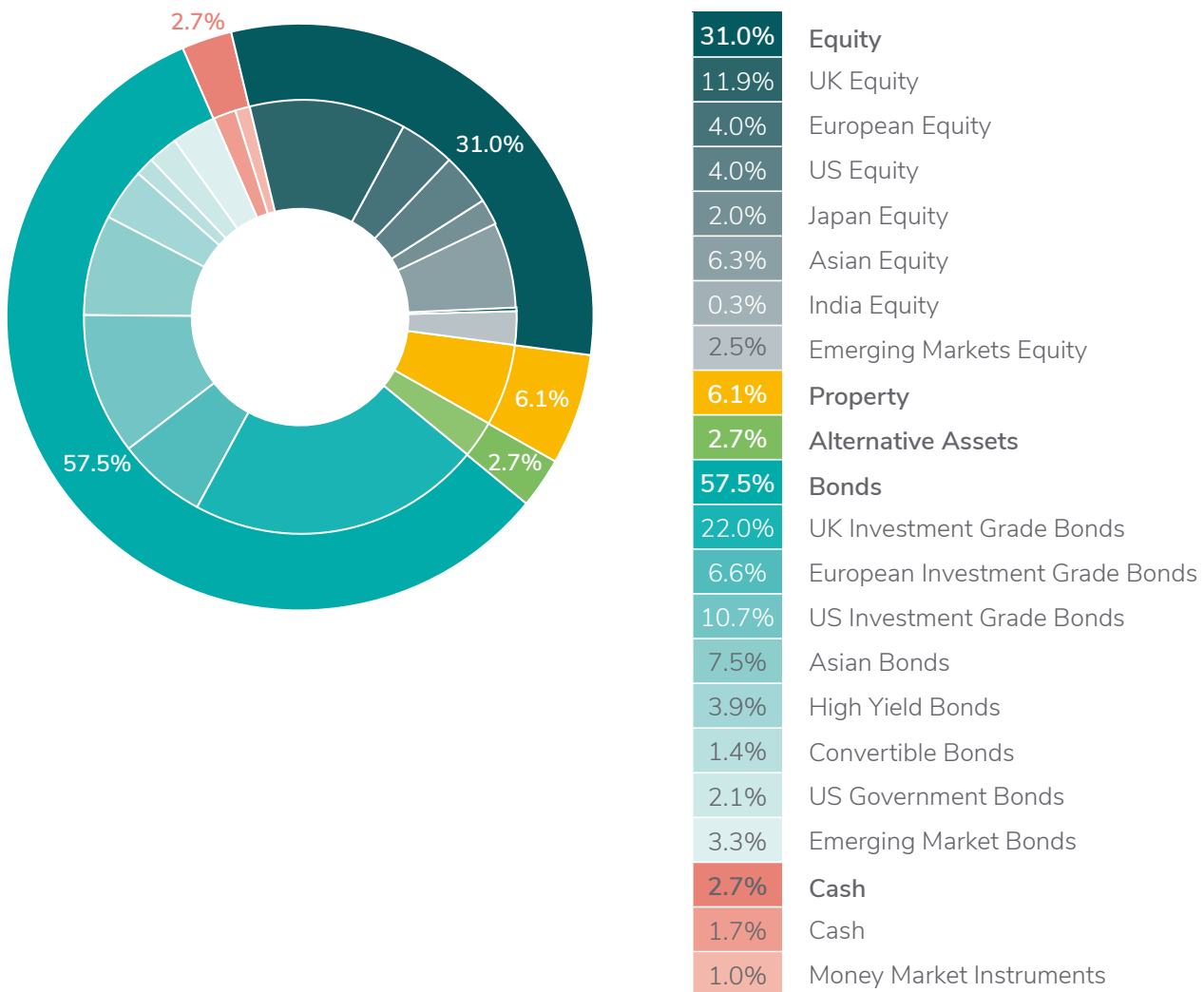
Risk Managed Active 2

Investment objective of the collective fund (an Open Ended Investment Company or OEIC)

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 (the amount by which the fund's value increases or decreases), per annum over rolling 5 year periods to 10%. There is no guarantee that the objective will be met over any time period and at any time the actual volatility may be higher or lower than 10%. You may get back less than you invest.

Total Fund size: £294,176,821

Holdings as at 30 June 2022



Source: T&IO. Asset allocations are regularly reviewed and may vary from time to time, but will always be consistent with the fund objective. These positions can also be impacted by cash flows in and out of the portfolio. Please note that the data may not always add up to 100.0% due to rounding.

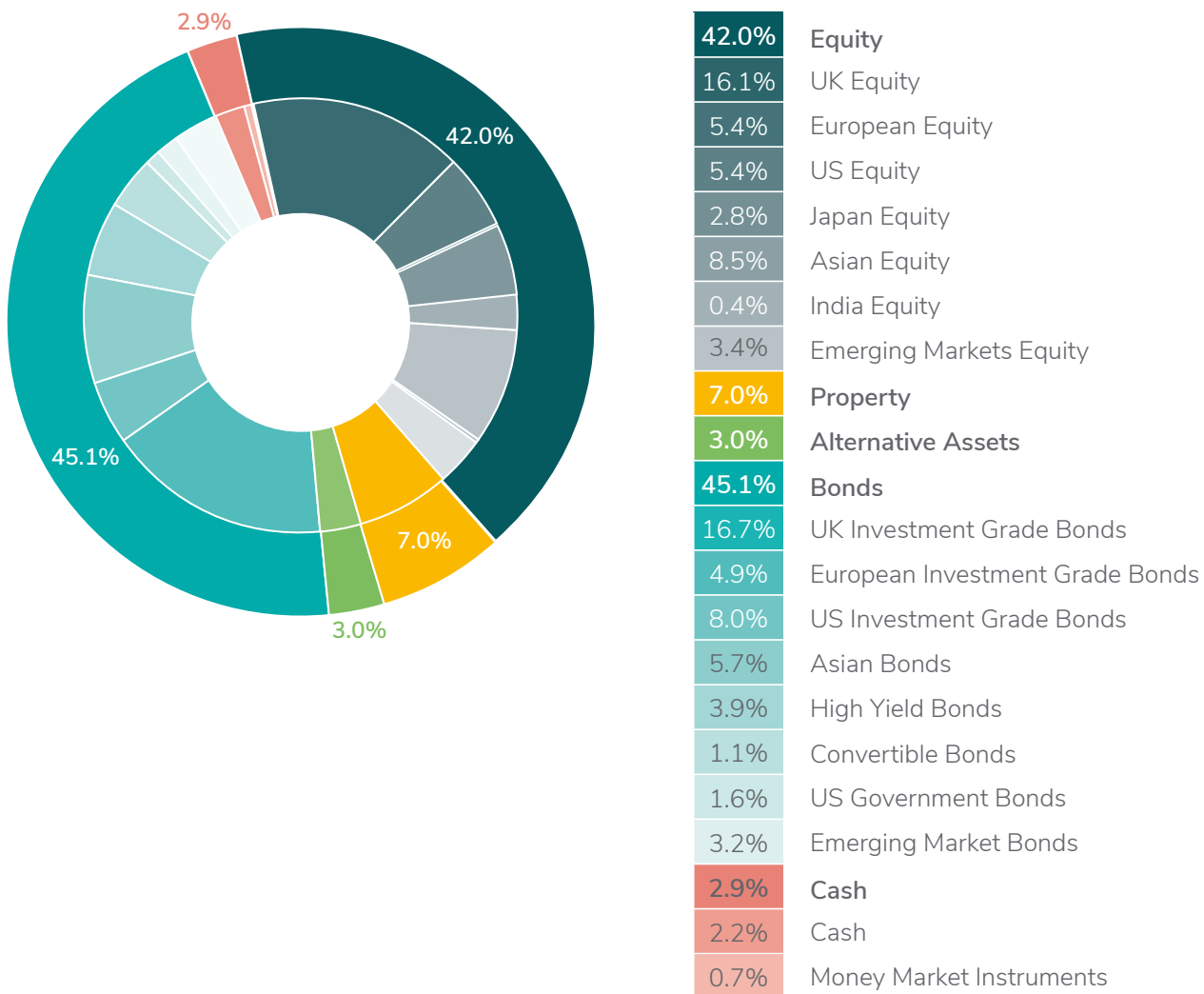
Risk Managed Active 3

Investment objective of the collective fund (an Open Ended Investment Company or OEIC)

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 (the amount by which the fund's value increases or decreases), per annum over rolling 5 year periods to 12%. There is no guarantee that the objective will be met over any time period and at any time the actual volatility may be higher or lower than 12%. You may get back less than you invest.

Total Fund size: £436,050,945

Holdings as at 30 June 2022



Source: T&IO. Asset allocations are regularly reviewed and may vary from time to time, but will always be consistent with the fund objective. These positions can also be impacted by cash flows in and out of the portfolio. Please note that the data may not always add up to 100.0% due to rounding.

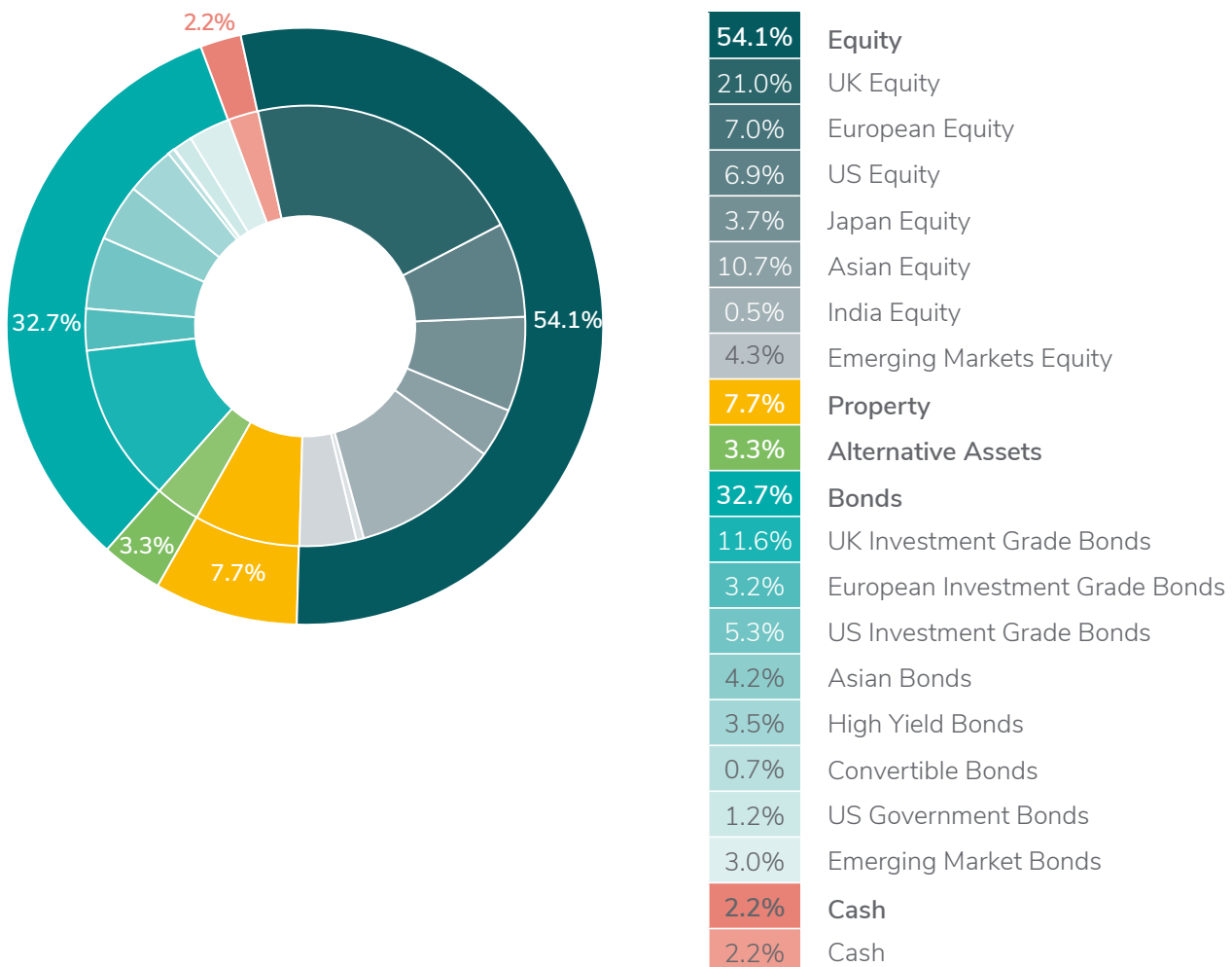
Risk Managed Active 4

Investment objective of the collective fund (an Open Ended Investment Company or OEIC)

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 (the amount by which the fund's value increases or decreases), per annum over rolling 5 year periods to 14.5%. There is no guarantee that the objective will be met over any time period and at any time the actual volatility may be higher or lower than 14.5%. You may get back less than you invest.

Total Fund size: £335,073,091

Holdings as at 30 June 2022



Source: T&IO. Asset allocations are regularly reviewed and may vary from time to time, but will always be consistent with the fund objective. These positions can also be impacted by cash flows in and out of the portfolio. Please note that the data may not always add up to 100.0% due to rounding.

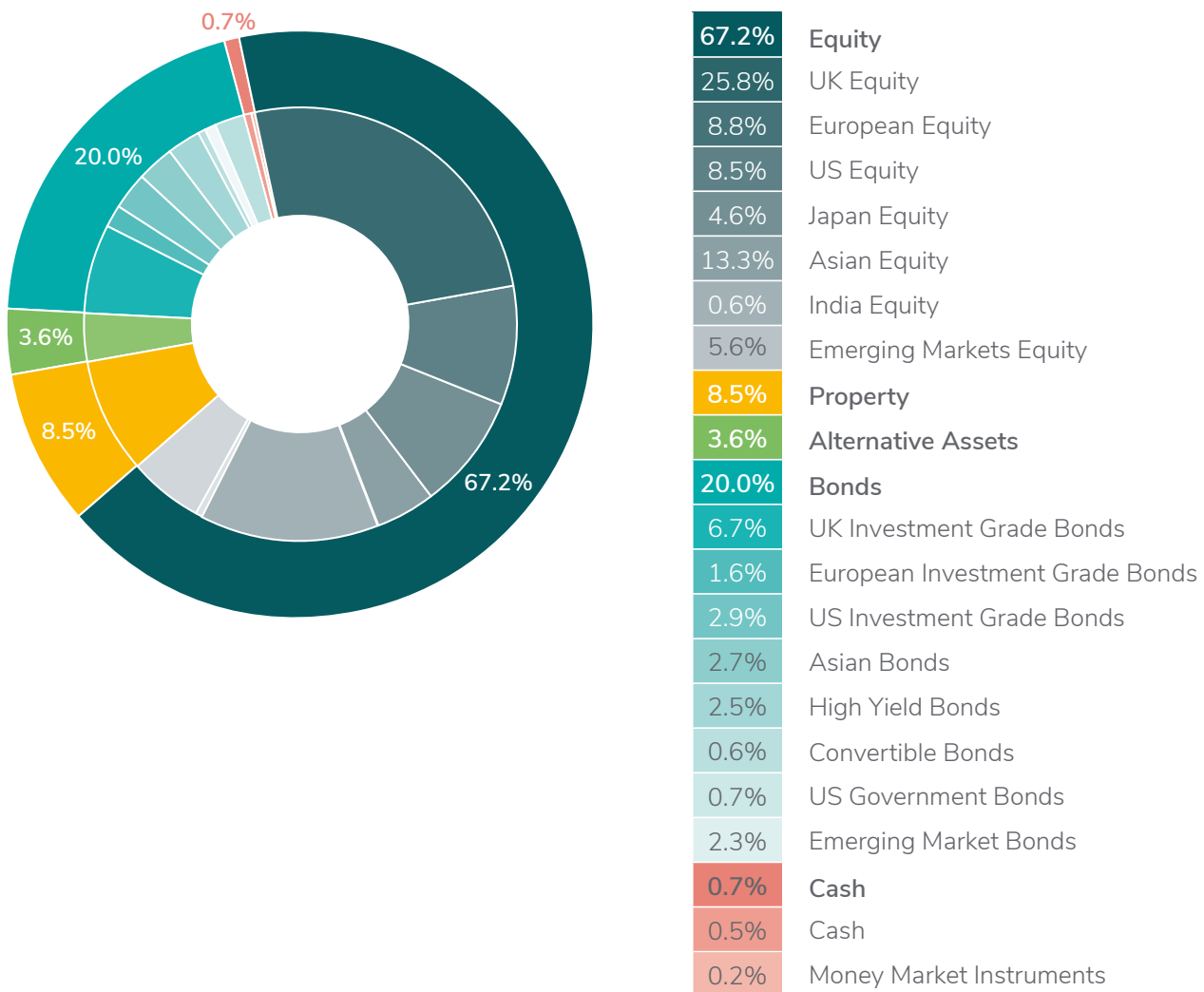
Risk Managed Active 5

Investment objective of the collective fund (an Open Ended Investment Company or OEIC)

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 (the amount by which the fund's value increases or decreases), per annum over rolling 5 year periods to 17%. There is no guarantee that the objective will be met over any time period and at any time the actual volatility may be higher or lower than 17%. You may get back less than you invest.

Total Fund size: £133,514,827

Holdings as at 30 June 2022



Source: T&IO. Asset allocations are regularly reviewed and may vary from time to time, but will always be consistent with the fund objective. These positions can also be impacted by cash flows in and out of the portfolio. Please note that the data may not always add up to 100.0% due to rounding.

Performance

All figures sourced from FE fundinfo. Please note that all performance figures shown below are net of Annual Management Charge (AMC) and other fund charges where applicable. They take no account of any product charges that may be applicable. Any product charges will have the effect of reducing the figures shown below.

Performance figures can vary between fund ranges, due to the taxation applicable and different fund level charges. The Life, Pension and Prudential International funds can also hold an element of cash due to the short delay between new investments being received by these funds and being placed in the underlying OEIC portfolio fund, and this may also have an impact on the performance of these funds when compared to the underlying OEIC fund.

OEIC Funds	30/06/21 to 30/06/22 (%)	30/06/20 to 30/06/21 (%)	30/06/19 to 30/06/20 (%)	30/06/18 to 30/06/19 (%)	30/06/17 to 30/06/18 (%)
LF Prudential Risk Managed Active 1	-8.6	8.4	2.0	3.2	1.4
LF Prudential Risk Managed Active 2	-7.8	11.4	0.4	2.7	2.1
LF Prudential Risk Managed Active 3	-7.2	14.2	-1.4	2.5	2.6
LF Prudential Risk Managed Active 4	-5.8	17.3	-3.4	2.2	3.4
LF Prudential Risk Managed Active 5	-4.4	19.6	-5.1	1.9	4.1

The fund performance figures above are based on the movement of the daily price. They're on a total return basis with income reinvested and Class R Accumulation funds.

Pension Funds	30/06/21 to 30/06/22 (%)	30/06/20 to 30/06/21 (%)	30/06/19 to 30/06/20 (%)	30/06/18 to 30/06/19 (%)	30/06/17 to 30/06/18 (%)
Pru Risk Managed Active 1	-9.2	7.7	1.3	2.7	0.8
Pru Risk Managed Active 2	-8.3	10.6	-0.2	2.2	1.7
Pru Risk Managed Active 3	-7.7	13.3	-2.0	2.1	2.2
Pru Risk Managed Active 4	-6.5	16.3	-4.0	1.7	2.9
Pru Risk Managed Active 5	-5.2	18.5	-5.7	1.2	3.5

The fund performance figures above are based on the movement of the daily price. They're on a total return basis with gross income reinvested and Series A funds.

Life Funds	30/06/21 to 30/06/22 (%)	30/06/20 to 30/06/21 (%)	30/06/19 to 30/06/20 (%)	30/06/18 to 30/06/19 (%)	30/06/17 to 30/06/18 (%)
Pru Risk Managed Active 1	-8.5	5.9	0.7	1.9	0.5
Pru Risk Managed Active 2	-7.0	8.6	-1.0	1.8	1.7
Pru Risk Managed Active 3	-6.5	10.8	-1.9	1.8	2.1
Pru Risk Managed Active 4	-5.4	13.2	-3.4	1.4	2.7
Pru Risk Managed Active 5	-4.4	15.0	-4.9	1.2	3.3

The fund performance figures above are based on the movement of the daily price. They're on a total return basis with net income reinvested and Series 2 funds.

International Funds	30/06/21 to 30/06/22 (%)	30/06/20 to 30/06/21 (%)	30/06/19 to 30/06/20 (%)	30/06/18 to 30/06/19 (%)	30/06/17 to 30/06/18 (%)
PIA Risk Managed Active 1	-9.3	7.6	1.3	2.6	0.8
PIA Risk Managed Active 2	-8.6	10.3	-0.5	1.9	1.3
PIA Risk Managed Active 3	-8.0	13.0	-2.4	1.7	1.8
PIA Risk Managed Active 4	-6.6	16.1	-4.3	1.4	2.6
PIA Risk Managed Active 5	-5.4	18.3	-5.9	1.1	3.4

The fund performance figures above are based on the movement of the daily price. They're on a total return basis with gross income reinvested and Series B funds.

We can't predict the future. Past performance isn't a guide to future performance. The value of your investment can go down as well as up and you may not get back the amount you put in.

Glossary

This glossary is a high-level guide to some of the technical terminology that may appear in our Quarterly Summary. It is not intended to be a definitive reference document and you should contact your adviser for further assistance where necessary.

Alternative Assets

These may include non-traditional, complex or specialist investments. Examples include hedge funds, private equity and complex derivative based strategies.

Basic Materials Sector

A category of stocks covering companies involved with the discovery, development and processing of raw materials. The basic materials sector includes the mining and refining of metals, chemical producers and forestry products.

“Blue Chip” Companies

These are large, reputable companies which are thought to be financially sound.

Bonds

See Fixed Interest Securities.

“Boutique Managed” Funds

Investment funds that are specialised in some way either through the expertise needed to manage the portfolio or because it has an unusual theme or a collection of funds under one house. These “boutique” funds are typically offered by smaller, specialist firms as opposed to large investment management companies.

Broad Investment Grade

This is a term used to describe a listing of bonds and fixed income instruments on an index. It is used to measure the overall value of a collective group of bonds and represents the characteristics of these types of securities. It is a grading level that can be used by certain types of funds for determining assets that are suitable for investment into a fund.

Certificates of Deposit

These are a money market investments that are generally issued by banks against a security. A certificate of deposit usually pays interest (which can vary) and entitles the bearer to receive a set interest rate up until a set maturity date and can be issued in any currency or denomination.

Closed Ended Funds

This describes a collective investment scheme which has a limited number of shares (or units). The shares are then traded on an exchange or directly through the fund manager to create a secondary market subject to market forces.

Collective Investment Schemes

A way of pooling investment with others as part of a single investment fund. This allows investors to participate in a wider range of investments than would normally be feasible if investing individually and to share the costs and benefits of doing so. Collective Investment Schemes, OEICs, Unit Trusts, Mutual funds, usually either target geographic regions (like emerging market countries) or specific themes (like technology or property).

Convertible Bonds (can also be called Deferred Equity)

These are corporate bonds that are exchangeable for a set number of another form of investment (for example, common shares) at a pre-stated price. Convertible bonds typically pay a lower income than is normally available from common bonds.

Corporate Bonds

These are loans to companies where the purchaser of the corporate bond lends money to the company in return for regular interest payments and the promise that the initial sum will be repaid on a specified later date.

Default Risk

This is the possibility that the issuer of a bond will be unable to make payments when they are due.

Derivatives

These cover products 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. Also considered to be a financial instrument whose value is dependent upon the value of an underlying asset.

Equities

These are also known as shares or stocks and represents a share of the ownership of a company. Shares give two potential benefits – the share prices may increase as the value of the company increases and regular payments, known as dividends, may be made to shareholders based on how well the company is doing. However, share prices can also go down, therefore there may not be dividends.

Eurobonds

A Eurobond is an international bond that is denominated in a currency not native to the country where it is issued. It can be categorized according to the currency in which it is issued. For example, a British company may issue a Eurobond in Germany, denominating it in U.S. dollars.

Exchange-Traded Fund

This is an investment vehicle the units of which are traded on a stock exchange. An exchange traded fund can hold a range of assets such as stocks, bonds or even commodities. Most track an index.

Fixed Interest Securities

These are more commonly known as “bonds” and 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.

Floating Rate Notes

These are basically short-term loans to financial organisations, such as banks, under which the investor receives interest payments from that financial organisation. At the end of an agreed period the financial organisation has to repay the loan.

The interest payment rates are linked to a specified “floating” rate. In legacy instruments, this was typically the London Interbank Offered Rate (LIBOR) though post cessation of LIBOR, these are being replaced by use of alternative rates such as the Sterling Overnight Index Average (SONIA). This means that interest rate payments may go up or down.

Forwards Contract (or Forwards)

These are agreements between two parties to buy or sell an asset at a fixed future date for a price determined at the time of dealing.

Government Bonds

These are loans to the government where the purchaser of the government bond lends money to the government in return for regular interest payments and the promise that the initial sum will be repaid on a specified later date.

Government Sovereign Bond

Is a government debt issued in a foreign currency.

Hedging

A strategy employed in order to reduce or mitigate risk. Hedging involves making an offsetting transaction in one market in order to protect against possible losses in another.

Hedged Back to Sterling

This is a specific example of hedging where the trader is trying to protect an existing or anticipated position from an unwanted move in sterling exchange rates.

Index-Linked Securities

Are similar to fixed interest securities but the payments out are normally increased by a price index e.g. for UK government index-linked securities, payments out are increased in line with the UK Retail Price Index.

Investment Grade

A credit rating given to a government or corporate bond that indicates that the agency giving the rating (e.g. Standard & Pooers) believes that the issuer has a relatively low risk of default. 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

Are defined as cash and near cash such as bank deposits, certificates of deposits, fixed interest securities or floating rate notes, with, where applicable, a maturity date of under a year.

OEIC

This is an Open Ended Investment Company. Like all open collective Investment 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. Each time that new money is invested, new shares or units are created to match the prevailing share price; each time shares are redeemed, the assets sold match the prevailing share price.

Options

Legal agreements that give the holder the right (but not the obligation) to buy or sell the underlying asset at an expiration date, at a price determined at the time of dealing.

Permanent Interest Bearing Shares (usually referred to as PIBS)

These are fixed-interest securities issued by building societies. Building societies use them in the way public limited companies would use preference shares (see below). Although similar to bonds, PIBS typically exist as long as their issuer does. They typically offer better interest rates than bonds although unlike bonds have no fixed redemption date and so redemption value will be determined by market values at the time of sale.

PIBS are not covered by UK government compensation schemes. If the building society is in financial distress, mounts are paid to holders of PIBS only after depositors.

Preference Shares (also called Preferred Stock or Preferred Shares)

These are shares in a company which give their holders an entitlement to a fixed dividend payment and may or may not carry voting rights. These are a 'higher ranking' stock than common stock and usually have specific rights attached to them.

Preference shares mean that the holder may get preferred treatment over common share holders – and carry a dividend that is paid out prior to dividends to common share holders. In the event of bankruptcy preferred share holders will be paid out from assets before common share holders and after debt holders.

Primary Industry

The industrial sector of an economy involved in the extraction and collection of natural resources, such as copper and timber, as well as by activities such as farming and fishing. A company in a primary industry can also be involved in turning natural resources into products. Primary industries tend to make up a larger portion of the economy of developing countries than they do for developed countries.

Regulated

This means the portfolio or fund has to conform to the regulations laid down by the financial authority of the country it is trading in (i.e. in the UK, the FCA protects the investor and provides structure around the products, financial services providers and markets).

Reverse Repurchase Agreement

A Reverse Repurchase Agreement is a legal contract with a bank, under which securities are purchased (for example, UK Government Bonds or Gilts) from the bank, with an agreement to sell them back to the same bank at a higher price at a specific date in the future.

Risk

Risk can take on many forms. In the context of investment management it is a term used to indicate the chance of losing or gaining money on your investment. It's usually measured by a statistical measurement called 'standard deviation' this is calculated based on movements (both up & down) from the investment or funds average return.

Secondary Industry

The industrial sector of an economy that produces finished, usable products. Unlike a primary industry, which collects and produces raw materials for manufacture, a secondary industry makes products that are more likely to be consumed by individuals. Examples of secondary industry divisions include automobile manufacturing, steel production and telecommunications.

Shares

See Equities.

Short-Term Government Bonds

For the purposes of determining assets which the Prudential Cash Funds can invest in these are defined as government bonds with a repayment period of twelve months or less.

Smaller Companies

Companies quoted on a recognised exchange that have a market worth below that of blue chip companies.

Sterling Overnight Index Average (SONIA)

Is an interest rate that is published and administered by the Bank of England who are responsible for its governance and publication every London business day.

SONIA is based on actual transactions and reflects the average of the interest rates that banks pay to borrow sterling overnight from other financial institutions and other institutional investors.

Transferable Securities

This is a descriptor given to a type of financial security which is traded on capital markets. The term is probably most commonly known and used in association with UCITS in UK and Europe (examples would be UCITS/some types of warrants).

Undertakings for Collective Investment in Transferable Securities (UCITS)

These are collective investments which can be sold across national borders within the EU having complied with regulations on investments and administration.

Unregulated

This means the portfolio or fund does not need to conform to regulations.

Warrants

A warrant is a security that entitles the holder to buy shares in the issuing company at a specified price and within a certain time frame.

Warrants are freely transferable and traded on major exchanges. Their value will go up or down as the price of the shares to which they relate goes up or down.

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