

PruFund Fund Guide

Prudential Retirement Account

Introduction to this guide

This fund guide provides details of the PruFund funds available in the Prudential Retirement Account, including our new PruFund Planet funds. This includes the risk and potential reward of each fund, their investment aims and information on fund charges and further costs. For more information about our funds visit our website pru.co.uk/funds

We offer a wide range of investment funds to suit your investment style and appetite for risk.

If you want your money to also aim to create a positive outcome for the environment & society, we also offer five PruFund Planet funds.

For an even wider investment choice you have access to hundreds of collective funds from a wide variety of fund management groups.

If you want more information on what investment funds and PruFunds are available you can explore our full range of funds and download our **factsheets**. You can find the factsheets by going to pru.co.uk and clicking on the 'Fund Prices and Factsheets' option within the 'Funds' menu and selecting by product.

Some important notes we'd like you to read:

- The value of your investment can go down as well as up so you might get back less than you put in.
- 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 268 0488 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 22 January 2024, 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.

Investing in PruFunds	4
Risk and potential reward	8
Available funds	10
Investment aims	12
Some useful investment terms	15

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

Investing in PruFunds

PruFunds are multi asset funds which are part of Prudential's With Profits Fund, which is one of the largest with profits funds in the UK. There are differences across the range of PruFund funds, in terms of asset mix and objectives which means the returns received will vary based on fund choice. There are also differences in the way returns are calculated compared to other With-Profits Fund investments.

PruFund 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 short term ups and downs of direct stock market investments. We do this by using an established smoothing mechanism and spreading the risk by investing across a wide range of assets, our Multi Asset approach. This means that 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 downturns either. However, the value of your investment can go down as well as up. You could get back less than you invested.

Environmental, Social and Governance (ESG) and PruFund

Our existing PruFund range is focused on responsible investing such as avoidance of harms via exclusions and mitigating ESG risks.

Our ESG approach applies to all funds that we manage, which means that we incorporate ESG factors into our investment decisions to better manage risk and generate sustainable, long-term returns and drive improvement on diversity and climate.

If you want to know that your money is helping benefit the environment and society, whilst supporting your financial goals and potential competitive returns, the PruFund Planet funds go a step further by seeking to pursue ESG opportunities and create high-impact solutions that seek to address pressing social or environmental issues.

Whilst they feature a very similar asset allocation at the broad asset class level, they will predominantly invest in underlying funds that are not present in our existing PruFund ranges. PruFund Planet aims to generate differentiated investment outcomes to the existing PruFunds.

Our PruFund Planet funds follow the established PruFund process and philosophy, aiming to provide a smoothed investment experience for customers.

How PruFund works

We set Expected Growth Rates (EGRs); these are yearly rates your investment will normally grow at. They reflect our view of how we expect the underlying assets of PruFunds to perform over the long term (up to 15 years). The likelihood of receiving returns in line with these expectations will be greater, the longer you remain invested. Each PruFund fund has its own EGR and each PruFund has its own EGR and your investment will normally grow daily by the relevant EGR, through an increase in the price of the units you hold (known as the Smoothed Price). Although we take a long term view, we do review the rates every three months to allow for any changes, which may mean a change in EGR on a quarterly basis, up or down.

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.

In certain circumstances, we can reset the Smoothed Price (sometimes referred to as unit price) of one or more PruFunds to the Unsmoothed Price on a particular day, to protect the With Profits sub fund, and therefore the interests of all our With Profits policyholders. We have an established PruFund smoothing mechanism, which our monitoring has shown to be highly effective over many years and across different market conditions.

Through the smoothing mechanism, Smoothed Prices are increased by Expected Growth Rates; however, the underlying performance of our PruFund Funds is also monitored and a Unit Price Adjustment is applied if the short term performance differs too much from our current Expected Growth Rate. This is to ensure we're not paying too much, or too little to our customers.

We will use Unit Price Resets to ensure continued fairness for customers, they are only expected to be used in highly unusual circumstances.

There may also be occasions where we have to suspend the smoothing process for one or more PruFund 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 mechanism is reinstated.

There's more detailed information about how the PruFund funds work in Your With-Profits Plan – a guide to how we manage the Fund. You can find this as well as the Retirement Account Key Features Document in the 'investing' tab at pru.co.uk/retirement-account

Moving money in

We move money into our PruFund range of funds only on the PruFund investment dates: the 25th of each month (or the next working day, if the 25th is not a working day).

Between PruFund investment dates, we keep money waiting to be invested in a holding account where your fund will grow at the Expected Growth Rate of the PruFund you've chosen.

Moving money out

When you switch out of a PruFund fund there is a 28-day waiting period after we receive your instruction, then we make the sale using the unit price applicable at the end of the waiting period. There are some exceptions to this which are detailed in the Terms & Conditions.

When you withdraw money from a PruFund fund (including by a switch), we reserve the right to apply a 28-day waiting period and use the unit price applicable at the end of the waiting period, but we won't apply this to:

- taking out tax-free cash
- regular payments already being made from your PruFund
- the sale of units due to your death

For more details, please refer to your Key Features Document.

Also, for any fund, there may be a separate delay in buying, selling or switching of units. These delays will only apply in exceptional circumstances.

We'd not expect delays to be longer than one month. However we cannot guarantee that we will never delay longer than this timescale. If a delay applies to you, we will let you know.

There's more information in the Terms & Conditions that we send when you take out your account. You can ask us for a copy at any time.

Further information

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 the PruFund Range of funds what you receive will depend upon the value of the underlying investments, the smoothing process, charges, whether you have chosen a guarantee and when you take your money out.

Effect of inflation

You should also consider that inflation may reduce what you could buy in the future with your pension savings. Inflation could mean your money is less able to buy what it could before. If inflation is high it could cancel out returns that you make on your pension investment.

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. The charge is taken by the deduction of 1/365th of the applicable AMC from the fund each day. Any further costs shown are expenses which are borne by the fund. We might change our charges in future.

You won't see this AMC as a separate transaction on your statement as it's factored into the daily price for the PruFund funds.

The total cost to Retirement Account customers is made up of a product charge and investment charges – the Annual Management Charge (AMC) and Further Costs.

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.
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.	Yes.
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.

Further costs are paid from the fund rather than by the customer so they do impact fund performance. They therefore form part of our view when we set and review Expected Growth Rates.

Further costs might be incurred by a Prudential fund or, where it's applicable, any fund our fund invests in (see the 'Investment aims' 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're invested in. 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 22 January 2024, unless another date is shown.

Information on product charges can be found in your Key Features Document.

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 funds.

If you're in any doubt about this product option, your fund choice or the fund charges and further costs applicable then we recommend you speak to your financial adviser.

Further information

Please refer to your Key Features Document, "Your With-Profits Plan – a guide to how we manage the Fund – PruFund range of funds", "Guarantees available on PruFund investments" and the Terms & Conditions. These can be found in the 'overview' and 'investing' tabs at pru.co.uk/retirement-account

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 FSCS coverage if PACL is 'in default'.

- PACL is the operator of the Prudential Retirement Account, so if PACL defaults as operator of the personal pension plan you are protected up to £85,000.
- If you hold the Prudential PruFund funds in the Prudential Retirement Account, then they're protected up to 100% in the event of PACL being 'in default'.

Any further FSCS cover depends on where you invest.

- A collective fund (often called an Open Ended Investment Company or OEIC) – These funds are protected up to £85,000 per person per firm 'in default'.
- Stocks & shares investments (Stocktrade) – Fully protected up to £85,000 per person, per firm 'in default'.
- Cash Account (HSBC) – Fully protected up to £85,000 per person, per deposit group.

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.

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.

Risk and potential reward

Investing is about balancing the risk you're comfortable with against the potential rewards that you want to achieve. Your attitude to investment risk is personal to you and may change in the future. Prudential gives each fund a risk rating – known as a Risk Indicator – of between 1 and 6 (1 is lower risk and 6 is higher risk). Generally, lower risk has the potential for a lower reward and higher risk the potential for higher reward.

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 rewards increases so does the level of risk. On page 10 you can see how these risk and potential reward indicator numbers relate to our PruFund funds.

Some key considerations

- 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.
 - Risk Indicators have been developed by Prudential to give you a guide to the potential level of risk and reward for each PruFund based on the assets which may be held within it.
 - Other companies use different risk descriptions, so these risk rating categories should not be considered generic to the fund management industry.
- Prudential will keep the risk rating categories under regular review, so they may change in the future.
 - Where a risk rating is amended 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, information will be provided on the new risk rating.
 - The name of the fund is not an indicator of the level of risk involved with it.
 - Past performance is not a guide to future performance.
 - Before making any fund choice in the future, we strongly recommend that you make sure you understand the appropriate PruFund fund risk ratings at that time. These will be found in our PruFund fund guide in the 'What funds can I invest?' section at pru.co.uk/retirement-account, along with further information, at pru.co.uk/funds

For further details of recent fund changes then please visit pru.co.uk/funds/changes

Please speak to your adviser to determine how to meet your investment goals and your attitude to risk. Your attitude to risk is personal to you and may change over time. Your adviser may make their own assessment of a fund's risk rating.

Risk and potential reward indicator

		Types of Fund*			
6	Higher	Single Country Equity Funds, International Equity Funds		Higher	
5		Flexible Investment Funds, Global Property Funds			
4	Potential Rewards	Mixed Investment 40-85% Shares Funds, Direct Property Funds, Global High Yield Funds		Risks	
3		Mixed Investment 20-60% Shares Funds, Distribution Managed Funds, Sterling High Yield Funds, Global Fixed Interest Funds, With-Profits Funds**			
2		Mixed Investment 0-35% Shares Funds, Sterling Fixed Interest Funds, Corporate Bond Funds, Protected/Guaranteed Funds			
1	Lower	Deposit & Treasury Funds, Money Market Funds		Lower	

* 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.

** With-Profits funds

PruFund funds invest in our With-Profits Fund and some appear in a lower or higher risk and potential reward indicator category. This is because of the different asset mix that applies to each PruFund Fund. Please refer to the specific PruFund risk and potential reward indicator on page 10.

Available funds

Prudential Retirement Account Funds	Risk and Potential Reward Indicator	Asset Class Risk Types								Fund Charges and Further Costs*		
		Equities	Fixed Interest	Property	Currency	Smaller Companies and Developing Markets	Financial Instruments	Alternative Investments	Other	Annual Management Charge (%)	Further Costs (%)	Yearly Total (%)
Prudential PruFund Cautious	2	✓	✓	✓	✓	✓	✓	✓	✓	0.73	0.28	1.01
Prudential PruFund Growth	3	✓	✓	✓	✓	✓	✓	✓	✓	0.76	0.31	1.07
Prudential PruFund Planet 1	2	✓	✓	✓	✓	✓	✓	✓	✓	0.80	0.23	1.03
Prudential PruFund Planet 2	3	✓	✓	✓	✓	✓	✓	✓	✓	0.80	0.24	1.04
Prudential PruFund Planet 3	3	✓	✓	✓	✓	✓	✓	✓	✓	0.80	0.25	1.05
Prudential PruFund Planet 4	4	✓	✓	✓	✓	✓	✓	✓	✓	0.80	0.27	1.07
Prudential PruFund Planet 5	5	✓	✓	✓	✓	✓	✓	✓	✓	0.80	0.32	1.12
Prudential PruFund Risk Managed 1	2	✓	✓	✓	✓	✓	✓	✓	✓	0.76	0.22	0.98
Prudential PruFund Risk Managed 2	3	✓	✓	✓	✓	✓	✓	✓	✓	0.76	0.24	1.00
Prudential PruFund Risk Managed 3	3	✓	✓	✓	✓	✓	✓	✓	✓	0.76	0.26	1.02
Prudential PruFund Risk Managed 4	4	✓	✓	✓	✓	✓	✓	✓	✓	0.76	0.27	1.03
Prudential PruFund Risk Managed 5	5	✓	✓	✓	✓	✓	✓	✓	✓	0.76	0.29	1.05

A fund's name isn't indicative of the risk it may take.

* The total cost to Retirement Account customers is made up of a product charge and investment charges – the Annual Management Charge (AMC) and Further Costs.

Asset class risk types

Funds can invest in different 'asset types' with each asset type having its own level of risk. While there are many types of risk, generally the higher the potential returns, the higher the risk.

PruFunds invest in a variety of different asset types to try to reduce the impact on the performance of one kind of asset.

You will find more information and definitions for each of the risk types by visiting pru.co.uk/risktypes

Fund information

The Prudential Retirement Account uses both the Series D and Series E versions of the PruFund funds. You will be in Series D if you were invested in a PruFund fund on or before 25 August 2017, and you will be in Series E if you invest or switch into a PruFund fund after 25 August 2017. You can find information on both Series D and E, including daily prices and fact sheets, at pru.co.uk/retirement-account

Investment aims

This section includes information on the investment aims of the PruFund range of funds. This should help you to understand each of the fund's aims and where your money will be invested.

Prudential PruFund Cautious

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

Prudential PruFund Growth

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.

Prudential PruFund Planet 1

The fund aims to produce growth over the medium to long-term (5 to 10 years or more) while smoothing some of the ups and downs of short-term investment performance. The fund spreads investment risk by investing in a range of different asset types, which currently includes UK and international equities, property, fixed interest securities, index-linked securities and other specialist investments. The fund is actively managed and aims to limit the fluctuations ('volatility') the fund experiences to 9% per annum (before smoothing). There is no guarantee the fund will achieve its objective of managing the volatility below this limit. In addition to generating financial returns most of the underlying funds apply at least one of the three ESG investing approaches:

1. Mitigating Environmental, Social and Governance risks and minimising negative outcomes
2. Pursuing Environmental, Social and Governance opportunities
3. Focussing on addressing environmental and social issues.

Prudential PruFund Planet 2

The fund aims to produce growth over the medium to long-term (5 to 10 years or more) while smoothing some of the ups and downs of short-term investment performance. The fund spreads investment risk by investing in a range of different asset types, which currently includes UK and international equities, property, fixed interest securities, index-linked securities and other specialist investments. The fund is actively managed and aims to limit the fluctuations ('volatility') the fund experiences to 10% per annum (before smoothing). There is no guarantee the fund will achieve its objective of managing the volatility below this limit. In addition to generating financial returns most of the underlying funds apply at least one of the three ESG investing approaches:

1. Mitigating Environmental, Social and Governance risks and minimising negative outcomes
2. Pursuing Environmental, Social and Governance opportunities
3. Focussing on addressing environmental and social issues.

Prudential PruFund Planet 3

The fund aims to produce growth over the medium to long-term (5 to 10 years or more) while smoothing some of the ups and downs of short-term investment performance. The fund spreads investment risk by investing in a range of different asset types, which currently includes UK and international equities, property, fixed interest securities, index-linked securities and other specialist investments. The fund is actively managed and aims to limit the fluctuations ('volatility') the fund experiences to 12% per annum (before smoothing). There is no guarantee the fund will achieve its objective of managing the volatility below this limit. In addition to generating financial returns most of the underlying funds apply at least one of the three ESG investing approaches:

1. Mitigating Environmental, Social and Governance risks and minimising negative outcomes
2. Pursuing Environmental, Social and Governance opportunities
3. Focussing on addressing environmental and social issues.

Prudential PruFund Planet 4

The fund aims to produce growth over the medium to long-term (5 to 10 years or more) while smoothing some of the ups and downs of short-term investment performance. The fund spreads investment risk by investing in a range of different asset types, which currently includes UK and international equities, property, fixed interest securities, index-linked securities and other specialist investments. The fund is actively managed and aims to limit the fluctuations ('volatility') the fund experiences to 14.5% per annum (before smoothing). There is no guarantee the fund will achieve its objective of managing the volatility below this limit. In addition to generating financial returns most of the underlying funds apply at least one of the three ESG investing approaches:

1. Mitigating Environmental, Social and Governance risks and minimising negative outcomes
2. Pursuing Environmental, Social and Governance opportunities
3. Focussing on addressing environmental and social issues.

Prudential PruFund Planet 5

The fund aims to produce growth over the medium to long-term (5 to 10 years or more) while smoothing some of the ups and downs of short-term investment performance. The fund spreads investment risk by investing in a range of different asset types, which currently includes UK and international equities, property, fixed interest securities, index-linked securities and other specialist investments. The fund is actively managed and aims to limit the fluctuations ('volatility') the fund

experiences to 17% per annum (before smoothing). There is no guarantee the fund will achieve its objective of managing the volatility below this limit. In addition to generating financial returns most of the underlying funds apply at least one of the three ESG investing approaches:

1. Mitigating Environmental, Social and Governance risks and minimising negative outcomes
2. Pursuing Environmental, Social and Governance opportunities
3. Focussing on addressing environmental and social issues.

Prudential PruFund Risk Managed 1

Objective: The fund aims to achieve long-term total return (the combination of income and growth of capital). The fund is actively managed and aims to limit the fluctuations ('volatility') your investment experiences, after allowing for smoothing, to 9% per annum over the medium to long term. There is no guarantee that the fund will achieve its objective of managing the volatility to the target level.

Prudential PruFund Risk Managed 2

Objective: The fund aims to achieve long-term total return (the combination of income and growth of capital). The fund is actively managed and aims to limit the fluctuations ('volatility') your investment experiences, after allowing for smoothing, to 10% per annum over the medium to long term. There is no guarantee that the fund will achieve its objective of managing the volatility to the target level.

Prudential PruFund Risk Managed 3

Objective: The fund aims to achieve long-term total return (the combination of income and growth of capital). The fund is actively managed and aims to limit the fluctuations ('volatility') your investment experiences, after allowing for smoothing, to 12% per annum over the medium to long term. There is no guarantee that the fund will achieve its objective of managing the volatility to the target level.

Prudential PruFund Risk Managed 4

Objective: The fund aims to achieve long-term total return (the combination of income and growth of capital). The fund is actively managed and aims to limit the fluctuations ('volatility') your investment experiences, after allowing for smoothing, to 14.5% per annum over the medium to long term. There is no guarantee that the fund will achieve its objective of managing the volatility to the target level.

PruFund Risk Managed 5

Objective: The fund aims to achieve long-term total return (the combination of income and growth of capital). The fund is actively managed and aims to limit the fluctuations ('volatility') your investment experiences, after allowing for smoothing, to 17% per annum over the medium to long term. There is no guarantee that the fund will achieve its objective of managing the volatility to the target level.

Further information

More information on these funds can be found at [pru.co.uk/funds](https://www.pru.co.uk/funds). Your financial adviser can also discuss these and other investment options with you.

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

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

Bonds (and Fixed Interest Securities)

A bond is an 'I owe you' that promises 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.

Financial Times Stock Exchange (FTSE)

Source: London Stock Exchange Group plc and its group undertakings (collectively, the “LSE Group”). © LSE Group 2023. FTSE Russell is a trading name of certain of the LSE Group companies. e.g., “FTSE®” “Russell®”, “FTSE Russell®”, “MTS®”, “FTSE4Good®”, “ICB®”, “Mergent®, The Yield Book®,” are a trade mark(s) of the relevant LSE Group companies and are used by any other LSE Group company under license. “TMX®” is a trade mark of TSX, Inc. and used by the LSE Group under license. All rights in the FTSE Russell indexes or data vest in the relevant LSE Group company which owns the index or the data. Neither LSE Group nor its licensors accept any liability for any errors or omissions in the indexes or data and no party may rely on any indexes or data contained in this communication. No further distribution of data from the LSE Group is permitted without the relevant LSE Group company's express written consent. The LSE Group does not promote, sponsor or endorse the content of this communication.

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. Bonds issued by the UK government are called gilts and those issued by the US government are called treasury bonds.

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.

OEIC (Open Ended Investment Company)

An open collective investment scheme. Like all such schemes, an OEIC has no fixed amount of capital. The total value of the OEIC is equally divided into shares which will vary in price and in the number issued.

When you invest new money, new shares or units are created to match the share price. When you take money out (redeem your shares), the assets are sold at the share price.

Preference Shares (also called Preferred Stock or Preferred Shares)

Shares in a company which give their holders a right to a fixed dividend payment. Some carry voting rights.

If you hold preference shares, you may get preferential treatment over common shareholders. You'll get a dividend before them and, in the event of bankruptcy, you'll be paid from company assets before common shareholders (but after debt holders).

Shares

See Equities.

Smaller Companies

Companies that you can find on a recognised exchange that have lower value than blue chip companies. In the UK, smaller companies are usually defined as those with market values below the top 350 companies in the FTSE All Share Index.

Units/Unit Linked

Unit linked funds are divided into units and the investors hold a number of units equivalent to 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.

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