Pru
part of M&G plc

Fund Guide

Prudential ISA – PruFund funds

Where to find information in this guide

Some important notes we'd like you to read:

- 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 at as at 17 January 2022, unless another date is shown.
- This guide doesn't take account of current market conditions or other short-term fund specific changes. Up to date information on each fund can be found at **pru.co.uk/funds**
- All views are Prudential's own.
- If there's information in this document that you'd like to discuss, then please contact your financial adviser. If you don't already have a financial adviser, you can visit **unbiased.co.uk** to search for an independent financial adviser in your area.

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

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'd like one of these please contact us on 0345 640 2000 and we'll send these out to you.

This fund guide includes a list of funds that are available with our Prudential ISA – PruFund funds. Prudential ISA is designed as a medium/long term product so investors should aim to invest for 5 to 10 years or more.

Funds that are open to new and existing investors

This section

You'll find a Key Information Document for the Prudential ISA – PruFund funds, and Investment Option Documents for each of the funds that are open to new investors at **pru.co.uk/pro-docs/PISA**

These documents include information such as:

- Investment objective
- Risk indicator
- Performance scenarios

For the funds listed below, it's very important that you read both the Prudential ISA – PruFund funds Key Information Document and relevant fund Investment Option Document(s) before making an investment decision.

Available funds

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

The funds below are all invested in the Prudential With-Profits Fund. The funds aim to protect investors against some of the extreme highs and lows of investment performance using "smoothing" mechanisms. But, there are significant differences in the way this is done for our With-Profits funds compared to PruFund funds. As a result the returns on the With-Profits Fund and the PruFund funds may differ due to the smoothing process used and differences in the asset mix or the fund objectives.

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.

Prudential 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.

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.

Information to read before making a decision

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 Expected Growth Rates set by the Prudential Directors having regard to the investment returns expected to be earned on the assets of the funds over the long-term (up to 15 years)
- our charges
- the smoothing process
- and when you take your money out.

Fund charges and further costs

Annual Management Charge

The funds shown on pages 4 and 5, each have an applicable Key Information Document and Investment Option Document. These include the following ongoing costs information:

- Portfolio transaction costs – The impact of the costs of buying and selling underlying investments.
- Other ongoing costs – The impact of the costs that a fund manager takes each year for managing your investments.

In those documents the 'Other ongoing costs' shown include the Annual Management Charge and, where applicable, further costs that may also apply. Further explanations on what these are follow below.

We take an Annual Management Charge (AMC) for looking after your investment, from each of the funds you invest in. Any further costs shown are expenses which are borne by the fund. We might change our charges in future.

The AMC for the PruFund funds is taken by the monthly cancellation of units from each investment.

The annual charge will be deducted for PruFund on the Monthly Transaction Date (MTD), based on the PruFund units held on that date (with no pro-rata adjustment). No proportionate AMC is taken on units cancelled prior to MTD. Please refer to your Master Insurance Agreement – Customer version for further information.

You may be entitled to a reduction to the AMC you pay on any PruFund Funds you hold in your Prudential ISA. Any reduction to the AMC is dependent on the total value of PruFund Funds held in your Prudential ISA.

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 your fund guide and/or illustration?	If they're applicable, then where would they appear in a Key Information Document or Investment Option Document?
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.	In 'Other ongoing costs'.
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.	In 'Performance fees'.
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.	In 'Other ongoing costs'.
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.	In 'Portfolio transaction costs'.

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

An Investment Option Document together with your illustration will include information on fund charges and further costs applicable to your chosen fund(s).

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.

If you have any questions about this product, your fund choice or the fund charges and further costs applicable then we recommend you speak to your financial adviser.

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

Investing in PruFund

The smoothing process offered by our PruFund funds means that we may apply restrictions to certain switches and withdrawals from these funds. To find out more, please refer to your product Key Features Document, and the associated document "Your With-Profits Plan – a guide to how we manage the Fund (PruFund range of funds)" – WPGB0031, and your Master Insurance Agreement – Customer version for further information. We strongly suggest these documents are read before any investment decision is made.

PruFund Funds are all invested in the Prudential With-Profits Fund. The funds aim to protect investors against some of the extreme highs and lows of investment performance using "smoothing" mechanisms. But, there are significant differences in the way this is done for our With-Profits funds compared to PruFund funds. Please refer to "Your With-Profits Plan – a guide to how we manage the Fund" (document reference WPGB0027 for With-Profits and WPGB0031 for PruFund) for more information.

We may decide to reset the smoothed price (referred to elsewhere as the unit price) of a PruFund fund on a particular day, to protect the With-Profits Fund. If we decide to reset, the smoothed price of the affected fund would be adjusted to be the same value as the unsmoothed price on that working day. That adjusted smoothed price will then continue to grow in line with the Expected Growth Rate from the working day after this reset of the smoothed price. This is referred to as a Unit Price Reset in other literature.

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. When this happens the smoothed price for the affected fund(s) is set to the unsmoothed price for each day until we reinstate the smoothing process.

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

If you have any questions about this product, your fund choice or the charges applicable then we recommend you speak to your financial adviser.

To find out more

For more information on the above, please refer to your Terms and Conditions and the Master Insurance Agreement. For the funds listed on pages 4 and 5, it's very important that you read both the Key Information Document and relevant fund Investment Option Document(s) before making an investment decision.

Compensation

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

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

Where does FSCS protection apply?

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

- If you hold the Prudential PruFund funds, then they're protected 100% in the event of PACL being 'in default'.

The ISA Terms and Conditions explain the cover applicable for other funds available through the Prudential ISA.

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**

Some useful investment terms

Learn about some investment related terms

This is a high-level guide to some useful investment terms. It's not meant to cover every term you may come across and you may not find each item in the glossary within this guide. Please speak to your financial adviser if you need help or want to know more about terms used around investments.

"Blue Chip" Companies

Companies which are large, and considered to be reputable and financially sound.

Bonds (and Fixed Interest Securities)

All bonds are really just IOUs that promise to pay an amount of money on a specified date and pay a fixed rate of interest along the way. Companies and governments can issue bonds, when they want to raise money. Bonds issued by companies are called corporate bonds. Bonds issued by the UK government are called gilts and those issued by the US government are called treasury bonds.

Collective Investment Schemes

A way of pooling investment with others within a single investment fund. Once you've joined the scheme, you can have access to a wider range of investments than if you were investing individually. You'll also share the costs and benefits. Collective Investment Schemes, such as OEICs, Unit Trusts, Mutual funds, usually target investments in geographic regions (like emerging market countries) or specific themes (like technology or property).

Corporate Bonds

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

Derivatives

These refer to products such as futures and options which are generally an arrangement between different parties to buy or sell a standard quantity of a specified asset on a fixed future date at a price agreed today.

Equities

Equities are also known as shares or stocks. They are a share of the ownership of a company. Shares have two potential benefits. Firstly, the share price moves as the value of the company changes. Also, regular payments, called dividends, may be made to the owner of the share. These are based on how well the company is doing.

Financial Times Stock Exchange (FTSE)

London Stock Exchange Group plc and its group undertakings (collectively, the "LSE Group"). © LSE Group 2022. 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.

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.

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

Investment Grade
An agency (e.g. Standard and Poors) can give a rating to a corporate or government bond. The rating indicates the agency believes that the bond issuer has a relatively low risk of not paying what it owes the buyer of the bond. Bonds with credit ratings of AAA, AA, A or BBB are considered investment grade. Low rated bonds with ratings of BB or below are often called Junk Bonds.

Money Market Investments
These are cash and investments similar to cash such as bank deposits, certificates of deposits, fixed interest securities or floating rate notes. They usually have a life of less than a year.

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

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

Preference Shares (also called Preferred Stock or Preferred Shares)
Shares in a company which give their holders a right to a fixed dividend payment. Some carry voting rights.

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

Shares
See Equities.

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

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

Further information

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

pru.co.uk

INVP11876 01/2022_WEB