

Fund Guide

# International Portfolio Bond

# Introduction to this guide

## **Our PruFund funds**

This fund guide provides details of the PruFund funds available through the International Portfolio Bond, including our PruFund Planet funds.

You can find out more information about how we manage our funds in the 'Your With-Profits Bond – a guide to how we manage the Fund' document which is available on our website.

## **Other available funds**

The International Portfolio Bond offers more investment choice than just our PruFund funds. Those choices include the Prudential Risk Managed Active and Risk Managed Passive funds, as well as a range of fund options from leading external fund managers.

If you have any questions about our funds or the International Portfolio Bond, then we recommend you speak to your adviser.

## 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'd like one of these, please call our Prudential International Customer Services team on 0345 528 0655 or +44(0)131 608 1767 if calling from abroad, Monday to Friday 9am to 5pm (we're not open on bank holidays). We might record your call for training and quality purposes.
- 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 23 January 2023, unless otherwise stated.
- This guide doesn't take account of current market conditions or other short-term fund specific changes.
- All views are Prudential International's. This guide is not providing investment advice or a recommendation.
- This product is an international bond.
- For important decisions it's always good to talk to experts who can help you, that's why we recommend that you discuss fund selection with your adviser.

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# Your investment options

The International Portfolio Bond gives access to a wide range of investment funds – funds which vary in terms of the assets they hold, the different geographies and sectors they invest in, with different fund management styles and risk ratings.

You can hold any combination of investment options, including our established PruFund range of funds, our Risk Managed Active, Risk Managed Passive and Ethical, Social & Governance (ESG) fund ranges, as well as hundreds of collective funds within one bond.

This gives you the opportunity to choose the type and combination of investments that best suit your needs and, if your attitude to risk, or your circumstances change, you can tailor your investments to meet those needs.

## Balancing risk and reward

Choosing where to invest your money is an important decision.

When investing in the International Portfolio Bond, it's important to consider the different levels of risk associated with the range of funds available to you. You should read our relevant Investor Options Document(s) and the fund manager's own Key Investment Information Document(s) as appropriate. These include important information which may help you make up your mind, including a risk rating for the fund to help you understand the different levels of risk. These can be found on our website at: [www.pru.co.uk/investments/investment-fund-range/productlibrary/](http://www.pru.co.uk/investments/investment-fund-range/productlibrary/) or where relevant, the fund manager's own website.

# Available Prudential International PruFund Funds and their Investment aims

This section includes information on the funds and 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.

You'll find a Key Information Document for the relevant International Portfolio Bond (either Life Assured or Capital Redemption version) and associated Investment Option Documents for each of the funds that are open to new investors at [www.pru.co.uk/investments/investment-fund-range/productlibrary/](http://www.pru.co.uk/investments/investment-fund-range/productlibrary/)

These documents include information such as:

- Investment objective
- Risk indicator

**It is very important that you read these documents, as they will provide you with the key risks of the funds and the charges before making an investment decision.**

**If you have any questions about this product or your fund choice then we recommend you speak to your adviser.**

## 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. The funds on this and the next pages are all invested in The Prudential Assurance Company Limited (PAC) With-Profits Fund. The funds aim to protect investors against some of the extreme highs and lows of investment performance using "smoothing" mechanisms.

### PIA PruFund Cautious Sterling – Series C

Objective: The fund aims for steady and consistent growth through a cautious approach to investing. The fund currently invests around 70% in a well-diversified portfolio of fixed interest securities and holdings of cash and money market instruments. The balance is invested in UK and international shares, property and alternative assets.

### PIA PruFund Growth Sterling – Series C

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.

## PIA PruFund Planet 1 Sterling – Series C

The fund aims to achieve a total return from income and capital over the long term (at least 5-10 years). It also aims to deliver positive environmental and societal outcomes in addition to financial returns. There are three categories of outcome;

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

PruFund Planet funds are invested in a range of equities, bonds, property, alternative investments and cash. This gives you the advantage of a well-balanced mix of investments with some smoothing of investment returns.

The fund aims to limit the fluctuations (volatility) your investment experiences, after allowing for smoothing, to 9% per annum. There is no guarantee the fund will achieve its objective of managing the volatility to the target level.

## PIA PruFund Planet 2 Sterling – Series C

The fund aims to achieve a total return from income and capital over the long term (at least 5-10 years). It also aims to deliver positive environmental and societal outcomes in addition to financial returns. There are three categories of outcome;

1. Mitigating Environmental, Social and Governance (ESG) risks and minimising negative outcomes
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The fund aims to limit the fluctuations (volatility) your investment experiences, after allowing for smoothing, to 10% per annum. There is no guarantee the fund will achieve its objective of managing the volatility to the target level.

## PIA PruFund Planet 3 Sterling – Series C

The fund aims to achieve a total return from income and capital over the long term (at least 5-10 years). It also aims to deliver positive environmental and societal outcomes in addition to financial returns. There are three categories of outcome;

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

PruFund Planet funds are invested in a range of equities, bonds, property, alternative investments and cash. This gives you the advantage of a well-balanced mix of investments with some smoothing of investment returns.

The fund aims to limit the fluctuations (volatility) your investment experiences, after allowing for smoothing, to 12% per annum. There is no guarantee the fund will achieve its objective of managing the volatility to the target level.

## PIA PruFund Planet 4 Sterling – Series C

The fund aims to achieve a total return from income and capital over the long term (at least 5-10 years). It also aims to deliver positive environmental and societal outcomes in addition to financial returns. There are three categories of outcome;

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

PruFund Planet funds are invested in a range of equities, bonds, property, alternative investments and cash. This gives you the advantage of a well-balanced mix of investments with some smoothing of investment returns.

The fund aims to limit the fluctuations (volatility) your investment experiences, after allowing for smoothing, to 14.5% per annum. There is no guarantee the fund will achieve its objective of managing the volatility to the target level.

## PIA PruFund Planet 5 Sterling – Series C

The fund aims to achieve a total return from income and capital over the long term (at least 5-10 years). It also aims to deliver positive environmental and societal outcomes in addition to financial returns. There are three categories of outcome;

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

PruFund Planet funds are invested in a range of equities, bonds, property, alternative investments and cash. This gives you the advantage of a well-balanced mix of investments with some smoothing of investment returns.

The fund aims to limit the fluctuations (volatility) your investment experiences, after allowing for smoothing, to 17% per annum. There is no guarantee the fund will achieve its objective of managing the volatility to the target level.

## PIA PruFund Risk Managed 1 Sterling – Series C

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.

## PIA PruFund Risk Managed 2 Sterling – Series C

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.

## PIA PruFund Risk Managed 3 Sterling – Series C

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.

## PIA PruFund Risk Managed 4 Sterling – Series C

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.

## PIA PruFund Risk Managed 5 Sterling – Series C

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.



# Information to read before making a decision

## 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 do the PruFund funds work?

Our PruFund funds are invested in the PAC With-Profits Fund. There are significant differences in the asset mixes and objectives of each fund, and in the way returns are calculated compared to other With-Profits Fund investments.

The 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 extreme short-term highs and lows of direct stockmarket investments by using an established smoothing process. This process aims 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. However, the value of your investment can go down as well as up. You could get back less than you invested.

PAC 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 PAC With-Profits Fund. If PAC 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 (EGR) 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 PAC have to suspend the smoothing process for one or more PruFund funds for a period of consecutive days, to protect the PAC With-Profits Fund. When this happens the smoothed price for the affected fund(s) is set to the unsmoothed price for each day until PAC reinstate the smoothing process.

The Directors of PAC set EGRs; these are the annualised rates your investment would normally grow at. The EGRs reflect their view of how they think each PruFund fund will perform over the long-term (up to 15 years). Each PruFund fund has its own EGR and investments into a PruFund will normally grow daily by the relevant EGR. EGRs are reviewed every 3 months, when they could fall or rise.

Although they use a long term view of performance to set EGRs, they also have to take into account shorter-term performance.

On a daily basis, if the shorter-term performance differs too much from the current EGR 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.

Please note guarantees are currently not available.

Please refer to 'Your With Profits Bond – A guide to how we manage the fund' and 'Your guide to investing in the PruFund Range of Funds' for more information.

## Moving money in

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

Between PruFund investment dates, we keep money waiting to be invested in a holding account. While your money is in a holding account it'll grow in line with the EGR for the PruFund fund(s) that you've chosen. Product charges will apply as normal during this period, but any smoothing adjustments, Unit Price Resets, or suspension of smoothing won't apply.

## 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 Contract Conditions and Important Information Booklet.

If you make a one-off withdrawal from your bond, or cash it in completely, there may be a discretionary 28-day waiting period. We may 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 the sale of units in the event of a death claim on the last life assured.

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

## Exceptional circumstances

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 wouldn't expect delays to be longer than six months for funds that predominately invest in property or land and one month for other funds. However we can't guarantee that we'll never delay longer than these timescales. If these delays apply to you, we'll let you know.

There's more information in the Contract Conditions and Important Information Booklet that we send when you take out your bond. You can ask us for a copy at any time.

## External funds

In addition to offering the range of PruFund funds, the International Portfolio Bond also offers a wide choice of collective investments from M&G plc and other well known external fund managers.

## Cash

Your bond will include a Cash Account, which you can choose to hold money in as part of your investment selection. You may also select cash funds from external fund managers as part of the available fund range. Cash is not suitable as a long term investment. If you are invested in cash the return you achieve may be less than inflation and may not be enough to cover product charges.

## Compensation

Prudential International exceeds its capital requirements and is financially strong. However, in the unlikely event that Prudential International, the fund manager, Prudential in the UK or the custodian of fund assets should fail to meet their financial obligations, you may face financial loss. Prudential International products will not be covered by a government-backed financial guarantee scheme, including the FSCS in the UK.

## 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 funds, what you receive will depend upon the value of the underlying investments, the EGRs as set by the Directors of PAC, our charges, the smoothing process, whether you have chosen a guarantee and when you take your money out. Please note guarantees on PruFund are currently not available.

## Bond Charges

### Product Charge

We take a product charge from your bond each month. The amount we take is calculated as a percentage of the total fund value for your bond at that time. For more information please refer to your Key Features Document.

## Fund charges and further costs

### Annual Management Charge

The majority of funds available have a charge applied by the fund manager for the management and administration of that fund and this charge is reflected in its unit price. This charge will vary between funds and may change over time. Where you have invested in PruFund, this charge can also be referred to as an Annual Management Charge.

Information about investment charges and costs can be found in the fund factsheets, in the Investment Option Documents and, for external funds, also in the Key Investor Information Documents on the relevant fund manager's website.

## Further Costs

In addition to the annual management charge, 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.

Further costs might be incurred by Prudential International 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. If fund charges and further costs exceed the return earned, the fund will go down in value.

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.

Name	What this means	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.	In 'Other ongoing costs'.
Performance fees	In some funds the fund managers are paid a fee depending on how they perform.	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.	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.	In 'Portfolio transaction costs'.

### Further information

Please refer to 'Your With Profits Bond – A guide to how we manage the fund' and 'Your guide to investing in the PruFund Range of Funds' for more information. [www.pru.co.uk/funds/ppfm/](http://www.pru.co.uk/funds/ppfm/)

# Some useful investment 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)

All bonds are really just 'I owe you's' 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, OEICs, Unit Trusts, Mutual funds, usually either 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)

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## Floating Rate Notes

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

## Government Bonds

Loans to the government where the buyer of the government bond lends money to the government. In return, they get regular interest payments and the promise that the initial sum will be repaid on a specified later date. 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.

## Undertakings for Collective Investment in Transferable Securities (UCITS)

Collective investments, such as OEICs and SICAVs, which can be sold across national borders within the EU.

## 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.

The registered office of Prudential International is in Ireland at Montague House, Adelaide Road, Dublin 2. Prudential International is a marketing name of Prudential International Assurance plc, a life assurance company operating from Ireland. Registration No. 209956. Prudential International Assurance plc is authorised and regulated by the Central Bank of Ireland and in the context of its UK regulated activities only, is deemed authorised by the Prudential Regulation Authority and subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Details of the Temporary Permissions Regime, which allows EEA-based firms to operate in the UK for a limited period while seeking full authorisation, are available on the Financial Conduct Authority's website. Prudential International is part of the same corporate group as The Prudential Assurance Company Limited. Both The Prudential Assurance Company Limited and Prudential International are direct and indirect subsidiaries respectively of M&G plc, a company incorporated in the United Kingdom. The Prudential Assurance Company Limited is not affiliated in any manner with Prudential Financial, Inc, a company whose principal place of business is in the United States of America or Prudential plc, an international group incorporated in the United Kingdom.