

PruFund Explained

Prudential's PruFund Fund aim to grow your money over the medium to long term (at least 5-10 years) with a view to providing you with a smoothed investment journey. That's thanks to our smoothing process and Multi-Asset approach, spreading the risk to your investment.

There are two parts to how PruFund works:

Part One: Spreading the risk to your investment

Any investment comes with a risk, depending on how and where your money is invested, so you may not get back the same amount as you put in. PruFund is known as a Multi-Asset fund which invests in a wide range of different assets like shares, property, bonds and cash. PruFund aims to balance the performance of the various assets. This is called Diversification. Put simply, not all of your eggs are in one basket.

Spreading the risk in this way aims to offset poor performance in one asset against good performance in another, smoothing the performance of the investment overall.

PruFund funds are invested in the Prudential With-profits fund which is one of the largest in the UK. The size of our With-profits fund also gives us the opportunity to buy a wider range of these assets across the globe including the UK, America and Europe, spreading the risk to your investment even further.

Now, we'll move on to part two – our smoothing process, another way of making sure your investment doesn't keep you up at night. Our smoothing process is specifically designed to smooth the short term ups and downs associated with investing in the stock market. We start by setting an Expected Growth Rate, for short EGR, for each of our PruFund funds. EGRs reflect our view on how we think the funds will perform over the long term. These are reviewed on a quarterly basis and are not a guarantee of future performance. Your fund will normally increase in line with our EGR each day. In doing this, the aim is to deliver smoothed returns. Although we use a long term view of performance to set EGRs, we also take into account shorter term performance (i.e. how the actual assets are performing). On a daily basis, if the actual assets performance differs too much from the PruFund fund performance we would have to amend the value of your fund, either up or down to ensure we are not returning too much or too little. We call these Unit Price Adjustments. This means that whilst your investment won't experience the full lows of the market, you also won't experience the full highs. In certain circumstances, the smoothing process may be temporarily suspended in order to protect the With-profits fund and those invested in it. During this period your money is still invested, but you won't benefit from the smoothing process. The suspension of smoothing is only expected to be applied in highly unusual circumstances.

In summary, the combination of our smoothing process and investing across a wide range of assets is designed to ensure you have a smoothed investment journey.

Please remember:

The value of your plan can go down as well as up, and may fall below the amount you invested.

What you get back is not guaranteed.

You should consider this to be a medium to long-term investment (5-10 years or more).

For more information on PruFund funds, visit mandg.com/pru/customer.

