

# Prudence Inheritance Bond Funds

## Top five holdings of the Prudence Inheritance Capital Fund

### Equity

BP PLC	3.5%
BRITISH AMERICAN TOBACCO PLC	3.1%
GSK	2.6%
ASTRAZENECA PLC	2.5%
RIO TINTO PLC	2.3%
<b>Total</b>	<b>14.0%</b>

As at 31 May 2022

### Fixed Interest

UK CONV GILT 4.25%	0.7%
UK CONV GILT 3.25%	0.6%
INTERNATIONAL BANK FOR RECONSTRUCT	0.6%
INTER-AMERICAN DEVELOPMENT BANK	0.5%
KFW MTN	0.4%
<b>Total</b>	<b>2.8%</b>

As at 31 May 2022

## Investment strategy

The investment strategy of the fund is to provide income with the potential for capital growth by investing in UK Equities and Corporate Bonds.

Fund size: £156 million (as at 31 May 2022)

Launch date: 2 January 1997

## Fund manager commentary – as at May 2022

May was another difficult month across equity and fixed income markets with concerns over Ukraine and inflation still dominating investors thinking.

The May Federal Open Market Committee minutes confirmed a broad consensus for 50bp rate increases at the next two meetings, and that all members supported the balance sheet normalisation process. The Committee agreed that inflation risks were skewed to the upside, while growth risks were skewed to the downside, emphasising that data-dependence was crucial in this “highly uncertain” environment.

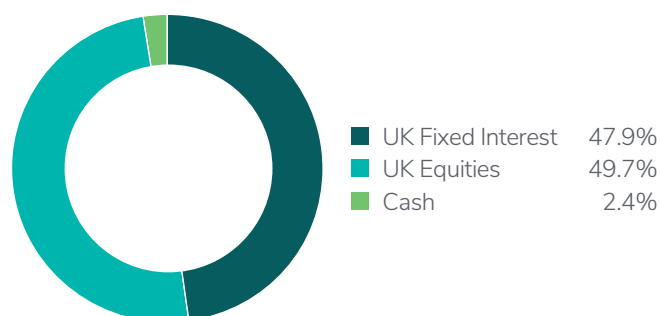
The European Central Bank President, Christine Lagarde, confirmed that the bank’s Asset Purchase Programme would end in June, in line with market expectations, and signalled that the ECB is likely to raise interest rates for the first time in 11 years in July, reaching 0% by the end of September.

Central banks continue to cement their hawkish stance but have a difficult balancing act in the wake of a potential slowdown in growth and a less optimistic economic outlook, with macroeconomic data disappointing. Market pricing of inflation suggests

an expectation that inflation will fall back eventually, but the key question that remains is whether the swift withdrawal of stimulus will dent economic growth prospects, triggering a “hard landing”.

**Contact Your Prudential Account Manager or log on to [pruadviser.co.uk](https://pruadviser.co.uk)**

## Asset allocation of the Prudence Inheritance Capital Fund



Please note figures may not add up to 100% due to rounding.

# How the funds work

## Prudence Inheritance Income Fund

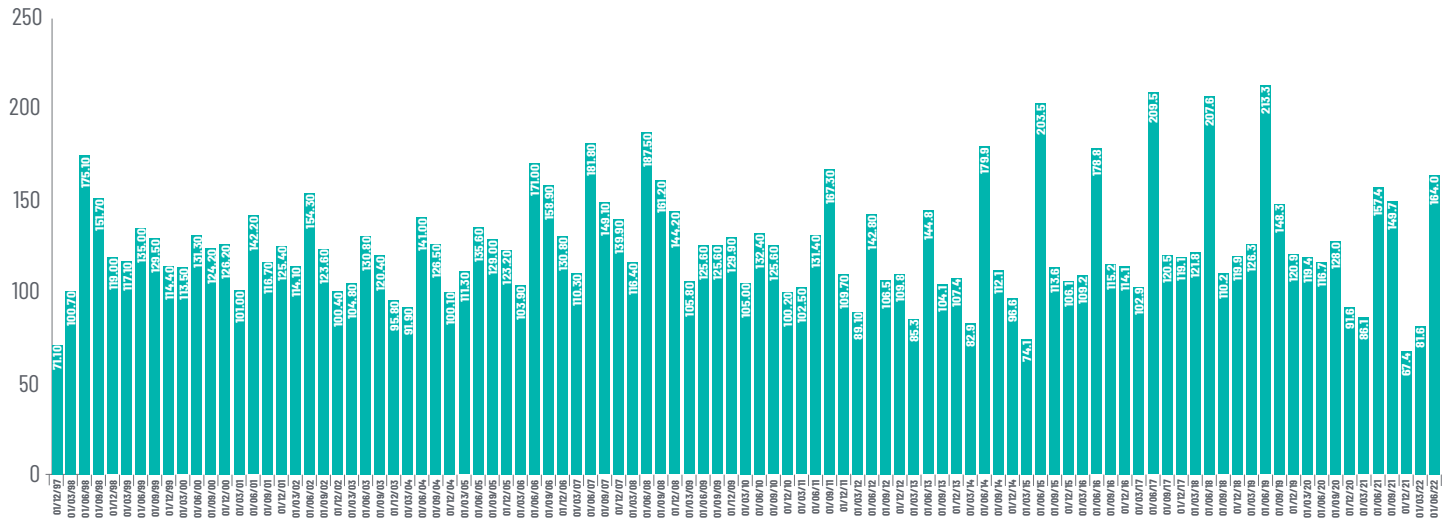
- As the underlying holdings within the Prudence Inheritance Capital Fund pay their dividend and interest payments, these are accumulated within the Prudence Inheritance Income Fund, with the total being fully paid out at the end of each quarter.
- Different levels of income are received in different quarters, depending on the pattern of dividends and interest payments received from the underlying stocks and bonds within the fund.
- The quarterly distribution can be taken as cash, or alternatively redirected into our range of investment funds.

The Prudence Inheritance Capital Fund Values on the next page demonstrates the performance of the capital value after these distributions have been paid.

## Prudence Inheritance Income Fund values

Bid price of the Prudence Inheritance Income Fund at the end of each Quarter (the value of the Prudence Inheritance Income Fund is paid out in full – payments subsequently received begin to build the value again).

Bid Price

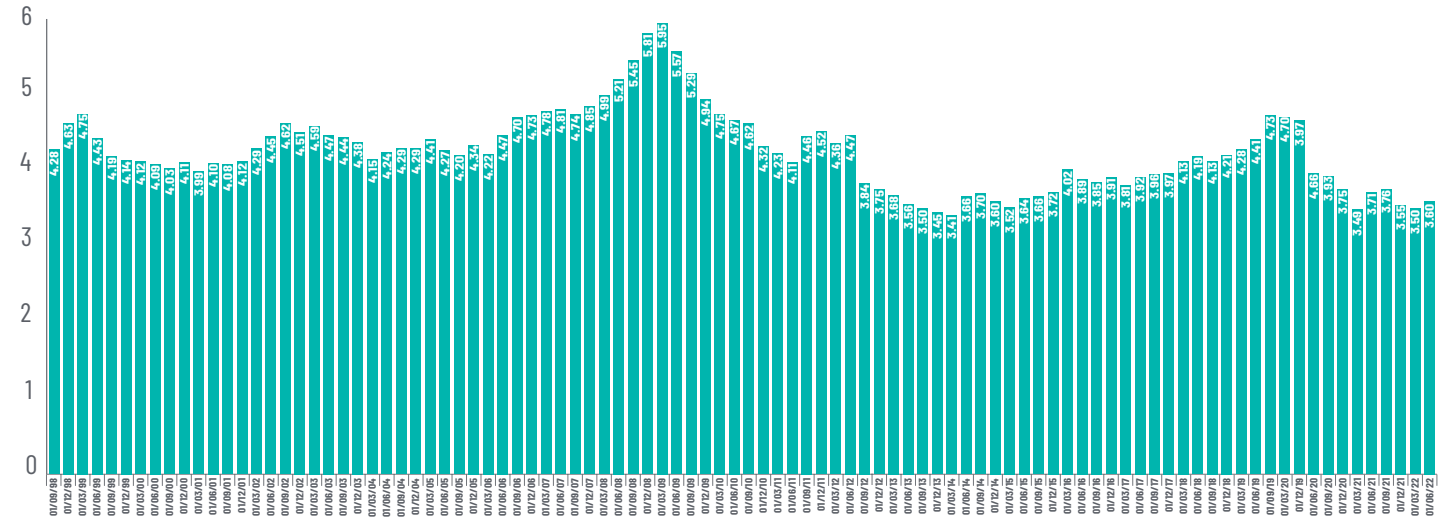


As at 01 June 2022

## Income Distributions – expressed as an Annualised Yield

The annualised yield figures have been calculated by looking at the value of the Prudence Inheritance Income Fund, at the end of the four previous quarterly payment dates, as a percentage of the Prudence Inheritance Capital Fund value.

Annualised Yield



Average Annualised Yield Since Launch: 4.26% (this is the average of the figures shown above)

As at 01 June 2022

We can't predict the future. Past performance isn't a guide to future performance. The value of any investment and the level of distributions can go down as well as up so your customer might get back less than they put in.

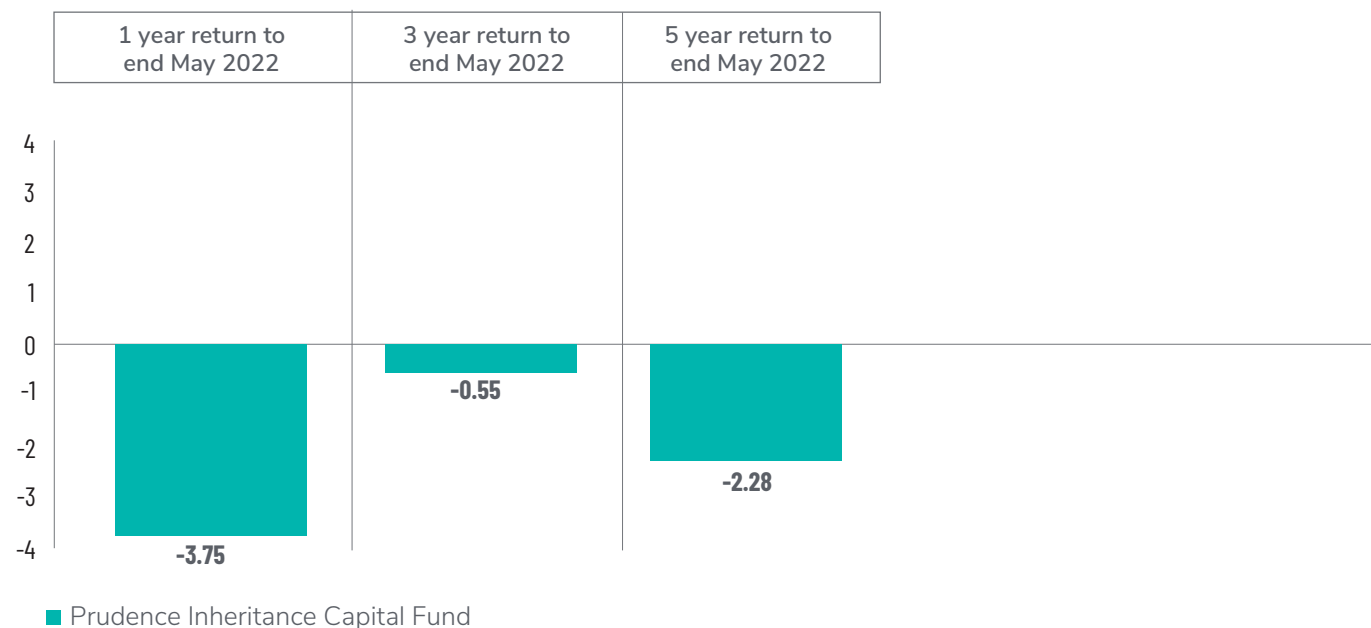
## How the funds work

### Prudence Inheritance Capital Fund

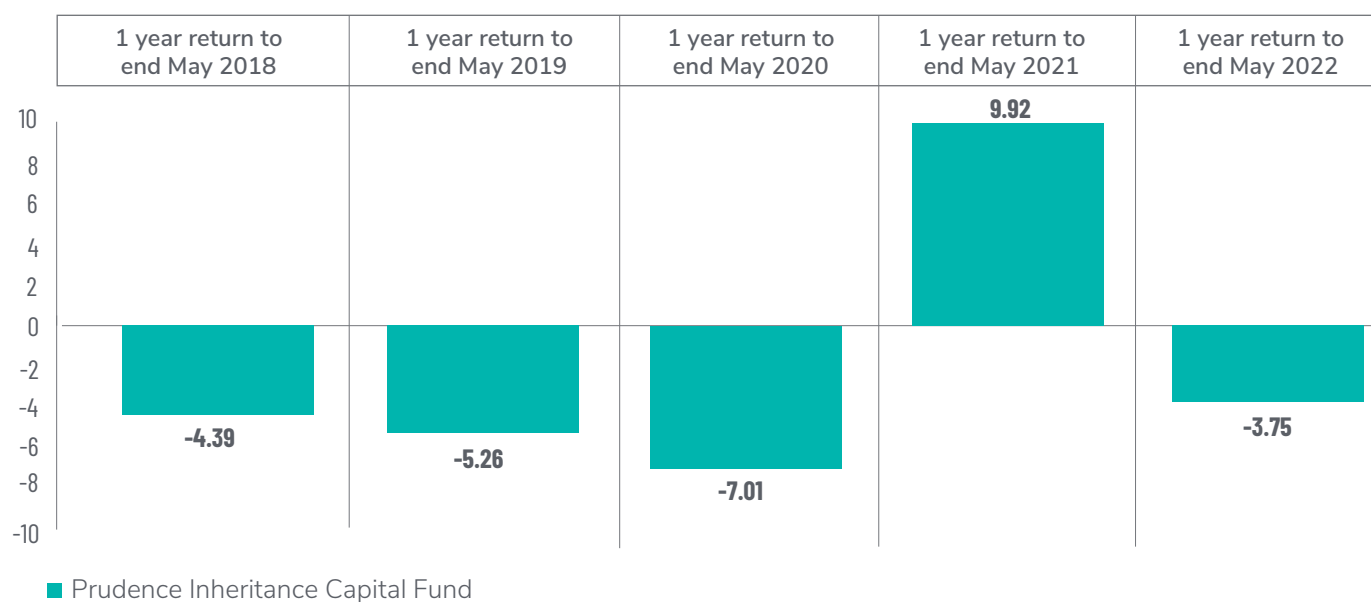
- The equities, cash and fixed interest holdings are held in the Prudence Inheritance Capital Fund.
- These holdings can either rise or fall in value.
- Any income (dividend payments, interest etc) achieved by the holdings in the Prudence Inheritance Capital Fund are paid into the Income Fund.

## Prudence Inheritance Capital Fund values

### Fund performance



## Year by year performance



We can't predict the future. Past performance isn't a guide to future performance.

The rate of growth of funds cannot be guaranteed. These performance figures are produced from Financial Express Analytics on a bid to bid, net basis, capital return only, they are net of Annual Management Charge and any applicable UT/OEIC expense.

## Actual values

The following figures assume a £100,000 investment on 2 January 1997 and demonstrate Total Income payments and the ongoing Capital value.

### Annual values from the first distribution after launch

Date	Capital Value £	Total Income Payments £
01/03/97	102,663.61	578.46
01/03/98	116,291.82	5,569.97
01/03/99	115,621.14	11,058.85
01/03/00	112,940.91	15,812.87
01/03/01	113,426.06	20,434.62
01/03/02	107,483.40	25,165.49
01/03/03	91,874.94	29,731.72
01/03/04	100,940.93	33,881.05
01/03/05	106,548.76	38,477.54
01/03/06	112,997.77	43,126.02
01/03/07	113,278.16	48,524.21
01/03/08	103,651.38	54,075.56
01/03/09	83,463.20	59,735.61
01/03/10	99,445.51	64,331.14
01/03/11	106,455.30	68,686.56
01/03/12	112,343.52	73,389.88
01/03/13	118,418.67	77,591.20
01/03/14	122,437.61	81,743.36
01/03/15	126,643.49	86,117.68
01/03/16	120,381.41	91,150.94
01/03/17	128,793.15	95,981.89
01/03/18	125,054.60	101,379.13
01/03/19	120,287.95	106,711.13
01/03/20	118,044.81	112,401.44
01/03/21	117,484.03	116,394.77
01/03/22	118,792.52	120,706.70

### The four most recent quarterly values

01/09/21	123,559.18	119,298.07
01/12/21	119,914.09	119,935.26
01/03/22	118,792.52	120,706.70
01/06/22	117,670.96	122,257.14

In this example the amount allocated to investment (through capital units) is 100.5% of the total premium. Details of charges can be found in the key features document.

Full terms and conditions are available on request from Prudential.

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