

Prudential Pension Series A Funds
Prudential Pension Funds (Pre Series A)
Flexible Retirement Portfolio Funds (Pre Series A)

Fund Guide

Introduction to this guide

We know that choosing which fund may be best for you isn't easy – there are many options and everyone's different so there's no "one way" to invest.

So we offer a range of options to help you meet your investment goals.

We've produced this guide to help you and your financial adviser understand more about our funds. If there's information or terminology included that you'd like to discuss, then please contact your financial adviser.

Please find additional information on products and availability on pages 13 and 15.

Where to find information in this guide

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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.

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 17 September 2018, 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.
- 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 financial adviser.

Potential reward and risk

Asset class risk types

Learn more about asset classes and their risk

You should read this section to find out more about the different types of assets, or types of things funds invest in and the risks that they have.

We've included this as later in the guide we'll show which asset types and associated risks are applicable to different funds we offer.

Funds can invest in different types of assets. There are many types of risks but generally, the higher the potential returns, the higher the risk.

Some funds can invest in more than one asset type to try to 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.

See pages 16 to 20 for how the following asset class risk types relate to individual funds.

Equity

Equities and 'shares' are the same thing. When a fund buys a share, it's investing in a company and, in exchange, receives a share of the ownership of that company. Shares give two potential investment benefits:

- share prices increase as the value of the company increases
- companies may pay dividends – regular payments made to shareholders based on how well the company is doing.

Over the longer-term, equities can offer greater growth potential than many other asset types. But the value of equities can go up and down a lot. Funds investing in equities tend to carry a higher risk of capital loss than funds investing in fixed interest securities or money market investments (we'll talk about these later in this section).

The financial results of other companies and general stock market and economic conditions can all affect a company's share price, and as a result the value of any fund investing in that company.

Where a fund invests in equities, we've rated the fund as having a risk type of "Equity".

Fixed Interest and Index-Linked Securities

Fixed interest securities, or "bonds", are loans issued by companies or by governments in order to raise money. Bonds issued by companies are called Corporate Bonds, those issued by the UK government are often called Gilts or UK Government bonds and those issued by the US government are called Treasury Bonds. In effect all bonds are IOUs that promise to pay you a sum on a specified date and pay a fixed rate of interest along the way.

Index-linked securities are similar but the payments out are normally increased by a prices index. For example, for UK government index-linked securities, payments out go up in line with the UK Retail Prices Index.

On the whole, investing in government or corporate bonds is lower-risk than investing in equities. To date, no UK government has ever failed to pay back money owed to investors. (Source: Debt Management Office, June 2018.)

However, it's possible for a government bond to default. And with corporate bonds there's a risk that the company may not be able to repay its loan or that it may default on its interest payments.

You can reduce the risks related to investing in bonds if you invest through a bond fund. When a fund manager selects a range of bonds, you're less reliant on the performance of any one company or government. If the fund reinvests the bond income it generates, it can provide attractive levels of growth. But there's a risk you might not get back the amount you invest and the income you receive is neither fixed or guaranteed.

Corporate and government bonds are sensitive to interest rate trends. An increase in interest rates is likely to reduce their value, and the value of any fund investing in them.

Where a fund could be exposed to these types of risk, we've rated the fund as having a risk type of "Fixed Interest".

Commercial Property

Commercial property investment generally means the fund is sharing in the returns from the ownership of some buildings (for example, offices and shopping centres). The value of the property may go up and tenants may pay rent to the owners of the building.

Investment in property can be done either directly (eg owning physical property) or indirectly (eg owning shares in a property company as part of a diversified range of assets).

The return from investing in property is a combination of rental income and changes in the value of the property; which is generally a matter of a valuer's opinion rather than fact. Property can be considered to be lower risk than equities, but higher risk than bonds over the long-term.

However, commercial properties can be difficult to buy and sell quickly. Fund managers may have to delay withdrawal of money by customers from a property fund until they can sell some of the buildings the fund invests in. It may take a number of months to sell commercial property.

The actual value of a property is what someone is prepared to pay for it – an actual sale value. As sales are infrequent, interim valuations are based on a valuer's opinion and can change from time to time. This can affect the value of a fund invested in commercial property, with the value possibly fluctuating significantly.

All of this means there are a number of risks for funds investing in property:

- Cash could remain uninvested as property assets can be difficult to buy, leading to lower returns than expected.
- The value of the fund may be reduced if a large number of withdrawals are requested and it's necessary for properties to be sold at reduced prices.
- There may be delays removing your money from the fund if property is proving difficult to sell.
- Property fund valuations may change periodically, upwards or downwards.
- Rental income isn't guaranteed. Defaulted rent and unoccupied properties could reduce returns.
- If the size of the fund falls significantly, the fund may have to hold fewer properties, and this reduced diversification may lead to an increase in risk.

- In some circumstances we may suspend one or more of our Property funds to protect the interests of our investors. If this happens we'll write to investors to let them know.

Where a fund could be exposed to these risks, we've rated the fund as having a risk type of "Property".

Currency Risk and Overseas Investments

Overseas investments allow you to take advantage of the growth potential of markets outside of the UK. But currency changes can affect the value of overseas investments. Because the value of overseas investments is converted from local currency into pounds (Sterling), the Sterling value can fall if the local currency weakens against Sterling, independent of the performance of the asset itself.

Where a proportion of a fund is invested in non-Sterling assets, we've rated the fund as having a risk type of "Currency".

Smaller Companies and Developing Markets

In comparison to larger companies, shares of smaller companies may be harder to trade and short-term performance may be more volatile. There may also be more chance the companies will become insolvent. Funds which invest in small companies can have volatile returns and a greater risk of capital loss.

Some investments are in markets which are less developed than the UK market. In such markets, the ability to trade, and the safe keeping of assets on behalf of the fund, and especially regulation may all be poorer than in well-developed markets. This means increased risk for your investment.

Where a fund could have these types of risk, we've rated it as having a risk type of "Smaller Companies and Developing Markets".

Financial Instruments

Fund managers can use several financial arrangements with the aim of improving fund performance. Some of the most common are:

Derivatives: These cover products such as futures and options which are generally an arrangement to buy or sell a standard quantity of a specified asset on a fixed future date at a price agreed today. This type of investment may carry a higher risk of capital loss than funds investing in other assets.

Derivatives usually rely on a counterparty – the person or company with which the fund manager has made the agreement about future deals. If the counterparty gets into financial difficulty, it may be difficult to obtain a price for valuations or for the investment manager to dispose of the asset – that creates risk to the value of the fund. There's a risk of capital loss in the event of the counterparty to the derivative becoming insolvent or suffering other financial difficulties. In such circumstances the derivative may have no value.

Geared Assets: Funds that are geared or borrow assets or which use short-selling are likely to be more volatile than other funds and there is a higher risk of capital loss.

Where a fund could be exposed to these types of risk, we've rated it as having a risk type of "Financial Instruments".

Alternative Investments

These include non-traditional, complex or specialist investments, such as hedge funds, private equity and complex derivative based strategies. Alternative investments can be more difficult to value and can take longer to buy or sell.

Where a fund could be exposed to these types of risk, we've rated it as having a risk type of "Alternative Investments".

Other

We've rated a number of funds as having a risk type of "Other".

In addition to the risks and characteristics of the individual asset types, specialist investments have other features that are unique to where they invest.

Specialist funds

Specialist funds invest in particular markets or geographical areas. Because they invest in a smaller range of asset types, they tend to be more risky than non-specialist funds, but can deliver greater returns.

Ethical funds

Ethical funds are restricted from investment in certain companies and asset types due to the criteria used to select investments for the fund. This may mean that the returns from the fund are more volatile than funds which don't have these restrictions.

Small number of holdings

The fund may have investment concentrated in relatively few individual assets. So, returns from the fund can be significantly influenced by the performance of a small number of individual holdings and may be more volatile than funds with a wider spread of underlying assets.

Low risk assets

Some funds keep a proportion of your money in cash deposits and other money market investments. Over the long-term, money market investments usually offer the lowest risk of all asset types but also the lowest potential returns. Some funds hold money market investments because they're aiming for security more than substantial growth. Others hold just enough in cash deposits to make sure money is available for customer withdrawals. Over the long term, money market investments can be a low risk asset type but may also produce low returns compared to other asset types.

A money market investment is at risk if any of the banks, building societies or other financial institutions with whom the fund's money is deposited becomes insolvent or suffers other financial difficulties. If this happens, the money deposited with that institution may not be returned in full. Some money market investments will be affected if interest rates rise, leading to a drop in value of any fund holding them.

Protected/guaranteed funds

Some funds may offer some form of protection from downside risks for which there will be a charge and which will normally have an impact on long-term returns. The protection may be provided through the use of derivative contracts and this may give rise to counterparty risk and liquidity problems.

The provision of the guarantees may result in a significant proportion of the fund being invested in cash and other lower risk investments.

Where a fund could be exposed to these types of risk, we've rated it as having a risk type of "Other".

Further information

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

Potential reward and risk

Potential reward and risk indicator

Learn how we rate the risk of the funds

We've included this so you can understand what the different numbers next to each fund, in the next few pages, mean.

Investing is about balancing the risk you're comfortable with alongside the potential rewards that you want to achieve. Your attitude to investment risk is personal to you and may change in the future.

The table opposite 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 returns goes up so does the level of risk. On pages 16 to 20 you can see how these potential reward and risk indicator numbers relate to our funds.

Some key things to think about:

- The value of your investment can go down as well as up so you might get back less than you put in.
- We've developed these rating categories to help provide an indication of the potential level of reward and risk that's attributable to a fund based on the type of assets which may be held within the fund.
- These risk rating categories shouldn't be considered generic to the fund management industry as other companies might use different descriptions.

- We regularly review these risk rating categories and so they might change in the future.
- We may amend a risk rating 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. If we do this, we'll provide information on the new risk rating.
- We strongly recommend that before making any fund choice you ensure you understand the appropriate risk ratings. You'll find helpful information in this fund guide, along with further information at pru.co.uk/funds

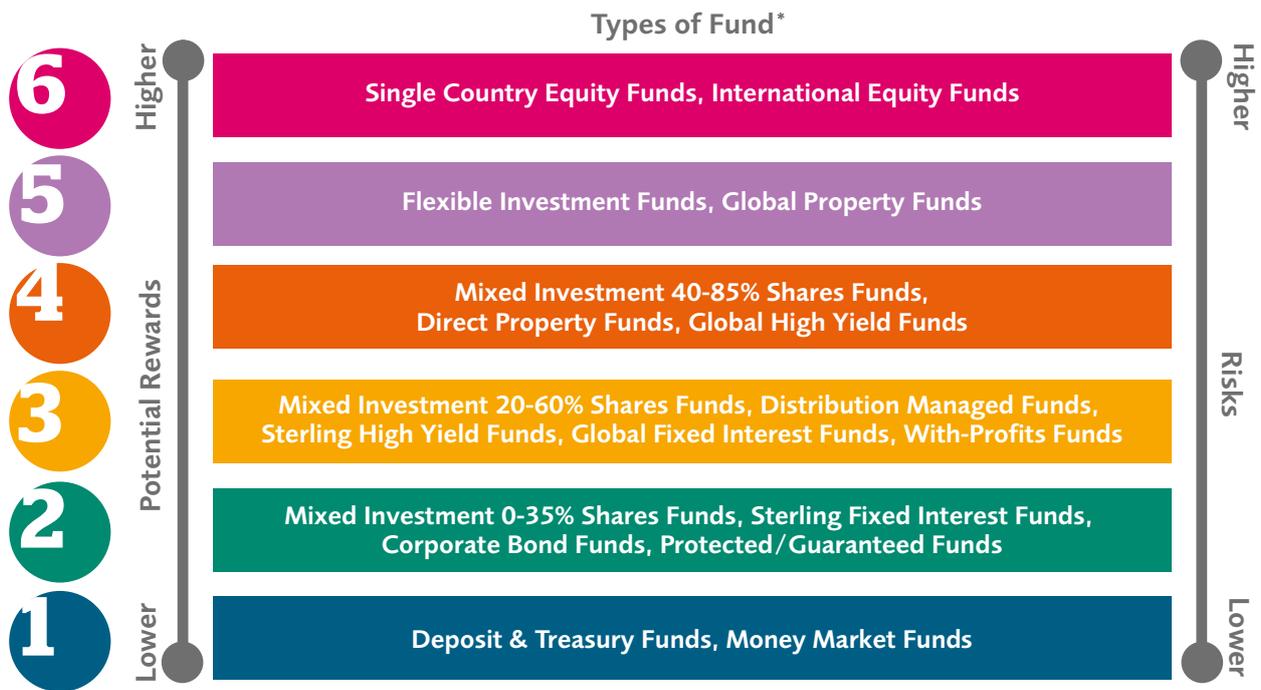
For details of material fund changes then please visit pru.co.uk/fundchanges

Information is normally shown for one year.

You should also consider discussing your decision with your financial adviser. It's important to also note that your adviser may make their own assessment of the risk rating of funds when considering your needs and objectives, and this may differ from Prudential's own internal assessment.

The information included in this guide is correct as at 17 September 2018, unless another date is shown.

Potential reward and risk indicator



* 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 potential reward and risk indicator number.

Further information

If you're looking for more information, including the latest version of this fund guide and details of changes to our funds, then please visit pru.co.uk/funds. You'll also find an explanation of each of the ABI sector classifications on pru.co.uk/abi

Fund information

Explanations we think you should read

Learn about what can impact on your fund value and about charges and costs

This section can help you understand a bit more about the factors that can impact on funds and what we mean by fund costs and charges.

Unit Pricing Basis for Unit-Linked Funds

When we determine the basis to be used for calculating the unit price, it's important to think about how much money is either going into or is being taken out of either Prudential's fund or the underlying investment. The unit price is then used to determine the value of individual policyholders' investments in the fund.

If more money is being paid into the fund than is being taken out, then the fund will need to purchase assets. If this is the case then the amount that's needed to buy assets for the fund (i.e. the purchase price) will be more relevant than the amount obtained for selling the assets (i.e. the sale price) in determining the unit price of the fund.

If more money is being taken out of the fund than is being paid in then the fund will need to sell assets. If this is the case, the sale price of the underlying assets will be more relevant when calculating the unit price.

Sales prices are generally lower than purchase prices. The size of the difference depends on the cost of either purchasing or selling the assets the fund invests in. These costs tend to be largest for funds investing in property, smaller companies and developing markets so will have the largest impact on the change in price. If there's a switch from a purchase price to a sales price then the unit price could reduce.

If there's a switch from a sales price to a purchase price then the unit price could go up. In both cases the movement in price can be frequent, significant and will happen straight away.

You can find details of how we manage our Unit-Linked funds at pru.co.uk/ppfm/ul

You'll also find there a shortened customer friendly version, our "Customer Guide", which explains briefly:

- how the Prudential unit-linked funds work
- our current approach to managing them
- the standards and practices we use to manage the funds.

Principally, this Customer Guide will explain:

- the nature and extent of the decisions we take to manage the funds, and
- how we treat customers and shareholders fairly.

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 investments in the With-Profits Fund, the value of the plan depends on how much profit the fund makes and how we decide to distribute that profit. Policyholders receive a distribution of profits by means of bonuses or other methods as specified in the policy documentation.

How Funds Invest

Some of the Prudential funds listed in this guide may gain all or part of their investment exposure by investing in collective investment schemes such as Unit Trusts, Open Ended Investment Companies (OEICs), derivatives or other investment vehicles, where the aims and underlying assets are consistent with the objectives of the fund.

These Prudential funds may hold an element of cash due to the short delay between new investments being received by the Prudential fund and being placed in the underlying investment(s), and this may have an impact on the performance of the Prudential fund when compared to the underlying investment(s).

Fund Costs and Charges

Annual Management Charge

We take an Annual Management Charge (AMC) from each of the funds you invest in. This is the charge you pay to invest in a fund. Any further costs shown cover expenses borne by the underlying fund. Together they add up to the Yearly Total (%). These are shown on pages 16 to 20.

In general the AMC is taken by the deduction each day of 1/365th of the applicable Annual Management Charge, from the relevant investment-linked fund.

For Premier Pensions the amounts quoted are the basic AMC. The actual AMC rate applicable is determined by the contribution size, and, for work place pension schemes such as Premier Group Personal Pension, Stakeholder and Executive Pension Plan and plans set up prior to 2 January 2013, the level of commission selected.

For Premier Stakeholder Pensions and Premier Group Stakeholder there's a maximum charge of 1%. This means that some funds may be unavailable for these contracts (depending on contribution size). For Premier Stakeholder Pensions and Premier Group Stakeholder there's a maximum charge of 1%. This means that some funds may be unavailable for these contracts (depending on contribution size and, where appropriate, the level of commission selected). If an AMC exceeds 1%, the fund will become unavailable.

This differs slightly for With-Profits.

The annual charge, and charges to cover the cost of guarantees, are already taken into account when we calculate the bonus rates for our With-Profits Fund. To find out more about charges for this fund, please refer to your Key Features document and other plan documentation, including your annual statement, or speak to your financial adviser.

Additional Fund Charges for Unit-Linked Funds

Series A Funds

In addition to our management charges, there are further costs which impact the overall performance of the fund. We call these costs transaction costs and property expenses.

When a fund manager trades the investments in your fund (for example, makes a decision to sell one holding and buy another) there are associated costs, for example taxes, which the fund pays. These costs are paid for out of the overall performance of the fund, are not rebated by Prudential and are over and above the Further Costs figures included in the Fund costs and charges section on subsequent pages.

There are additional costs which are currently rebated back by Prudential to the fund and so won't impact the performance of the fund. We reserve the right to explicitly charge for them in the future.

For funds that invest directly or indirectly in property managed by M&G, there are additional costs incurred for the development, maintenance, operation and renovation of the properties held.

We call these costs property expenses, and they're paid for out of the overall performance of the fund and are not rebated by Prudential. These costs are included in the Further Costs figures on subsequent pages. For other property funds, property expenses are currently rebated back to the fund.

Non Series A Funds

In addition to our management charges, there are further costs which impact the overall performance of the fund. All other costs, excluding dealing costs, as explained in the first bullet below, are included in the Further Costs figures on pages 16 to 20 of this fund guide. Examples of these further costs include:

- When a fund manager trades the investments in your fund (for example, makes a decision to sell one holding and buy another) there are associated costs, for example taxes, which the fund pays. These costs are paid for out of the overall performance of the fund but they're not included in the Further Costs figures on pages 16 to 20.
- 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 additional costs incurred for the development, maintenance, operation and renovation of the properties held. We call these costs property expenses and they're paid for out of the overall performance of the fund.

Further Costs for the With-Profits Fund

In addition to our annual charge, there are further costs which impact the overall performance of the fund. All other costs, excluding dealing costs as explained in the first bullet below, are included in the Further Costs figures on pages 16 to 20 of this fund guide. Examples of these further costs include:

- When a fund manager trades the investments in your fund (for example, makes a decision to sell one holding and buy another) there are associated costs, for example taxes, which the fund pays. These costs are paid for out of the overall performance of the fund, but they're not included in the Further Costs figures on subsequent pages.
- 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 additional costs incurred for the development, maintenance, operation and renovation of the properties held. We call these costs property expenses, and they're paid for out of the overall performance of the fund.

Your illustration will show the charges applicable to your chosen fund(s).

Costs and charges may vary in future and they may be higher than they are now. If fund costs and charges exceed the return earned, the fund will go down in value.

If you are in any doubt about your product, your fund choice or the charges applicable then we recommend you speak to your financial adviser.

The fund costs and charges listed in this guide are indicative, based on the current levels of costs, and are correct as at 17 September 2018.

Further Information

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 costs and charges applicable then we recommend you speak to your financial adviser.

For any fund, there may be a delay in buying, selling or switching of units. These delays will only apply in exceptional circumstances and if this applies to you, we'll let you know.

The Prudential Assurance Company Limited (PACL) and other UK authorised and regulated firms in the Prudential Group are covered by the Financial Services Compensation Scheme. You may be able to make a claim if Prudential is unable to meet its financial obligations. But, it's important to know that any compensation will depend on your eligibility, the type of financial product or service involved, the funds selected (if applicable) and the circumstances of the claim.

Find out more about Prudential and the FSCS at: pru.co.uk/about_us/fscs or you can call the FSCS on **0800 678 1100**.

Further information

For more information on the above, please refer to your Policy Conditions.

Fund information

Fund availability

Funds	Prudential Pension Series A Funds	Prudential Pension Funds (Pre Series A)	Flexible Retirement Portfolio Funds (Pre Series A)
	<ul style="list-style-type: none"> • Premier Group Money Purchase Plan • Group Personal Pension Plan • Premier Group Personal Pension Plan • Premier Group Stakeholder Pension • Executive Pension Plan • Premier Executive Pension • Free Standing AVC • Personal Pension Plan Employed • Personal Pension Plan Self Employed • Premier Personal Pension • Premier Transfer Plan • Premier Transfer Plan Section 32 • Series A Section 32 • Premier Stakeholder Pension Plan • Trustee Investment Plan Series A 	<ul style="list-style-type: none"> • Exempt Capital Investment Bond • Group IndePension • OmniPension • Trustee Investment Plan • ExtraPension • FlexiPension (excluding Series 1) • IndePension • Individual Pension Arrangement • MaxiPension • Personal Retirement Investment Plan • Section 32 Buy Out (Individual) 	
Prudential 95% Safeguard*	✓	✓	✓
Prudential Artemis European Growth**	✓	n/a	n/a
Prudential AXA Framlington UK Select Opportunities**	✓	n/a	n/a
Prudential Cash	✓	✓	✓
Prudential Dynamic Focused 0-30 Portfolio	✓	n/a	✓
Prudential Equity	✓	✓	✓
Prudential European	✓	✓	✓
Prudential International	✓	✓	✓
Prudential Invesco Perpetual Corporate Bond**	✓	n/a	n/a
Prudential Invesco Perpetual Income	✓	n/a	✓
Prudential Invesco Perpetual Managed Growth***	✓	n/a	✓
Prudential Janus Henderson European Growth**	✓	n/a	n/a
Prudential Japanese	✓	✓	✓
Prudential M&G Corporate Bond	✓	n/a	✓
Prudential M&G Dividend	✓	n/a	✓

Funds	Prudential Pension Series A Funds	Prudential Pension Funds (Pre Series A)	Flexible Retirement Portfolio Funds (Pre Series A)
	<ul style="list-style-type: none"> • Premier Group Money Purchase Plan • Group Personal Pension Plan • Premier Group Personal Pension Plan • Premier Group Stakeholder Pension • Executive Pension Plan • Premier Executive Pension • Free Standing AVC • Personal Pension Plan Employed • Personal Pension Plan Self Employed • Premier Personal Pension • Premier Transfer Plan • Premier Transfer Plan Section 32 • Series A Section 32 • Premier Stakeholder Pension Plan • Trustee Investment Plan Series A 	<ul style="list-style-type: none"> • Exempt Capital Investment Bond • Group IndePension • OmniPension • Trustee Investment Plan • ExtraPension • FlexiPension (excluding Series 1) • IndePension • Individual Pension Arrangement • MaxiPension • Personal Retirement Investment Plan • Section 32 Buy Out (Individual) 	
Prudential M&G Episode Growth [^]	✓	n/a	✓
Prudential M&G Gilt & Fixed Interest Income	✓	n/a	✓
Prudential M&G Global High Yield Bond	✓	n/a	✓
Prudential M&G Global Themes ^{^^}	✓	n/a	n/a
Prudential M&G Index Tracker	✓	n/a	✓
Prudential M&G Managed Growth ^{***}	✓	n/a	✓
Prudential M&G Property Portfolio	✓	✓	✓
Prudential M&G Recovery ^{**}	✓	n/a	n/a
Prudential M&G Smaller Companies	✓	✓	✓
Prudential M&G Strategic Corporate Bond ^{**}	✓	n/a	n/a
Prudential M&G UK Select ^{**}	✓	n/a	n/a
Prudential Managed	✓	✓	✓
Prudential Managed Distribution	✓	n/a	✓
Prudential Newton Global Equity ^{***}	✓	n/a	✓
Prudential Newton Multi-Asset Balanced	✓	n/a	✓
Prudential North American	✓	✓	✓

Funds	Prudential Pension Series A Funds	Prudential Pension Funds (Pre Series A)	Flexible Retirement Portfolio Funds (Pre Series A)
	<ul style="list-style-type: none"> • Premier Group Money Purchase Plan • Group Personal Pension Plan • Premier Group Personal Pension Plan • Premier Group Stakeholder Pension • Executive Pension Plan • Premier Executive Pension • Free Standing AVC • Personal Pension Plan Employed • Personal Pension Plan Self Employed • Premier Personal Pension • Premier Transfer Plan • Premier Transfer Plan Section 32 • Series A Section 32 • Premier Stakeholder Pension Plan • Trustee Investment Plan Series A 	<ul style="list-style-type: none"> • Exempt Capital Investment Bond • Group IndePension • OmniPension • Trustee Investment Plan • ExtraPension • FlexiPension (excluding Series 1) • IndePension • Individual Pension Arrangement • MaxiPension • Personal Retirement Investment Plan • Section 32 Buy Out (Individual) 	
Prudential Pacific Markets	✓	✓	✓
Prudential UK Equity and Bond	✓	n/a	✓
Prudential With-Profits [#]	✓	✓	✓

Additional Information on Availability

* This fund is only open to existing investors in the fund.

** Not available for Premier Group Stakeholder Pension, Premier Group Money Purchase Plan or Premier Stakeholder Pension Plan.

*** Not available for Premier Group Stakeholder Pension, Premier Group Personal Pension Plan or Premier Group Money Purchase Plan.

^ Not available for Premier Group Personal Pension Plan, Premier Transfer Plan, Premier Personal Pension, Premier Transfer Plan Section 32 or Premier Stakeholder Pension Plan.

^^ Not available for Premier Group Stakeholder Pension, Premier Group Personal Pension Plan, Premier Group Money Purchase Plan or Premier Stakeholder Pension Plan.

Not available for Premier Group Stakeholder Pension or Premier Stakeholder Pension Plan.

Where no investment choice is made for a Premier Stakeholder Pension Plan, the contribution will be invested in the Lifetime Investment Profile targeting **retirement options** (see page 27).

Fund information

Funds, ABI sectors, asset class risk types, risk indicators & fund costs and charges

Learn about the funds available to you

We've included this information to help you quickly see the range of funds we offer and the risks they have.

Funds	Association of British Insurers (ABI) Sector	Asset Class Risk Types								Potential reward and risk indicator	Fund Series	Fund Costs and Charges		
		Equity	Fixed Interest	Property	Currency	Smaller Companies and Developing Markets	Financial Instruments	Alternative Investments	Other			Base AMC (%)	Further Costs (%)	Yearly Total (%)
Prudential 95% Safeguard†	Protected/ Guaranteed	✓					✓		✓	2	Pre Ser A	0.875	-	0.875
											Ser A	1.00	-	1.00
Prudential Artemis European Growth†	Europe ex UK Equities	✓			✓		✓	✓	✓	6	Ser A	1.70	-	1.70
Prudential AXA Framlington UK Select Opportunities†	UK All Companies	✓				✓	✓		✓	6	Ser A	1.70	-	1.70
Prudential Cash	Deposit & Treasury		✓						✓	1	Pre Ser A	0.875	-	0.875
											Ser A	1.00	-	1.00
Prudential Dynamic Focused 0-30 Portfolio	Mixed Investment 0-35% Shares	✓	✓	✓	✓	✓	✓	✓	✓	2	Pre Ser A	0.875	-	0.875
											Ser A	1.00	-	1.00
Prudential Equity	UK All Companies	✓	✓		✓		✓		✓	6	Pre Ser A	0.875	0.01	0.885
											Ser A	1.00	-	1.00
Prudential European	Europe ex UK Equities	✓	✓		✓		✓		✓	6	Pre Ser A	0.875	0.03	0.905
											Ser A	1.00	-	1.00

† See pages 13 to 15 for information on fund availability.

Funds	Association of British Insurers (ABI) Sector	Asset Class Risk Types								Potential reward and risk indicator	Fund Series	Fund Costs and Charges		
		Equity	Fixed Interest	Property	Currency	Smaller Companies and Developing Markets	Financial Instruments	Alternative Investments	Other			Base AMC (%)	Further Costs (%)	Yearly Total (%)
Prudential International	Global Equities	✓	✓		✓		✓			6	Pre Ser A	0.875	0.03	0.905
											Ser A	1.00	-	1.00
Prudential Invesco Perpetual Corporate Bond†	Sterling Corporate Bond		✓		✓		✓		✓	2	Ser A	1.65	-	1.65
Prudential Invesco Perpetual Income	UK All Companies	✓			✓	✓	✓		✓	6	Pre Ser A	1.225	0.16	1.385
											Ser A	1.35	-	1.35
Prudential Invesco Perpetual Managed Growth†	Flexible Investment	✓	✓		✓	✓	✓		✓	5	Pre Ser A	1.225	0.32	1.545
											Ser A	1.35	-	1.35
Prudential Janus Henderson European Growth†	Europe ex UK Equities	✓			✓		✓		✓	6	Ser A	1.90	-	1.90
Prudential Japanese	Japan Equities	✓	✓		✓		✓		✓	6	Pre Ser A	0.875	0.03	0.905
											Ser A	1.00	-	1.00
Prudential M&G Corporate Bond#	Sterling Corporate Bond		✓		✓		✓		✓	2	Pre Ser A	0.875	0.01	0.885
											Ser A	1.00	-	1.00
Prudential M&G Dividend	UK Equity Income	✓								6	Pre Ser A	0.875	-	0.875
											Ser A	1.00	-	1.00
Prudential M&G Episode Growth†	Mixed Investment 40-85% Shares	✓	✓		✓		✓		✓	4	Pre Ser A	0.875	0.17	1.045
											Ser A	1.00	-	1.00

† See pages 13 to 15 for information on fund availability.

Formerly known as Prudential Corporate Bond

Fund information

Funds, ABI sectors, asset class risk types, risk indicators & fund costs and charges – continued

Funds	Association of British Insurers (ABI) Sector	Asset Class Risk Types								Potential reward and risk indicator	Fund Series	Fund Costs and Charges			
		Equity	Fixed Interest	Property	Currency	Smaller Companies and Developing Markets	Financial Instruments	Alternative Investments	Other			Base AMC (%)	Further Costs (%)	Yearly Total (%)	
Prudential M&G Gilt & Fixed Interest Income##	UK Gilts		✓		✓					✓	4	Pre Ser A	0.875	0.02	0.895
												Ser A	1.00	-	1.00
Prudential M&G Global High Yield Bond	Sterling High Yield		✓		✓						3	Pre Ser A	1.125	-	1.125
												Ser A	1.25	-	1.25
Prudential M&G Global Themes†	Global Equities	✓			✓						6	Ser A	1.45	-	1.45
Prudential M&G Index Tracker	UK All Companies	✓									6	Pre Ser A	0.775	0.01	0.785
												Ser A	0.90	-	0.90
Prudential M&G Managed Growth†	Global Equities	✓	✓		✓					✓	6	Pre Ser A	1.025	-	1.025
												Ser A	1.15	-	1.15
Prudential M&G Property Portfolio††	UK Direct Property			✓						✓	4	Pre Ser A	0.875	0.44	1.315
												Ser A	1.00	0.44	1.44
Prudential M&G Recovery†	UK All Companies	✓				✓				✓	6	Ser A	1.45	-	1.45
Prudential M&G Smaller Companies	UK Smaller Companies	✓				✓		✓	✓	✓	6	Pre Ser A	0.875	0.01	0.885
												Ser A	1.00	-	1.00

† See pages 13 to 15 for information on fund availability.

†† For consistency and transparency we show the Yearly Total including property expenses. Property expenses capture all expenses associated with the management and operation of the property portfolio, that are not able to be charged to tenants.

Previously known as Prudential Fixed Interest

Funds	Association of British Insurers (ABI) Sector	Asset Class Risk Types								Potential reward and risk indicator	Fund Series	Fund Costs and Charges		
		Equity	Fixed Interest	Property	Currency	Smaller Companies and Developing Markets	Financial Instruments	Alternative Investments	Other			Base AMC (%)	Further Costs (%)	Yearly Total (%)
Prudential M&G Strategic Corporate Bond [†]	Sterling Corporate Bond		✓				✓		✓	2	Ser A	1.40	-	1.40
Prudential M&G UK Select ^{††}	UK All Companies	✓								6	Ser A	1.45	-	1.45
Prudential Managed ^{††}	Mixed Investment 40-85% Shares	✓	✓	✓	✓		✓		✓	4	Pre Ser A	0.875	0.04	0.915
											Ser A	1.00	0.03	1.03
Prudential Managed Distribution ^{††}	Mixed Investment 20-60% Shares	✓	✓		✓		✓		✓	3	Pre Ser A	0.875	0.07	0.945
											Ser A	1.00	0.07	1.07
Prudential Newton Global Equity [†]	Global Equities	✓			✓		✓		✓	6	Pre Ser A	1.275	-	1.275
											Ser A	1.40	-	1.40
Prudential Newton Multi-Asset Balanced	Mixed Investment 40-85% Shares	✓	✓	✓	✓	✓	✓	✓	✓	4	Pre Ser A	1.125	-	1.125
											Ser A	1.25	-	1.25
Prudential North American	North America Equities	✓	✓		✓		✓		✓	6	Pre Ser A	0.875	0.01	0.885
											Ser A	1.00	-	1.00
Prudential Pacific Markets	Asia Pacific ex Japan Equities	✓			✓	✓				6	Pre Ser A	0.875	0.11	0.985
											Ser A	1.00	-	1.00

[†] See pages 13 to 15 for information on fund availability.

^{††} For consistency and transparency we show the Yearly Total including property expenses. Property expenses capture all expenses associated with the management and operation of the property portfolio, that are not able to be charged to tenants.

Fund information

Funds, ABI sectors, asset class risk types, risk indicators & fund costs and charges – continued

Funds	Association of British Insurers (ABI) Sector	Asset Class Risk Types								Potential reward and risk indicator	Fund Series	Fund Costs and Charges		
		Equity	Fixed Interest	Property	Currency	Smaller Companies and Developing Markets	Financial Instruments	Alternative Investments	Other			Base AMC (%)	Further Costs (%)	Yearly Total (%)
Prudential UK Equity and Bond	Mixed Investment 20-60% Shares	✓	✓		✓		✓		✓	3	Pre Ser A	0.875	-	0.875
											Ser A	1.00	-	1.00
Prudential With-Profits	Unclassified	✓	✓	✓	✓	✓	✓	✓	✓	3	Pre Ser A	+++	0.14	N/A
											Ser A	+++	0.14	N/A

+++ The annual charge of this fund and charges to cover the cost of guarantees are already taken into account when we calculate the bonus rates for our With-Profits Fund. To find out more about the charges for this fund please refer to your Key Features document and other plan documentation, including your annual statement.

Further information

If you're looking for more information on these funds, for example fact sheets, then visit pru.co.uk/funds

You'll also find an explanation of each of the ABI sector classifications on pru.co.uk/abi

Fund information

Investment strategies

Learn about the investment strategies of our funds

We've included this information so you can understand what each of the funds aim to do and where your money might be invested.

The following funds have been selected and made available to you by Prudential.

The choice of funds covers a range of different assets and types of funds which could be right for you at different times. Some of the funds are managed by Prudential whilst others are managed by external fund managers.

The following funds are all Prudential pension funds. For the externally managed funds the Prudential fund will invest in the fund manager's own fund or collective investment scheme, as explained in the following investment strategies, unless otherwise stated.

Prudential 95% Safeguard¹ #

The investment strategy of the fund is to provide capital protection with a degree of exposure to movements in the FTSE 100 Capital Index by investing mainly in money market and derivative instruments. Any reduction in the price of units is limited to 50% of any fall in the FTSE 100 capital index subject to an overall maximum reduction of 5% in each quarter.

Prudential Artemis European Growth

The investment strategy of the fund is to purchase units in the Artemis European Growth Fund. That fund aims to provide long-term capital growth through investment principally in companies in Europe (excluding the UK). The Manager actively manages the portfolio and will not be restricted in the choice of investments either by company size or industry, or in terms of the geographical split of the portfolio.

Prudential AXA Framlington UK Select Opportunities

The investment strategy of the fund is to purchase units in the AXA Framlington UK Select Opportunities Fund. That fund aims to achieve capital growth by investing in companies, primarily of UK origin where the manager believes above average returns can be realised.

Prudential Cash²

The investment strategy of the fund is to provide a return consistent with investing in interest bearing deposits and/or short-term UK government bonds.

Prudential Dynamic Focused 0-30 Portfolio (previously known as Prudential Managed Defensive)

The investment strategy of the fund is to purchase units in the LF Prudential Dynamic Focused 0-30 Portfolio. That fund aims to achieve a long-term total return (the combination of income and growth of capital) by investing mainly in collective investment schemes. No more than 30% of the fund will be invested in schemes whose predominant exposure is to equities.

Prudential Equity

The investment strategy of the fund is to purchase units in the LF Prudential UK Growth Qualified Investor Scheme Fund. That fund aims to achieve capital growth over the longer term from a range of mostly UK securities (up to 20% of the property of the Trust may be invested overseas).

¹ This fund was only open to existing investors in the fund as a standalone option or within the Lifetime Investment Option – Balanced Strategy. The Safeguard Pension Fund was designed to offer some capital protection with a degree of exposure to rises in the FTSE 100 Capital Index. It could be suited to lump sum investors who want to protect their accumulated pension fund whilst potentially benefiting (at least partly) from equity growth. But, it could be equally appropriate for investors making regular contributions who have built up a large fund and may wish to lower the risk of their portfolio. The performance of the Safeguard Fund isn't guaranteed by Prudential and depends on the returns of underlying deposits with selected institutions. The fund can fall up to 5% per quarter.

² This fund has a guarantee that the bid value of units in the Fund will not fall.

We're aiming to close this fund on 21 September 2018.

Prudential European

The investment strategy of the fund is to purchase units in the LF Prudential European Qualified Investor Scheme Fund. That fund aims to achieve capital growth through investment in a range of European (excluding UK) securities, mainly equities.

Prudential International

The investment strategy of the fund is to provide long term capital growth by investing mainly in a spread of equity markets throughout the world, predominantly through collectives managed by Prudential Group companies.

Prudential Invesco Perpetual Corporate Bond

The investment strategy of the fund is to purchase units in the Invesco Perpetual Corporate Bond Fund. That fund aims to achieve a combination of income and capital growth over the medium to longer term.

Prudential Invesco Perpetual Income

The investment strategy of the fund is to purchase units in the Invesco Perpetual Income Fund. That fund aims to achieve a reasonable level of income together with capital growth by investing primarily in shares of companies listed in the UK, with the balance invested internationally.

Prudential Invesco Perpetual Managed Growth

The investment strategy of the fund is to purchase units in the Invesco Perpetual Managed Growth Fund. That fund aims to achieve capital growth from a portfolio primarily of Qualifying Funds. In pursuing this objective, the fund managers may include investments that they consider appropriate which include transferable securities, money market instruments, warrants, collective investment schemes, deposits and other permitted investments and transactions.

Prudential Janus Henderson European Growth

The investment strategy of the fund is to purchase units in the Janus Henderson European Growth Fund. That fund aims to achieve long-term capital growth through investing principally in the securities of European companies.

Prudential Japanese

The investment strategy of the fund is to purchase units in LF Prudential Japanese Qualified Investor Scheme Fund. That fund aims to achieve long-term capital growth through investment in a range of Japanese securities.

Prudential M&G Corporate Bond #

The investment strategy of the fund is to purchase units in the M&G Corporate Bond Fund. That fund aims to provide income and capital growth. At least 70% of the fund is invested in sterling-denominated corporate debt instruments. The fund's exposure to corporate debt may be gained through the use of derivatives. Derivatives may also be used for efficient portfolio management. Any currency exposures within the fund may be managed by currency hedges into sterling. The fund may also invest in collective investment schemes, other transferable securities and other debt instruments (including corporate debt and government and public securities denominated in any currency), cash, near cash, other money market securities, warrants and other derivative instruments.

Prudential M&G Dividend

The investment strategy of the fund is to purchase units in the M&G Dividend Fund. That fund invests mainly in a range of UK equities with the aim of achieving a steadily increasing income stream. The fund will target a yield higher than that of the FTSE All-Share Index. Subject to this, the aim will be to maximise total return (the combination of income and growth of capital).

Prudential M&G Episode Growth

The investment strategy of the fund is to purchase units in the M&G Episode Growth Fund. The fund aims to deliver a higher total return (the combination of capital growth and income), net of the Ongoing Charge Figure, than that of a composite index comprising two thirds global equities and one third global bonds, over any five-year period. The fund is a multi-asset fund that invests across a range of asset classes, including equities, fixed income securities, convertibles, cash and near cash. Exposure to these assets may be gained either directly or indirectly via collective investment schemes or derivatives. The fund may also invest indirectly via collective investment schemes or derivatives in other asset classes such as property and gold. The currency exposure of the fund will be actively managed, seeking to enhance returns, with a minimum of 25% of the fund exposed to sterling and a minimum of 50% in developed market currencies (including sterling). Derivatives may be used for investment purposes, efficient portfolio management and hedging.

Formerly known as Prudential Corporate Bond Fund.

Prudential M&G Gilt & Fixed Interest Income #

The investment strategy of the fund is to purchase units in the M&G Gilt & Fixed Interest Income Fund. The fund aims to provide income and capital growth. At least 70% of the fund is invested in short, medium or long-dated gilts according to the fund manager's view at any given moment of the likely course of interest rates and trend of the gilt market. The fund's exposure to gilts may be gained through the use of derivatives. Derivatives may also be used for efficient portfolio management. The fund may also invest in collective investment schemes, other transferable securities, other debt instruments, cash, near cash, other money market securities, warrants and other derivative instruments.

Prudential M&G Global High Yield Bond

The investment strategy of the fund is to purchase units in the M&G Global High Yield Bond Fund. That fund aims to provide income and capital growth. At least 80% of the fund is invested in higher yielding corporate debt instruments which may be denominated in sterling, European currencies and other major global currencies, should the investment managers deem them to be appropriate investments. The fund's exposure to higher yielding corporate debt instruments may be gained through the use of derivatives and any currency exposures within the fund may be managed by currency hedges into sterling. Derivatives may also be used for efficient portfolio management. The fund may also invest in collective investment schemes, government and public securities and other transferable securities, cash, near cash, other money market instruments, warrants and other derivative instruments. More than 80% of the fund will be in sterling or hedged back to sterling.

Prudential M&G Global Themes

The investment strategy of the fund is to purchase units in the M&G Global Themes Fund. That fund aims to provide a higher total return (the combination of capital growth and income) than that of the MSCI ACWI Index over any five-year period. The fund will invest at least 80% of its Net Asset Value in the equity securities of companies across any sectors and market capitalisations that are domiciled in any country, including emerging markets. The fund may also invest in collective investment schemes, other transferable securities and may hold cash for liquidity purposes. Derivatives may be used for efficient portfolio management.

Prudential M&G Index Tracker

The investment strategy of the fund is to purchase units in the M&G Index Tracker Fund. That fund aims to track the FTSE All Share Index.

Prudential M&G Managed Growth

The investment strategy of the fund is to purchase units in the M&G Managed Growth Fund. The fund aims to deliver a higher total return (the combination of capital growth and income), net of the Ongoing Charge Figure, than that of a composite index comprising 85% global equities and 15% global bonds, over any five-year period. The fund is a multi-asset fund that invests at least 70% of its assets in other collective investment schemes in order to gain exposure to assets from anywhere in the world, including equities, fixed income, convertibles, cash, or near cash. The fund may also invest directly in these assets. In aggregate, the fund will invest at least 70% of its assets in equities, either directly or via collective investment schemes. Derivatives may be used for investment purposes, efficient portfolio management and hedging.

Prudential M&G Property Portfolio

The investment strategy of the fund is to purchase units in the M&G Property Portfolio. That fund aims to carry on Property Investment Business and to manage cash raised from investors for investment in the Property Investment Business. In so doing, the fund aims to maximise long term total return (the combination of income and growth of capital) through investment mainly in commercial property.

Prudential M&G Recovery

The investment strategy of the fund is to purchase units in the M&G Recovery Fund. That fund aims to achieve capital growth by investing predominantly in a diversified range of securities issued by companies which are out of favour, in difficulty or whose future prospects are not fully recognised by the market.

Prudential M&G Smaller Companies

The investment strategy of the fund is to purchase units in M&G Smaller Companies Fund. That fund aims to deliver a higher total return (the combination of capital growth and income) than the Numis Smaller Companies Index (excluding Investment Companies), net of the Ongoing Charge Figure, over any five year period.

Formerly known as Prudential Fixed Interest Fund.

At least 80% of the fund is invested in the UK smaller companies. These are UK listed companies which, at the initial time of purchases, are:

- in the bottom 10% (by market capitalisation) of the FTSE All-Share Index, or
- in the Numis Smaller Companies Index (excluding Investment Companies), or
- listed on the Alternative Investment Market.

The fund may also invest in collective investment schemes and other transferable securities. Cash and near cash may be held for ancillary purposes and derivatives, including warrants, may be used for efficient portfolio management and hedging purposes.

Prudential M&G Strategic Corporate Bond

The investment strategy of the fund is to purchase units in the M&G Strategic Corporate Bond Fund. That fund aims to maximise total return (the combination of income and growth of capital) through investment predominantly in investment grade corporate bonds.

Prudential M&G UK Select

The investment strategy of the fund is to purchase units in the M&G UK Select Fund. That Fund invests principally in the equities of UK companies with high growth potential with the sole objective of capital growth. The Fund may at any time be concentrated in a limited number of equities. Income considerations are ignored.

Prudential Managed

The investment strategy of the fund is to deliver long term growth (the combination of income and capital growth) by investing mainly in sterling denominated equities, bonds and property via collective investment schemes.

Prudential Managed Distribution

The investment strategy of the fund is to deliver long term growth (the combination of income and capital growth) by investing mainly in sterling denominated equities, bonds and property via collective investment schemes.

Prudential Newton Global Equity

The investment strategy of the fund is to purchase units in the Newton Global Equity Fund. That fund aims to achieve capital growth from a portfolio of international securities.

Prudential Newton Multi-Asset Balanced

The investment strategy of the fund is to purchase units in the Newton Multi-Asset Balanced Fund. That fund aims to achieve a balance between capital growth and income predominantly from a portfolio of UK and International securities.

Prudential North American

The investment strategy of the fund is to purchase units in the LF Prudential North American Qualified Investor Scheme Fund. That fund aims to achieve long-term capital growth by investing in North American securities.

Prudential Pacific Markets

The investment strategy of the fund is to purchase units in the LF Prudential Pacific Markets Trust. That trust aims to produce capital growth through investment of at least 80% of the property of the Scheme in eastern markets excluding Japan. Investment will primarily be in major markets such as Australia, Hong Kong, Singapore and Thailand, but to a lesser extent this Scheme may invest in emerging markets such as The Philippines, Taiwan and South Korea.

³ The Fund aims to protect investors against some of the extreme highs and lows of short-term investment performance using "smoothing" mechanisms.

Prudential UK Equity and Bond

The investment strategy of the fund is to provide long term growth (the combination of income and capital growth) by investing mainly in UK equities and sterling denominated Corporate Bonds via collective investment schemes.

Prudential With-Profits³

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.

There are currently two types of bonuses:

Regular bonus

This is added during the term of your Plan. When we decide the rates of regular bonus, one of the main things we consider is the return we expect our investments to earn in future. We hold back some of this return with the aim of paying a proportion of the proceeds as final bonuses.

We can change the rate of future regular bonus at any time without prior notice. We don't guarantee that a regular bonus will be added each year, but once added to your Plan it increases the guaranteed minimum payout – this is a minimum amount we guarantee you'll get back if you move out of our Fund at particular times, for example on normal retirement date for pensions, or if you die.

Final bonus

This is an additional bonus, which we expect to pay when you take money from your Plan. If the investment return has been low over the lifetime of your Plan, a final bonus may not be paid. Final bonus may vary and isn't guaranteed.

If all, or any part of your Plan is invested in the With-Profits Fund, and the pension is transferred, switched to another fund or early retirement is taken, we may apply an adjustment called a Market Value Reduction (MVR). If an MVR applies you may not receive any final bonus, or the full value of the regular bonus and you may even get back less than you had invested. But the amount you get back from your Plan won't be less than the current market value of the assets underlying your Plan. MVRs are designed to protect investors not taking their money out of the Fund.

Full details of our current practice of applying an MVR can be found in the Key Features document and MVR – a clear explanation (document reference PRUS6165).

Further information

If you're looking for more information on these funds then visit pru.co.uk/funds

Lifestyle options

A lifestyle option is an investment option that is basically made up of two phases. The first (or "growth") phase aims to grow members' pension savings by more than inflation – to provide a 'real return'. The second (or "defensive") phase uses funds to prepare those pension savings for retirement. Those funds depend on the sort of benefit the member plans to take. The move from growth to defensive begins as the member gets closer to their Selected Retirement Age (SRA).

Prudential offers four new lifestyle options. Our Lifetime Investment Profiles help savers take advantage of the benefits brought by pension freedoms. See pages 26-27. There are also four existing lifestyle options – the Lifetime Investment Options and the Pension Protector Option. While you may currently be invested in one of them, these are no longer available to new customers or to new investment from existing customers. Please note that lifestyle options are not available for either the Trustee Investment Plan or the Flexible Retirement Portfolio.

All contributions will be invested in the growth funds that you choose. If you do not make a choice then they will be invested in the default fund chosen by Prudential. Your contributions will be moved from your growth funds during the defensive stage. The following illustrations show the default fund and describe the defensive phase of each lifestyle option.

Lifetime Investment Profile (LIP) Available for Personal Pension and Stakeholder plans (including Group), Free Standing AVC, Retirement Annuity Contracts, Section 32, Executive Pension Plans and MaxiPension plans*

There are four Lifetime Investment Profiles with different aims in line with how you might want to take your benefits.

These are:

- Get a guaranteed income for life (also known as an annuity)
- Take cash in stages or cash in your whole pension all at once
- Take Flexible Cash or Income (also known as drawdown)

And the fourth profile is designed for those who prefer to make up their mind at a later date (if they're not sure what to do just yet), so keeping their retirement options open.

Lifetime Investment Profile targeting retirement options#



Where no investment choice is made for a Premier Stakeholder Pension Plan, the contribution will be invested in the Lifetime Investment Profile targeting **retirement options**.

* Excludes Individual Pension Arrangements, Personal Retirement Investment Plans, Trustee Investment Plans and the Flexible Retirement Portfolio.

Lifetime Investment Profile targeting an annuity



Lifetime Investment Profile targeting 100% cash



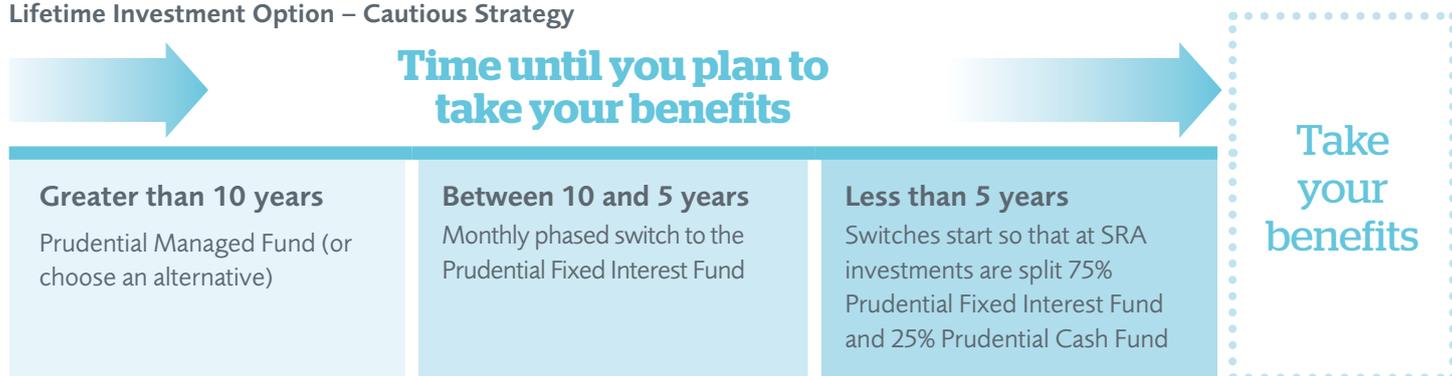
Lifetime Investment Profile targeting drawdown



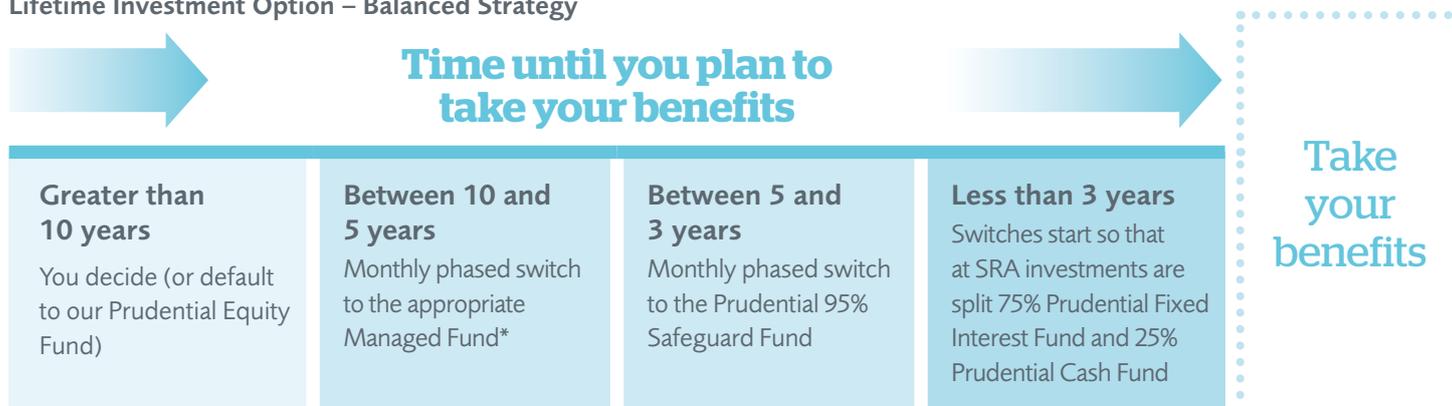
Lifetime Investment Option (LIO) – these lifestyle options are no longer available to new customers or to new investment from existing customers

Our three Lifetime Investment Options with different attitudes to risk – Cautious, Balanced and Opportunity – are designed as a long-term investment strategy over the lifetime of the pension plan. All three options are designed to help protect retirement benefits from falls in market values or annuity rates (i.e. rates to buy immediate pension income) caused by a drop in interest rates close to buying a pension income.

Lifetime Investment Option – Cautious Strategy



Lifetime Investment Option – Balanced Strategy



Lifetime Investment Option – Opportunity Strategy



* This will either be the Prudential Managed Fund or, where it's applicable, the Managed Fund from the same fund manager(s) that provided your previously chosen fund(s).

Pension Protector Option – this lifestyle option is no longer available to new customers or to new investment from existing customers

This option is designed to help protect retirement benefits from falls in market values or annuity rates (i.e. rates to buy immediate pension income) caused by a drop in interest rates close to buying a pension income.

This is done by switching units gradually (in the last few years before SRA) from the selected investment linked fund(s) into the Prudential Fixed Interest Fund and Prudential Cash Fund.



The risk profile of funds can be judged in different ways and may change. Our Lifestyling options, from time-to-time, may not match to our Prudential risk ratings, in terms of the movement from higher to lower risk, as our Prudential risk ratings may change.

Prudential reserves the right to change the terms of any type of Lifestyle Option, subject to certain restrictions in respect of existing investments in the option. When switching an existing investment to follow the appropriate strategy, 100% of the savings invested (excluding savings invested in the With-Profits Fund) will automatically be switched. Completion of an additional form will be required to authorise the switch of savings from the With-Profits Fund to the Lifestyle Option. Prudential reserves the right to withdraw or change the funds available at any time, subject to certain restrictions. New funds may also be made available.

Further information

To find out more about the advantages and disadvantages of Lifestyling then please visit pru.co.uk/lifestyling

Some useful investment terms

Learn about some tricky investment related words

You should read this section to find out what some of the more technical terms in this guide mean. We've included this information in case there's wording that you're unsure of.

This is a high-level guide to some useful investment terms. It's not meant to cover every term you may come across. 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, 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. Shares have two potential benefits. Firstly, the share price goes up as the value of the company goes up. 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)*

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Floating Rate Notes

Short-term loans to financial companies, such as banks. The investor receives interest payments, and at the end of an agreed period the company has to repay the loan. The interest payment rates are linked to a specified "floating" rate, usually the London Interbank Offered Rate (LIBOR). This means that interest rate payments may go up or down.

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. 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 prices index e.g. for UK government index-linked securities, payments are increased in line with the UK Retail Prices Index.

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.

LIBOR (London Interbank Offered Rate)

The interest rate that London banks charge when they lend money to each other over a short period of time. It's often used as a benchmark by companies like banks when setting other short term interest rates.

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. An Open Ended Investment Company is a British version of a European SICAV (Société d'Investissement a Capital Variable) or Irish VCIC (Variable Capital Investment Company).

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 share holders. You'll get a dividend before them and, in the event of bankruptcy, you'll be paid from company assets before common share holders (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.

Further information

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



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