

PAC Euro With-Profits Fund

This document is for use by individuals who are familiar with investment terminology. If there is product information included that you would like to discuss, then please contact your financial Adviser.

Prudential International Investment Bond and International Prudence Bond are issued by Prudential International Assurance plc based in Dublin. They offer investment in a range of unit-linked funds, including funds which are reinsured into the Long-Term Fund of The Prudential Assurance Company Ltd (PAC). PAC is rated A+* by Standard & Poor's.

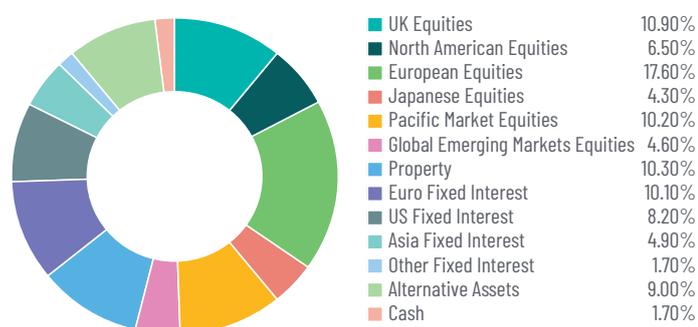
Access to this fund is no longer available to new customers investing in Prudential International Investment Bond (PIIB) or International Prudence Bond (IPB) on or after 11/09/2017. If you are an existing customer pre 11/09/2017, you will still be able to top up or switch into this fund.

* Source: S&P as at April 2021

Fund objective

The Fund aims to maximise growth over the medium to long term while helping to smooth the peaks and troughs of investment performance.

Asset allocation



This is the asset allocation for the fund as at 30 June. Asset allocations are regularly reviewed and may vary from time to time, but will always be consistent with the fund objective.

Fund investments

The Fund currently invests in European and international equities, property, fixed interest securities, index-linked securities and other specialist investments.

Top ten holdings

*1	HARBOURVEST GLOBAL PRIVATE EQUITY	1.93%
2	HGCAPITAL TRUST PLC	0.77%
*3	BBGI GLOBAL INFRASTRUCTURE SA	0.58%
*4	SDCL ENERGY EFFICIENCY INCOME TRUS	0.56%
5	NEXTENERGY SOLAR LTD	0.45%
*6	RENEWABLES INFRASTRUCTURE GROUP LT	0.38%
7	BIOPHARMA CREDIT PLC	0.07%
*8	ROUND HILL MUSIC ROYALTY FUND	0.07%
9	NB DISTRESSED DEBT INVESTMENT FD L	0.06%
10	DP AIRCRAFT I LTD	0.01%

*Listed other investment asset vehicle

Source: M&G as at 30 June 2021

Fund performance

Performance of the PAC Euro With-Profits Fund*

30/06/2016 – 30/06/2017	30/06/2017 – 30/06/2018	30/06/2018 – 30/06/2019	30/06/2019 – 30/06/2020	30/06/2020 – 30/06/2021
12.7%	3.1%	5.2%	-1.1%	18.9%

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

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 PAC With-Profits Range of Funds, the value of the policy depends on the profits made by the long term fund of The Prudential Assurance Company Limited and how these profits are distributed.

Because of changes in exchange rates the value of your investment, as well as the money you take from it, can go down as well as up.

* Source: Prudential – total return, gross of charges basis with gross income being reinvested. Please note fund performance before 25 July 2005 is based on returns from the PIA Euro With-Profits Sub-Fund. Fund performance from 25 July 2005 onwards is based on the PAC Euro With-Profits Fund. The pool of assets underlying each of these sub-funds and the charges applied, are the same.

The commentary in this report reflects the general views of the fund manager and should not be taken as a recommendation or advice as to how any market is likely to perform.

Fund commentary as at end Quarter 2 2021

Short-term outlook: Our economic activity indicators continue to point to a strong cyclical upswing in the US, UK and euro area. The improvement is particularly notable in the UK, relative to the first quarter, which was marked by a nationwide lockdown. The Japanese recovery is more mixed, as a state of emergency was extended in several regions last month, in response to rising cases. Japan is considerably behind the US, UK and euro area in its vaccination efforts. China's vaccine rollout is continuing at a good pace, having initially been slow. However, Chinese consumption growth continues to lag the recovery, perhaps reflecting the lower income transfers from government to households in China, compared to developed markets. Overall though, the global recovery remains contingent on successful vaccination campaigns and lower caseloads, more than anything else.

Inflation: Investors are keenly focused on US inflation, after two months of very high CPI inflation data. The Long Term Investment Strategy team expect this spike to be transitory. However, the risks of a prolonged period of higher inflation are greater now than they have been in the past. High inflation could become self-fulfilling, if inflation expectations rise sufficiently. Flash (early estimate) CPI data suggest euro area inflation dipped slightly in June, falling to 1.9% year on year, from 2.0%.

Monetary Policy: The Federal Reserve meeting saw a change in the "dot plot" (the graph that shows FOMC members' expectations for the policy rate). The "dot plot" now points to a 50 bps increase in the Federal Funds rate in 2023 having previously shown none. This is still behind market pricing and is consistent with their flexible average inflation target, given the recent high inflation prints. The Bank of England left policy rates and QE unchanged but increased its forecast of UK GDP growth in the coming years. In his last meeting, Chief Economist Andy Haldane dissented and voted to reduce the QE target. With his departure, the monetary policy committee has lost its most hawkish member. His replacement is yet to be named. Separately, external MPC member, Gertjan Vlieghe is being replaced by Catherine Mann.

Please note

You may only invest in one fund within the PAC With-Profits Range of Funds. Investments in PAC With-Profits Range of Funds are backed by assets in the With-Profits Fund of The Prudential Assurance Company Ltd through a reinsurance agreement.

The returns shown are the returns on the underlying assets. The actual returns on any policy are smoothed and will depend on the bonuses declared over the period of investment.

If money invested in the PAC With-Profits Range of Funds is taken out at any time, except on death, maturity or to meet certain regular withdrawals, PAC may reduce the amount to reflect the current market value of the underlying assets. This is known as a Market Value Reduction. In addition an Early Cash-In Charge may apply in the first five years of any investment into the bond.

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 will let you know. For more information, please refer to your Contract Conditions which you can get from your Financial Adviser.

Fund manager	M&G Treasury & Investment Office (T&IO)
Fund size	€1,168m as at 30 June 2021

Full terms and conditions are available on request from Prudential International by calling +44 (0) 808 234 2200.

Calls may be monitored or recorded for quality, training, dispute resolution and/or security purposes.

www.prudential-international.com

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