

# With-Profits Pension Fund

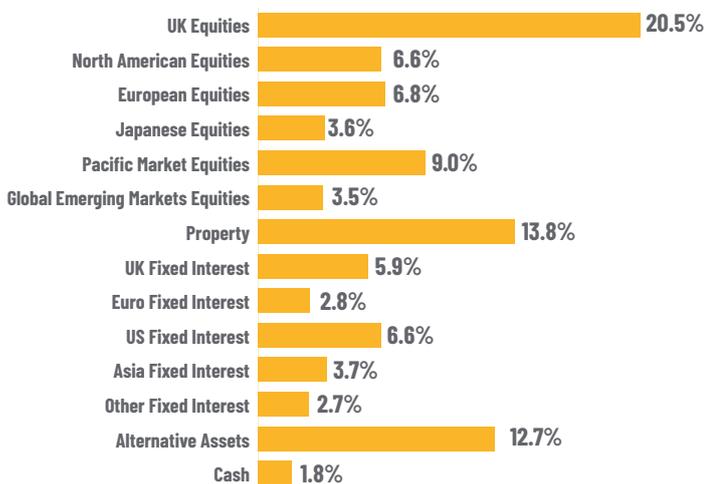
This is an investment option for our Flexible Retirement Plan and Trustee Investment Plan products. Our Income Choice Annuity is also linked to the performance of our With-Profits Fund.

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.

## Fund aim

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.

## Asset allocation



This is the asset allocation for the fund as at 30 September 2021. Asset allocations are regularly reviewed and may vary from time to time, but will always be consistent with the fund objective.

## Fund manager commentary – Q3 2021

A difficult September caused most major stockmarkets to either fall flat or dip into negative territory, as a variety of fears weighed on investors' minds as the summer drew to a close. In China, power supply shortages and doubts over the health of the property sector upset investor appetite in the region, contributing to underperformance from emerging market shares and bonds more broadly. In the US, UK and Europe, fears over persistently high inflation and various discussions about the potentially imminent withdrawal of central bank support measures also contributed to volatile financial markets in September, leading to low returns from many shares and a rapid rise in government bond yields.

Inflation remained elevated in the US, UK and some emerging market economies. While many governments withdrew economic stimulus measures during the quarter, most monetary easing policies from the world's major central banks were left in place, boosting economic conditions for businesses and consumers.

UK commercial property returns continued to improve in the third quarter of 2021, with total returns from all sectors providing a positive contribution. The UK economic outlook also continued to improve. Trends of the past few months remain in play, with ongoing strong demand for industrials. Out of town retail is also recovering and a strong pick-up was seen in retail warehouse transaction activity.

The M&G Treasury & Investment Office (T&IO) outlook is cautiously optimistic although much uncertainty remains in 2021.

This commentary reflects the general views of individual fund managers and should not be taken as a recommendation or advice as to how any specific market is likely to perform.

## Top ten holdings\*

1	TAIWAN SEMICONDUCTOR MANUFACTURING	0.71%
2	SAMSUNG ELECTRONICS LTD	0.63%
3	ASTRAZENECA PLC	0.60%
4	UNILEVER PLC	0.41%
5	ROYAL DUTCH SHELL PLC CLASS B	0.38%
6	BP PLC	0.35%
7	GLAXOSMITHKLINE PLC	0.34%
8	RIO TINTO PLCS	0.33%
9	MICROSOFT CORP	0.30%
10	DIAGEO PLC	0.28%

\* Largest assets excluding derivatives exposure positions.

Source: Prudential as at 30 September 2021.

## M&G Treasury & Investment Office (T&IO)

T&IO are our in-house asset-allocation experts in the UK. They select a wide range of assets to hold in the With-Profits Fund, in line with the Fund's objective. The aim is to maximise long-term return maintaining the financial security of the Fund.

## With-Profits Pension Fund – investment returns (before tax)

31.12.2020	31.12.2019	31.12.2018	31.12.2017	31.12.2016
1.7%	11.5%	-2.8%	10.3%	14.5%

Source: Prudential. These returns are gross of tax (where applicable), and before charges and the effects of smoothing. These figures are based on annual performance.

## With-Profits Pension Fund – cumulative returns over 1, 5 & 10 years (before tax)

1 Year Cumulative Return	5 Years Cumulative Return	10 Years Cumulative Return
1.7%	39.3%	94.5%

Source: Prudential. All figures to 31 December 2020. With-Profits performance is gross of tax, and before charges and the effects of smoothing.

The returns shown are the returns on the underlying assets and do not reflect the actual pay-outs on any plan. The actual returns on any plan are smoothed and whilst investment performance is normally the most important factor in determining the level of bonuses applied to Flexible Retirement Plans and Trustee Investment Plans, or the announced smoothed return for the Income Choice Annuity, other factors including charges, deductions and the effects of smoothing will also apply. For more information on smoothing, please refer to the relevant Your With-Profits Plan – A guide to how we manage the Fund. A further factor affecting the announced smoothed returns for our Income Choice Annuity is any changes in our assessment of how long Income Choice Annuitants might live.

For latest information on annual bonus rates, please refer to the following: [pru.co.uk/bonus\\_declaration\\_rates/](http://pru.co.uk/bonus_declaration_rates/)

### Please note

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

### Flexible Retirement Plan and Trustee Investment Plan

The rate of growth of funds and any income from them cannot be guaranteed. The value of your investment depends on how much profit the Fund makes and how we decide to distribute it. The value of your investment can go down as well as up so you might get back less than you put in.

A Market Value Reduction (MVR) may be applied if you take money out of the With-Profits Fund. There are times we do not apply an MVR, for further details please see your Key Features Document.

### Income Choice Annuity

Changes in the income payable from an Income Choice Annuity will depend on the relationship between the Smoothed Return announced and the Required Smoothed Return needed to maintain the chosen income. The income from an Income Choice Annuity can fall as well as rise at the policy anniversary.

The Smoothed Return can be changed and is not guaranteed until it becomes payable at the next policy anniversary. There may be instances where we need to withdraw giving you the opportunity to change your income in the future. We'd do this to maintain the financial strength of the With-Profits Fund for the benefit of all our customers. For full details please see your Key Features Document.

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