

Prudence Inheritance Bond Funds

Top five holdings of the Prudence Inheritance Capital Fund

Equity

RIO TINTO PLC	2.7%
BP PLC	2.5%
BRITISH AMERICAN TOBACCO PLC	2.4%
IMPERIAL BRANDS PLC	2.1%
ASTRAZENECA PLC	2.0%
Total	11.7%

Source: Prudential as at 31 May 2021

Fixed Interest

KFW MTN	0.7%
BAT INTERNATIONAL FINANCE PLC	0.6%
IMPERIAL BRANDS FINANCE PLC	0.6%
UK CONV GILT	0.6%
UK CONV GILT	0.6%
Total	3.1%

Source: Prudential as at 31 May 2021

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: £176 million (as at 31 May 2021)

Launch date: 2 January 1997

Fund manager commentary – as at May 2021

At the start of the month, US Treasury Secretary Janet Yellen indicated that interest rates may need to rise sooner than markets implied; although she swiftly changed her tone. Alongside a US headline inflation reading of 4.2% for April vs 2.6% in March, led to the 10-year bond yield to trade back near its 2021 highs. Policymakers currently face a daunting tightrope; maintain sufficient stimulus to support economies through the COVID-19 pandemic, without keeping conditions too loose and allowing inflation to become entrenched.

Global equity markets had a momentary fall in the middle of the quarter but recovered swiftly as belief that the fight against COVID-19 was being won, with broadly successful vaccination campaigns across most markets allowing for economies like the UK to proceed with its next step of reopening. A risk on the horizon remains the India variant (or 'delta' variant) which is significantly more transmissible than previous mutations.

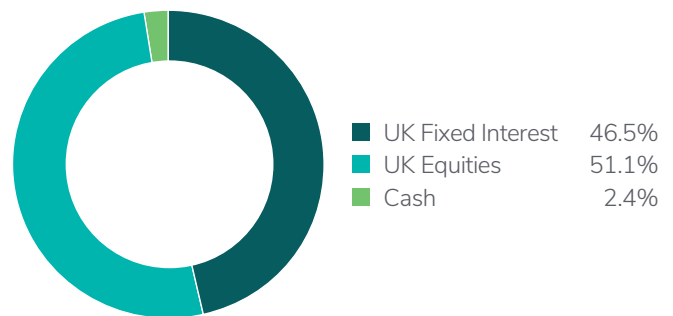
The portfolio managers equity overweight remains, albeit at a lower

level than in Q1, hoping to benefit from the continued economic re-opening and recovery. If pockets of value appear due to further unwarranted weakness, now higher cash balances may be deployed back into risk assets.

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.

Contact Your Prudential Account Manager or log on to 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

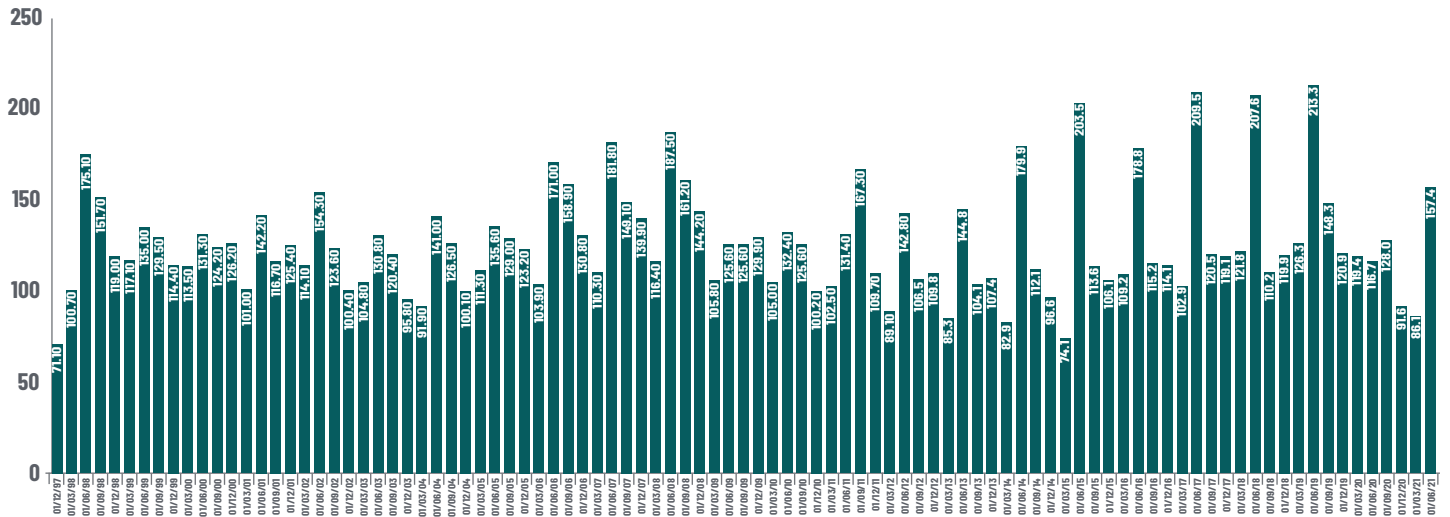
- As the underlying holdings within the Prudence Inheritance Capital Fund pay their dividend and interest payments, these are accumulated within the Prudence Inheritance Income Fund, with the total being fully paid out at the end of each quarter.
- Different levels of income are received in different 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

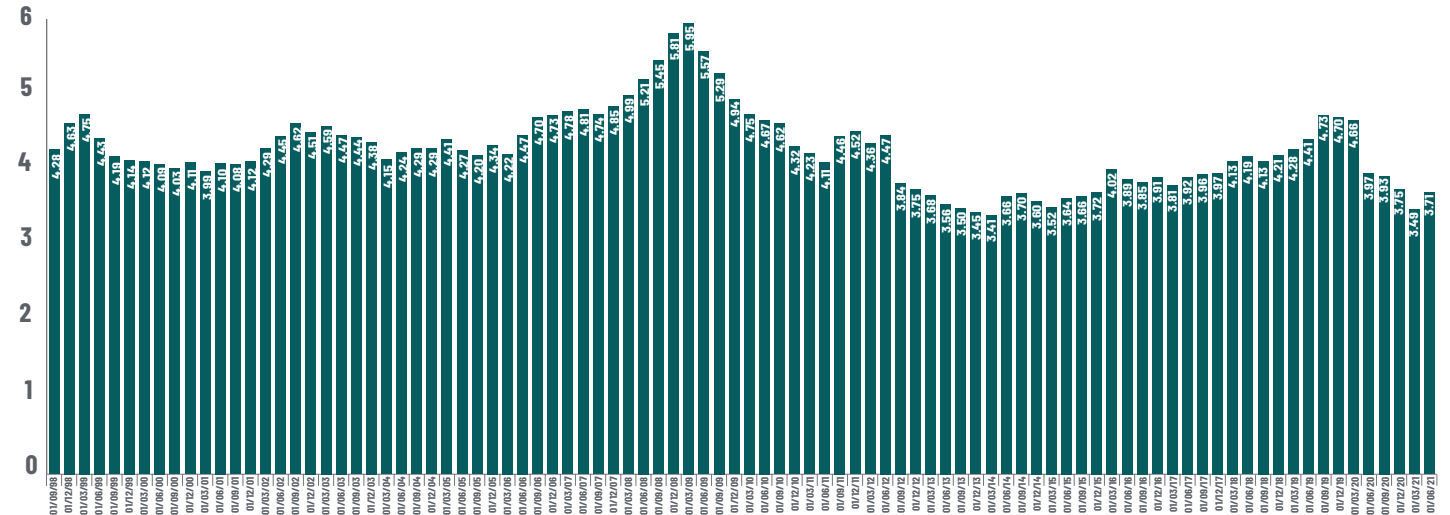


Source: Prudential

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: 4.28% (this is the average of the figures shown above)

Source: Prudential

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.

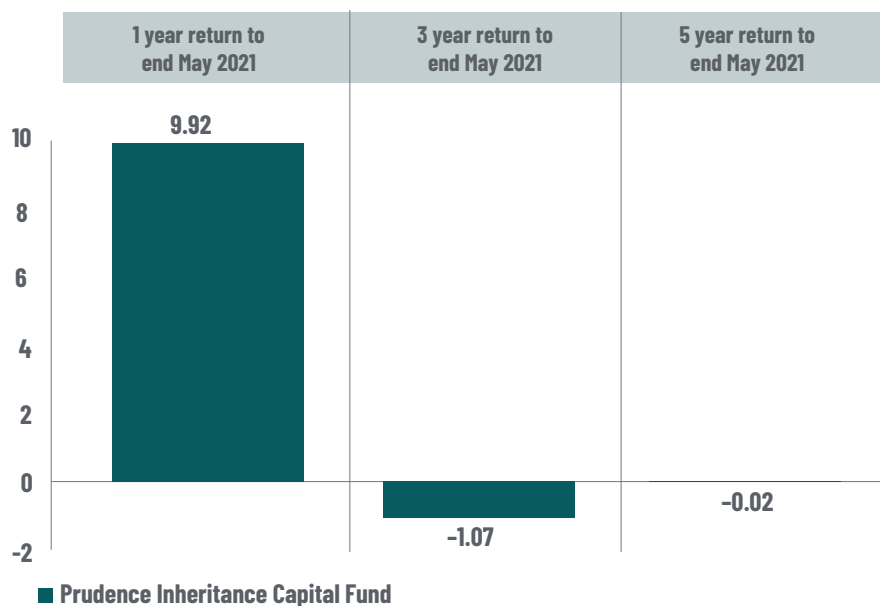
How the funds work

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

The four most recent quarterly values

01/09/20	110,287.32	114,714.81
01/12/20	116,269.00	115,580.79
01/03/21	117,484.03	116,394.77
01/06/21	122,250.69	117,882.82

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.

[pru.co.uk](https://www.pru.co.uk)

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