

We're making changes to the Prudential UK Equity Fund - important information

As part of our commitment to our customers, we regularly review our range of investment funds to make sure they're performing as we would expect.

Following a recent review of the Prudential UK Equity funds, from 26 August 2024 we're changing the assets these funds invest in, to potentially generate better returns in the future whilst maintaining the current risk rating.

A summary of the changes

The asset mix of the Fund will start changing on or soon after 26 August 2024 and aim to complete by 30 November 2024 resulting in:

- A new underlying fund objective.
- A transition cost, between 0.00% and 0.55%, for changing the components. It's paid through the investment return you receive.
- A reduced Annual Management Charge (AMC) from 16 July 2024 or soon after.

There's no change to the fund's risk rating. More detailed information can be found in the 'Further Information' section.

You don't need to do anything - we'll be writing to all members impacted in the coming weeks.

We've summarised the changes in this letter, but you'll also find details in the 'Further Information' section.

We're here to help

If you have any questions, or would like more information, please get in touch by calling our Corporate Pensions team on 0800 1513941. Lines are open from 9:00am to 5:00pm Monday to Friday (except on bank holidays). Or email us at corporate.pension.enquiries@prudential.co.uk

Please do not send any personal or sensitive information using email.

Yours faithfully

A handwritten signature in black ink, appearing to read 'A Hogg', with a horizontal line underneath.

Alastair Hogg
Head of Corporate Pensions

Further Information

On or soon after 26 August 2024 the mix of assets will change

The changes to underlying assets will start on or soon after 26 August 2024 as shown in the table below:

Underlying fund name	Current	To be
M&G (ACS) BlackRock UK Equity Index	✓	✓
M&G (ACS) UK Equity Growth	✓	✗
M&G (ACS) UK Equity Dividend	✓	✗
M&G (ACS) Recovery	✓	✗
M&G (ACS) UK Smaller Companies	✓	✗
M&G (ACS) FTSE 200 Equity Index	✗	✓
M&G (ACS) UK Equity	✗	✓
M&G (ACS) Mid Cap Equity	✗	✓

As a result of the above changes the description of the underlying fund will be updated to reflect the change and can be found at the end of the letter. You might still see current details until we've finished updating our systems and literature.

The asset mix of the fund can change in the future and the fund is actively managed. The new underlying investments will continue to adhere to tv1&G Investments' responsible investment policies, as before. Essentially this means the fund will not invest in certain companies, and could invest in companies demonstrating a stronger Environmental, Social Governance credential. Our responsible investment policy is available at mandg.com/who-we-are/mandg-investments/responsible-investing-at-mandg-investments

New Fund objective

As a result of the above changes the description of the underlying fund will be updated to reflect the change. You might still see current details until we've finished updating our systems and literature.

Current objective	New objective
The investment strategy of the fund is to purchase units in the M&G PP UK Equity Fund - the underlying fund.	The investment strategy of the fund is to purchase units in the M&G PP UK Equity Fund - the underlying fund.
Current underlying fund objective	New underlying fund objective
The fund invests, via other M&G PP funds, in the shares of UK companies. The fund is actively managed against its benchmark, the FTSE All-Share Index. It is a "fund of funds" holding units in several more specialised UK equity funds giving access to a variety of methods for generating investment returns in differing market conditions.	The fund invests, via other M&G funds, in the shares of UK companies. The fund is actively managed against its benchmark, the FTSE All Share Index. It is a "fund of funds" holding units in several more specialist UK equity funds to give access to a variety of methods for generating investment returns in differing market conditions. Derivative instruments may be used for efficient portfolio management.

Current performance objective	New performance objective
To outperform the benchmark by 0.75% -1.0% a year (before charges) on a rolling three year basis.	To outperform the benchmark by 0.75% to 1.00% per annum, gross of fees, on a rolling three-year basis.

Transition costs

When money moves from one asset to another, there may be a short time when the money is not invested, and members would not benefit from any investment growth during this period. This is called 'out of market risk'.

Also, when we buy or sell units, the fund manager may sometimes adjust the price to protect other investors in the fund. Where this applies, it affects the price we can buy and sell units for and means there will be an investment cost to those members whose underlying fund objective is changing.

We estimate the changes would result in a transition cost to the member -paid through the investment return they receive -of between 0.00% and 0.55%. For example:

Amount invested in the fund	Basis points	Transition cost
£100	0.55%	£0.55
£10,000	0.55%	£55.00

The transition cost provided is based on our current understanding, and best analysis, but may be subject to change. It is only known on the date of the transition and may be higher or lower than estimated.

From 16 July 2024 or soon after the Annual Management Charge will decrease, as shown below

Impacted fund	Current AMC	New AMC
Prudential UK Equity S3	0.65%	0.61%

We take fund charges from each of the funds and these will affect the overall performance of the fund. Charges might change in future and could be higher than they are now.

Investments will be exposed to the usual ups and downs of investment markets. This means the value of your investment could go down as well as up and you might get back less than you invested.