PruFund Cautious (Euro) Fund
PruFund Protected Cautious (Euro) 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 for steady and consistent growth over the medium to long term (5 to 10 years or more) through a cautious approach to investing.

Fund Investments: The fund invests in European and international equities, property, fixed interest securities, index-linked securities, cash and other specialist investments. The fund will aim to invest 50-75% in fixed interest securities, index-linked securities and cash, although we may occasionally move outside this range to meet the fund objectives.

**Fund manager commentary**

31 December 2019

Investor sentiment improved steadily throughout the fourth quarter of 2019 as hopes of a trade deal between the US and China grew. Risk appetite was further boosted by improving economic data and a widely anticipated cut in US interest rates. The UK reacted positively to signs that a trade deal might be agreed between the US and China. In the US a range of positive features acted as tailwinds for stockmarkets, including distinct signs of progress in trade negotiations, another cut in interest rates, improving economic data and most corporate results being better than feared. In the fourth quarter of 2019 European stockmarkets rose, Japanese equities rallied and were among the best-performing major equity markets globally in local currency terms. China was one of the best performing markets again supported by expectations of a trade agreement and signs of improving economic activity.

UK commercial property recorded a small positive total return in October and was flat in November; the overall return masks a sharp contrast between Offices and Industrial (where capital and income increased in both months) and Retail (where valuations continued to be affected by negative sentiment). UK gilts declined in the fourth quarter of 2019 with UK corporate bonds proving more resilient than gilts. US Treasury yields edged higher. Yields also ticked up in Europe, although they remained in negative territory in segments of the eurozone market.

The M&G Treasury & Investment Office (T&IO) outlook remains broadly constructive with global economic growth likely stable in 2020.

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.

**Asset allocation**

- UK Equities: 3.70%
- North American Equities: 3.20%
- European Equities: 7.90%
- Japanese Equities: 1.80%
- Pacific Market Equities: 4.00%
- Global Emerging Markets Equities: 1.60%
- Property: 8.20%
- UK Fixed Interest: 1.60%
- Euro Fixed Interest: 23.80%
- US Fixed Interest: 24.60%
- Asia Fixed Interest: 9.00%
- Other Fixed Interest: 2.40%
- Other Investment Assets: 6.20%
- Cash: 2.00%

Source: Prudential as at 31 December 2019. Asset allocations are regularly reviewed and may vary from time to time, but will always be consistent with the fund objective.

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

- T&IO are our in-house investment strategists and "manager of managers"
- They are a team of over 60 that includes experienced investment professionals with specialist expertise in capital markets research, investment strategy design, liability management, and portfolio management
- T&IO are a well-established team who are entrusted with the day to day asset allocation decisions for £175 billion of policyholders’ money as at end June 2019.
Past performance

Performance of the PruFund Cautious (Euro) Fund in each year of the last 5 years

<table>
<thead>
<tr>
<th>Period</th>
<th>Percentage Growth</th>
</tr>
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<tbody>
<tr>
<td>31/01/19 to 31/01/20</td>
<td>3.90%</td>
</tr>
<tr>
<td>31/01/18 to 31/01/19</td>
<td>4.11%</td>
</tr>
<tr>
<td>31/01/17 to 31/01/18</td>
<td>4.12%</td>
</tr>
<tr>
<td>31/01/16 to 31/01/17</td>
<td>–0.06%</td>
</tr>
<tr>
<td>31/01/15 to 31/01/16</td>
<td>8.09%</td>
</tr>
</tbody>
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Percentage growth since launch on 25 November 2009

Source: Financial Express (FE) Analytics. Please remember that past performance is not a reliable indicator of future performance. The figures are intended only to demonstrate performance history of the fund over the period shown. They include a representative fund charge of 0.65% pa and any additional investment expenses. They take no account of product or advice charges.

The application of charges will impact the overall performance. Please also note that our charges may vary in the future and may be higher than they are now. Fund Performance is based upon the movement of the daily price and is shown as total return in the fund’s currency of denomination with gross income reinvested. The value of your investment can go down as well as up and you may not get back the amount you put in. Performance is shown on a bid to bid price basis.

These funds are available through our Prudential International Investment Bond and International Prudence Bond. Investments in the PruFund Range of Funds are backed by assets in the Long-Term Fund of The Prudential Assurance Company Ltd, through a reinsurance agreement.

These funds aim to protect investors against some of the ups and downs of investment performance using “smoothing” mechanisms. Please refer to “Your guide to investing in the PruFund Range of Funds” for more information.

Where the PruFund Protected Cautious (Euro) Fund is available, it includes a guarantee. This means that on the Guarantee Date your fund will have a value equal to at least the value of the fund holding at the start of the guarantee period, after a proportional reduction for any regular or one-off withdrawals. Where the fund’s available, there’s a charge for the guarantee; please see “The PruFund Range of Funds: Guarantee options” for more information.

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.