PAC US Dollar 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 March 2019

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.

Fund investments
The Fund currently invests in US 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 31 December 2019. Asset allocations are regularly reviewed and may vary from time to time, but will always be consistent with the fund objective.

Top ten holdings
1. HARBOURVEST GLOBAL PRIVATE EQUITY 1.8%
2. HGCAPITAL TRUST PLC 0.7%
3. BBGI SICAV SA 0.6%
4. BOUSSARD & GAVAUDAN HOLDING EUR LT 0.6%
5. SDCL ENERGY EFFICIENCY INCOME TRUS 0.6%
6. MICROSOFT CORP 0.6%
7. APPLE INC 0.5%
8. RENEWABLES INFRASTRUCTURE GROUP LT 0.4%
9. AMAZON COM INC 0.4%
10. NEXTENERGY SOLAR LTD 0.4%

Source: M&G as at 31 December 2019.

Fund performance
Performance of the PAC US Dollar With-Profits Fund*

<table>
<thead>
<tr>
<th>Period</th>
<th>Performance</th>
</tr>
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<tbody>
<tr>
<td>31/12/14 to 31/12/15</td>
<td>0.0%</td>
</tr>
<tr>
<td>31/12/15 to 31/12/16</td>
<td>5.9%</td>
</tr>
<tr>
<td>31/12/16 to 31/12/17</td>
<td>16.2%</td>
</tr>
<tr>
<td>31/12/17 to 31/12/18</td>
<td>−4.6%</td>
</tr>
<tr>
<td>31/12/18 to 31/12/19</td>
<td>16.3%</td>
</tr>
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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 USD With-Profits Sub-Fund. Fund performance from 25 July 2005 onwards is based on the PAC USD 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 4 2019**

Short-term outlook: Economic activity across key developed markets remains weak but is steadying. The weakness in global manufacturing may have bottomed but the wider economy is not yet seeing the same improvement. A return to substantially above-potential growth would require a strengthening in the demand for capital goods and for political risks to abate. The latter is not a given. The US election may cause uncertainty towards the second half of the year, while the recent escalation in US-Iran relations may weigh on sentiment in the near term. Brexit tail risks remain as the UK and EU enter trade negotiations. The lack of credibility of the "phase one" trade deal between the US and China means trade tensions could return at any time. Capital markets appear to price a marked rebound in economic activity.

Inflation: Inflation in major developed markets is close to or below central bank targets in major developed markets. Any pick up in core inflation is likely to be limited. Rising unit labour costs only slowly feed through to consumer prices. The Phillips curve, i.e. the empirical relationship between unemployment and consumer price inflation, has weakened at a local level as the weight of inflation components more sensitive to the business cycle has declined over recent decades. Inflation is currently not a constraint for developed market central banks.

Monetary Policy: Following significant monetary stimulus last year, major developed market central banks are not looking to loosen policy further. Should conditions warrant it, however, they do have room to ease policy further thereby loosening financial conditions. Some of the transmission channels of monetary policy may not work as well as in the past. In an environment characterised by high uncertainty and policy rates close to zero in many countries, fiscal policy would be more effective in stimulating the economy.

**Please note**

You may only invest in one 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.

<table>
<thead>
<tr>
<th>Fund manager</th>
<th>M&amp;G Treasury &amp; Investment Office (T&amp;IO)</th>
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<tbody>
<tr>
<td>Fund size</td>
<td>$257.60m as at 31 December 2019</td>
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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

The registered office of Prudential International is in Ireland at Montague House, Adelaide Road, Dublin 2. Prudential International is a marketing name of Prudential International Assurance plc. Registration No. 209956. Telephone number + 353 1 476 5000. If the Company should become unable to meet its liabilities, the Financial Services Compensation Scheme will protect eligible policyholders habitually resident in the UK when their contract starts, with effect from 1 December 2001. This protection does not extend to externally-linked investments. Prudential International Assurance plc is authorised by the Central Bank of Ireland and is subject to limited regulation by the Financial Conduct Authority for UK business. Details on the extent of our regulation by the Financial Conduct Authority are available from us on request.