

Lifestyle Profiles Guide

(Updated September 2020)



Introduction

This Guide provides information about the different Lifestyle Profiles available to you.

WHAT IS A LIFESTYLE PROFILE?

A Lifestyle Profile is a ready-made investment strategy. Initially, it will invest in higher risk funds, expecting to achieve a higher return. Then gradually, as you get nearer to your Selected Retirement Age (SRA), your investments switch to lower risk funds to protect the value of your Personal Account from large fluctuations.

The Lifestyle Profiles adjust the allocation of your investments every month. Generally, the move is from higher to lower risk funds, but exceptionally and in the event of unusual market performance, there can be occasions when the rebalancing of assets can involve the purchase of higher risk funds and the sale of lower risk funds.

There are three Lifestyle Profiles to choose from within the Scheme as well as the option to Self-Select funds and manage your investment strategy yourself. Each of the Lifestyle Profiles below is designed with specific retirement outcomes in mind:

- › **Multi-asset Lifestyle Profile**
- › **Active Lifestyle Profile**
- › **Passive Lifestyle Profile**

You will find information on each of these Profiles on pages 3 to 5 of this Guide. For information regarding the Self-Select funds option, please refer to the Investment Guide available in the Document library section on the Scheme website www.prudentialstaffps.co.uk.



Your SRA

Having the correct SRA is vitally important as it is used by the Lifestyle Profile to determine when to transition your investments from higher risk to lower risk funds. This transition is designed to safeguard the value of your Personal Account as you approach your SRA. However, whilst lower risk funds reduce volatility they are also expected to deliver lower returns.

If your SRA does not reflect the date you wish to retire your investments may be transitioned too early, unnecessarily reducing potential returns, or too late, exposing you to undesirable investment risk as you approach retirement.

To check your SRA simply go the Scheme website www.prudentialstaffps.co.uk and then tap or click on My account.

Please note, you can choose any age from 55 to 75 as your SRA. The date you choose is only used to determine the timing to transition your investments from higher to lower risk funds. It does not constitute a contractual retirement age.



Multi-asset Lifestyle Profile

The Trustee has designed this profile as a 'whole of working life' ready-made strategy for those members who wish no involvement in choosing their investment strategy.

If you have not made a decision as to which fund(s) to invest your Personal Account, it will be invested using this Lifestyle Profile.

Like the alternative Lifestyle Profiles available to you, the PSPS Multi-asset Lifestyle profile initially invests in higher risk funds, gradually transitioning to lower risk funds as you approach your Selected Retirement Age.



Aims: To target higher returns whilst members are far from retirement by investing in equities and then progressively switching into a lower risk, more diversified portfolio. From 20 years to retirement, there is a gradual switch into a more cautious diversified investment strategy so that when members are within one year of their Selected Retirement Age, the majority of assets are held in lower risk funds.

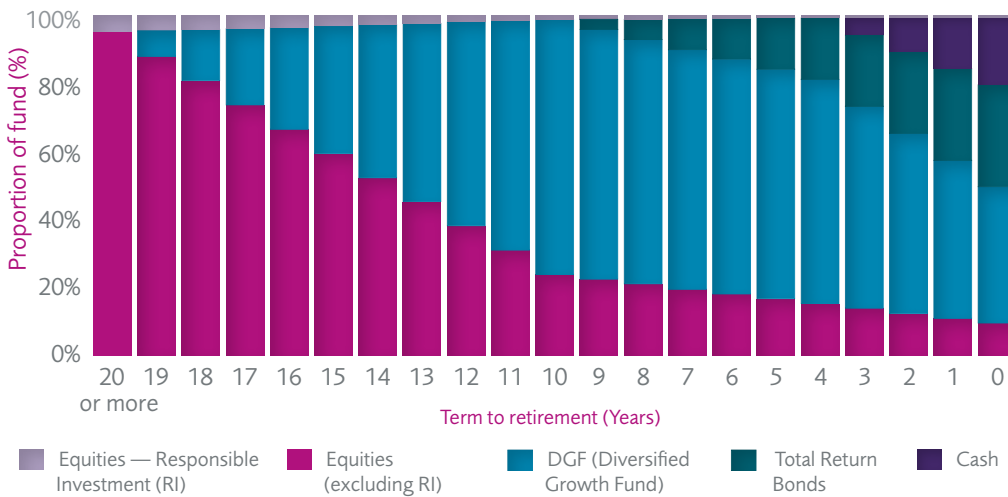


Overview: The Lifestyle Profile invests 100% in equities up to 20 years from retirement followed by a gradual switch into the PSPS Diversified Growth — active fund. From 10 years to retirement, there is a gradual switch of a proportion of the strategy into PSPS Total Return Bond Fund and then the PSPS Cash — active fund.

SUITABLE FOR:

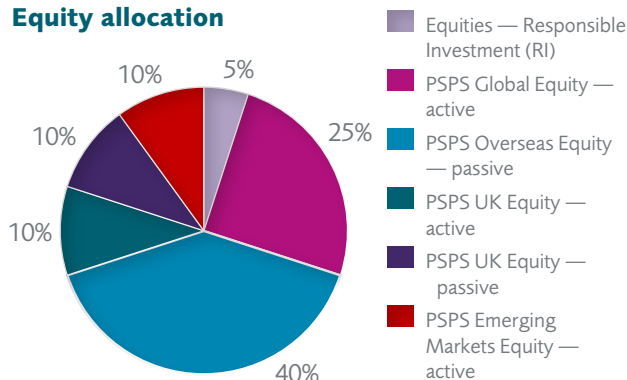
- Members who are further away from retirement seeking exposure to higher returning investments initially and less investment risk as their term to retirement reduces; or
- Members closer to retirement who do not know how they will take their benefits and those who expect to take their benefits in the form of a **tax-free lump sum** or switch to another registered pension scheme offering **income drawdown**.

Investment strategy

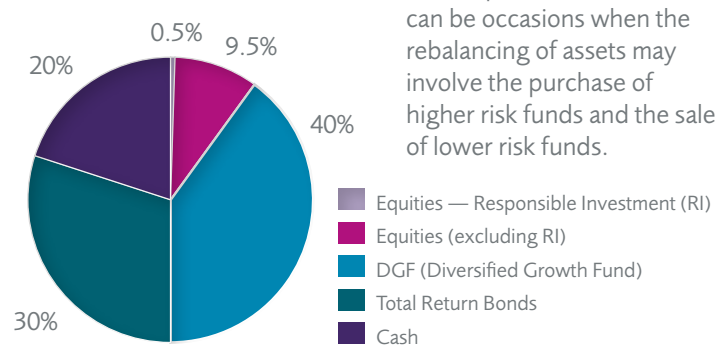


The Lifestyle Profile adjusts the allocation of your investments every month in line with the target allocations illustrated above (with a new target allocation every month which moves incrementally between the annual targets illustrated). If funds are above or below target, fund units will be bought or sold accordingly to bring your investments in line with the target. Generally, the move is from higher to lower risk funds, but exceptionally and in the event of unusual market performance, there can be occasions when the rebalancing of assets may involve the purchase of higher risk funds and the sale of lower risk funds.

Equity allocation



Final allocation at retirement



Alternative Lifestyle Profiles

Both alternative Lifestyle Profiles initially invest entirely in equities until you are 10 years from your SRA. However, once you are within 10 years of your SRA the gradual switching of assets commences into bonds and cash (as reflected in the charts below), so that your exposure to equities becomes less and less the closer you are to retirement.

The two Lifestyle Profiles are designed to have very similar outcomes for members with the main difference between them being that the active version employs active fund managers who seek to beat the return expected from the market whilst passive version uses fund managers who look to track the expected market return.

PSPS EQUITY TO BONDS LIFESTYLE — ACTIVE



Aims: To target higher returns whilst members are more than 10 years from retirement by investing in equities that are actively managed and then progressively switch, into bonds and cash consistent with annuity purchase at retirement.

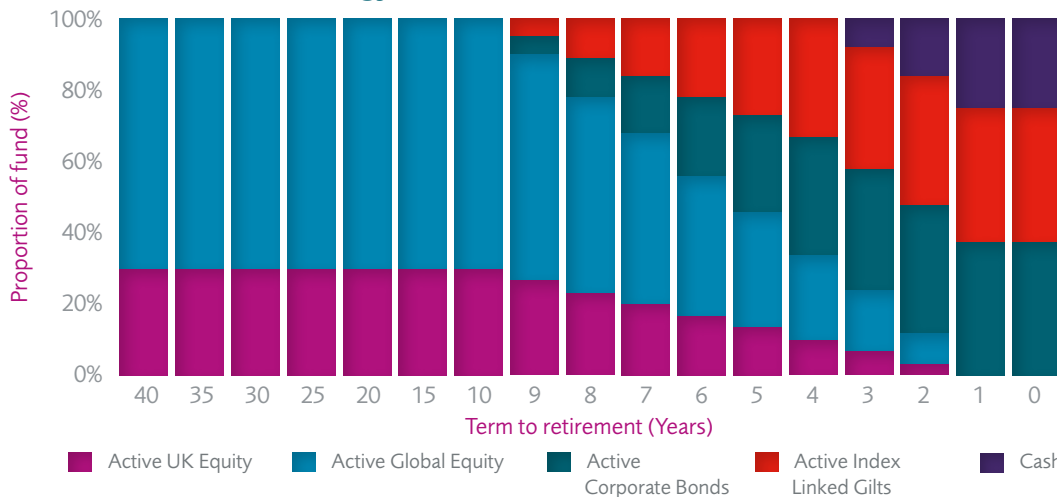


Overview: The Lifestyle Profile has a 100% allocation to equities that are actively managed up to 10 years from retirement followed by a gradual switch into the PSPS Corporate Bonds — active, the PSPS Index-Linked Gilts — active and the PSPS Cash funds.

SUITABLE FOR:

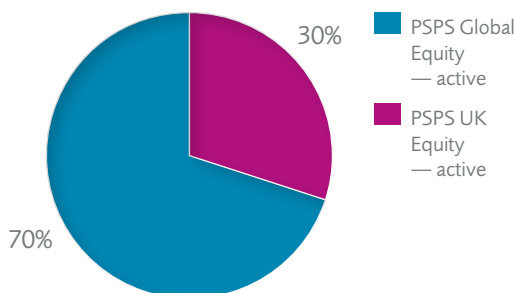
- Members who are further away from retirement seeking exposure to higher returning investments initially with less investment risk as their term to retirement reduces; or
- Members closer to retirement who wish to take their Scheme benefits as either a tax-free lump sum and/or annuity purchase.

Investment strategy

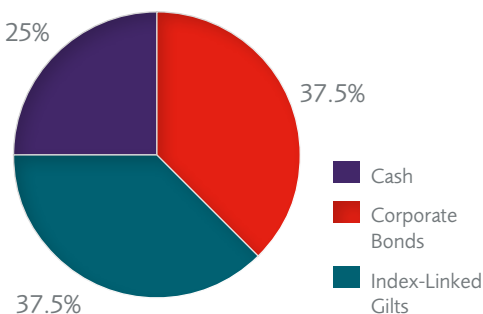


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Equity allocation



Final allocation at retirement



PSPS EQUITY TO BONDS LIFESTYLE — PASSIVE



Aims: To target higher returns whilst members are more than 10 years from retirement by investing in equities that are passively managed and then progressively switching, from 10 years to retirement, into bonds and cash consistent with annuity purchase at retirement.

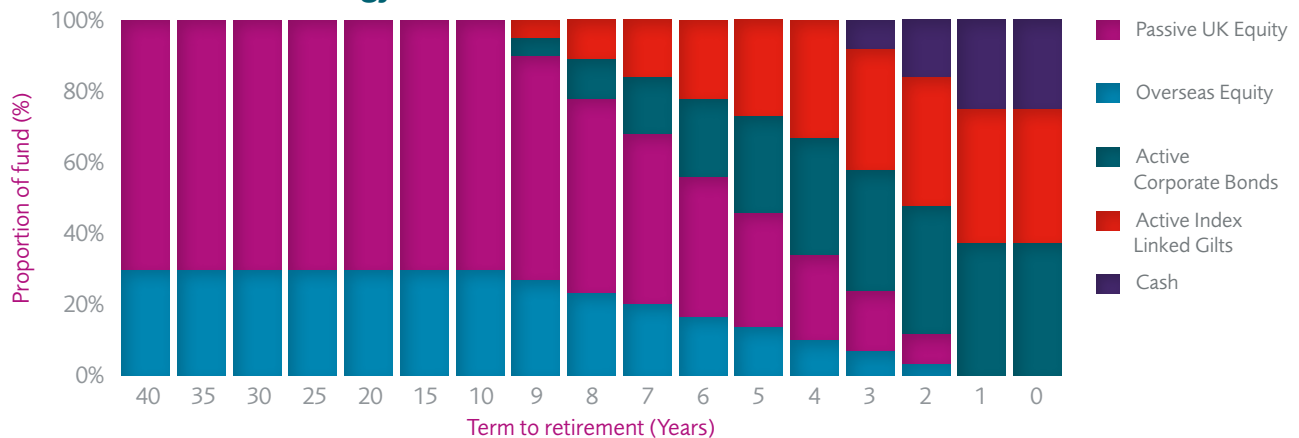


Overview: The Lifestyle Profile has a 100% allocation to equities that are passively managed up to 10 years from retirement followed by a gradual switch into the PSPS Corporate Bonds — active, the PSPS Index-Linked Gilts — active and the PSPS Cash funds.

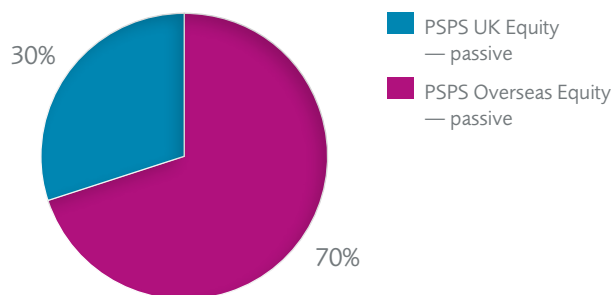
SUITABLE FOR:

- Members who are further away from retirement seeking exposure to higher returning investments initially with less investment risk as their term to retirement reduces; or
- Members closer to retirement who wish to take their Scheme benefits either as a **tax-free lump sum** and/or **annuity purchase**.

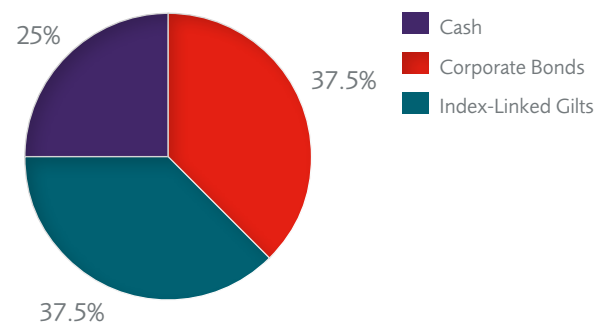
Investment strategy



Equity allocation



Final allocation at retirement



The Lifestyle Profile adjusts the allocation of your investments every month in line with the target allocations illustrated above (with a new target allocation every month which moves incrementally between the annual targets illustrated). If funds are above or below target, fund units will be bought or sold accordingly to bring your investments in line with the target. Generally, the move is from higher to lower risk funds, but exceptionally and in the event of unusual market performance, there can be occasions when the rebalancing of assets may involve the purchase of higher risk funds and the sale of lower risk funds.

Charges

The Trustee annually reviews the charges incurred by members to ensure the funds being offered represent value for money to members.

	Multi-asset	Passive	Active
10 years from SRA	0.58%	0.15%	0.53%
At your SRA	0.42%	0.14%	0.14%

Further information on charges, including those for each of the individual funds can be found on the Scheme website www.prudentialstaffps.co.uk.

Members will not receive any direct costs for any investment switches made. There may be a small dealing cost in relation to fund switches but this cost will be allowed for in the unit prices. All other costs associated with any fund changes will be met by the Trustee.

Further information

Further information regarding all the investment options available to you as a member of the DC Section of the Scheme is available from the Scheme website www.prudentialstaffps.co.uk.

Information regarding your Personal Account can also be accessed via the secure member area, on the Scheme website.

You can also contact the Administration Team. Their contact details are:

Phone	0345 300 2637 Help is available Monday to Friday — 9am to 5pm.
Email	PSPSDC.SC@prudential.co.uk
Post	Prudential (PSPS DC) LANCING BN15 8GB

Please note the Administration Team cannot provide any form of advice with regard to your Scheme benefits or other financial matters.

You may wish to speak to an independent financial adviser before making any investment related decision. If you do not have a financial adviser details of those near to you can be found at register.fca.org.uk.



