



PRUDENTIAL

Staff Pension Scheme

Defined Contribution Section

Lifestyle Profiles Guide — active

(Updated May 2023)



Your journey

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.

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:

- **PSPS Multi-asset Lifestyle Profile**
- **PSPS Annuity at Retirement Lifestyle**
- **PSPS Cash at Retirement Lifestyle**

You will find information on each of these Profiles on pages 3 to 6 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 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.

In July 2017, the Trustee defaulted all members SRA to age 65, unless at that date:

- Your SRA was an age other than age 60 or 65. If this was the case the Trustee assumed you had specifically selected this age; or
- You were already within 10 years of your SRA, as a change to your SRA would have triggered an immediate adjustment to your investments.

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.

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.



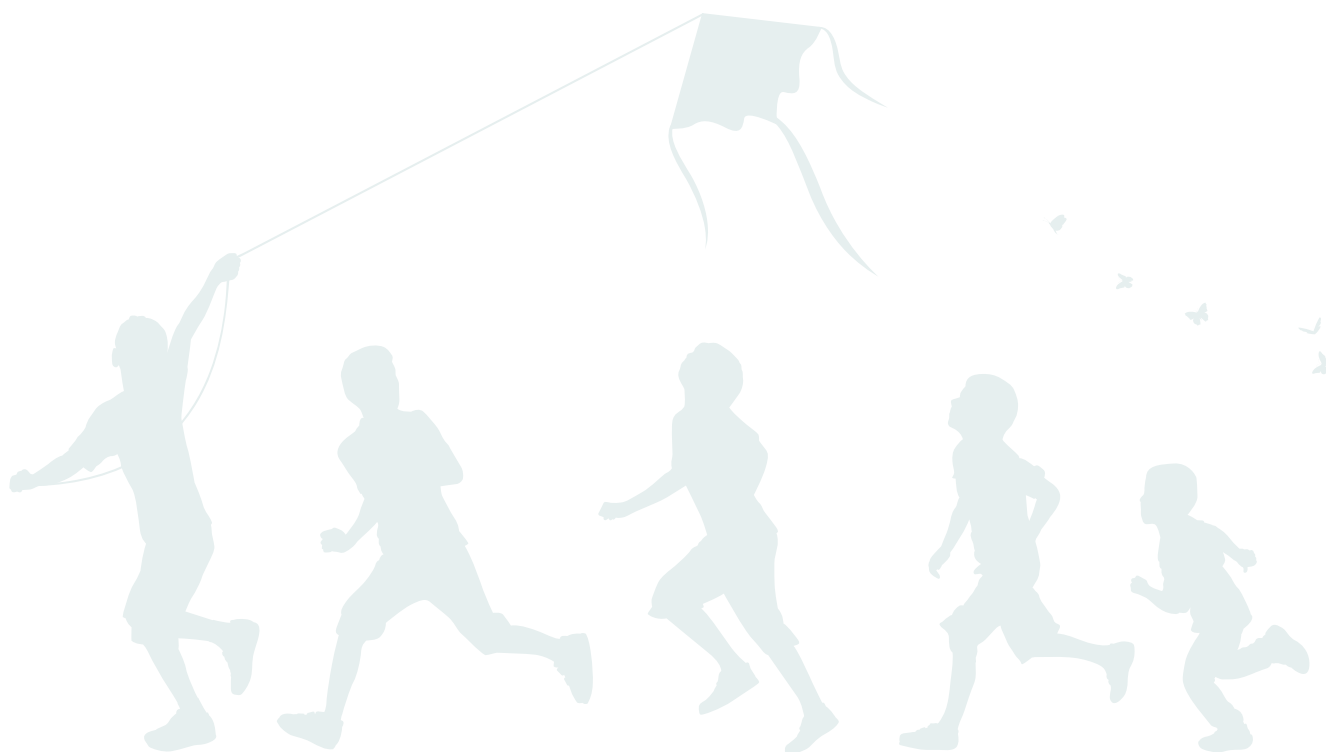
Aims: To target higher returns whilst members are far from retirement by investing in equities and then progressively switching into a lower risk, more diversified portfolio. From 15 years to retirement, there is a gradual switch into a more cautious diversified investment strategy so that when members are within one year of their Selected Retirement Age, the majority of assets are held in lower risk funds.



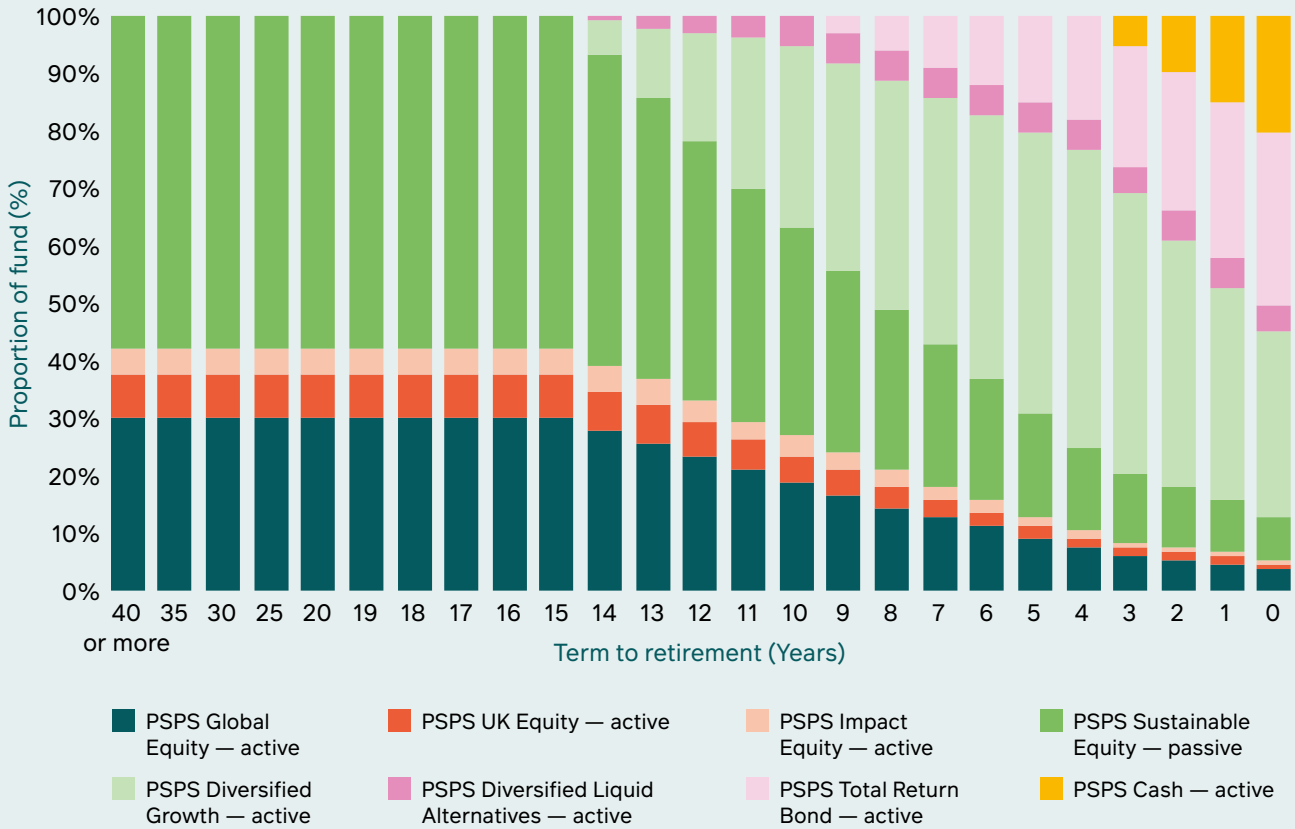
Overview: The Lifestyle Profile invests 100% in equities up to 15 years from retirement followed by a gradual switch into the PSPS Diversified Growth — active fund and the PSPS Diversified Liquid Alternatives — active fund. From 10 years to retirement, there is a gradual switch of a proportion of the strategy into PSPS Total Return Bond — active 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**.

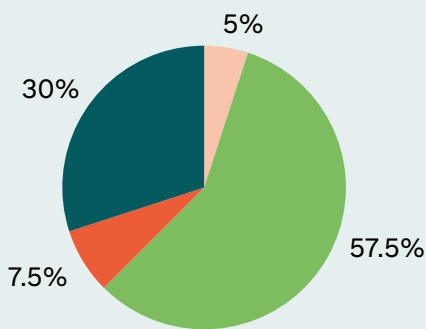


Investment strategy



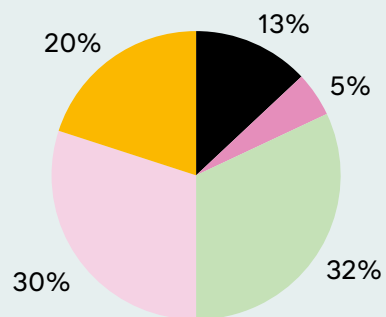
The Lifestyle Profile adjusts the allocation of your investments every month in line with the target allocations illustrated above (with a new target allocation every month). If funds are above or below the target allocation, fund units will be bought or sold accordingly to bring your investments in line with the target allocation. 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.

Equity allocation



- PSPS Impact Equity — active
- PSPS UK Equity — active
- PSPS Sustainable Equity — passive
- PSPS Global Equity — active

Final allocation at retirement



- PSPS Equities
- PSPS Diversified Liquid Alternatives — active
- PSPS Diversified Growth — active
- PSPS Total Return Bond — active
- PSPS Cash — active

Targeted Alternative Lifestyle Profiles

We've created two variations of the Multi-asset Lifestyle Profile; for those members who know how they plan to use their Personal Account at retirement and want a ready-made investment strategy.

PSPS Annuity at Retirement Lifestyle



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 15 years to retirement, there is a gradual switch into a more cautious diversified investment strategy, targeting Annuity, so that when members are within one year of their SRA, the majority of assets are held in lower risk funds.

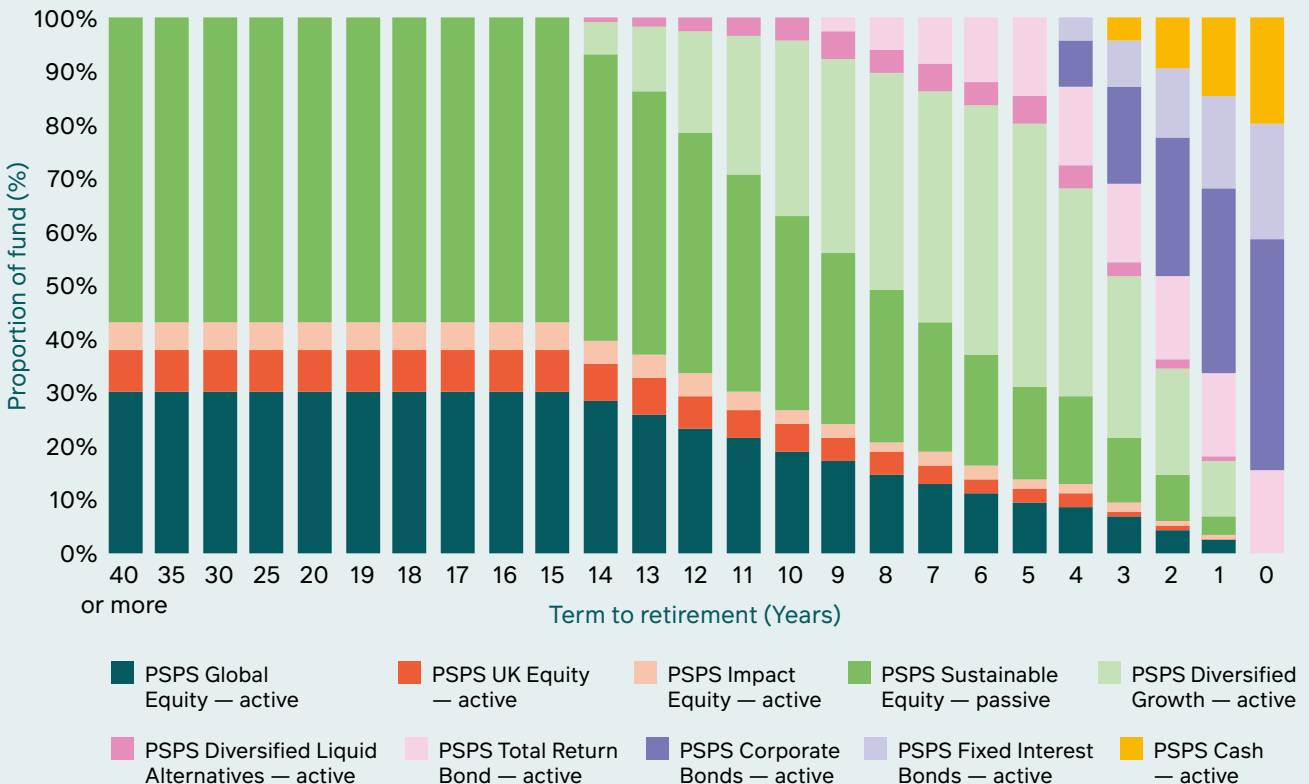


Overview: The Lifestyle Profile invests 100% in equities up to 15 years from retirement followed by a gradual switch into the PSPS Diversified Growth — active fund and Diversified Liquid Alternatives — active fund. From 10 years to retirement, there is a gradual switch to a proportion of the strategy into PSPS Total Return Bond — active, PSPS Corporate Bonds — active, PSPS Fixed Interest Bonds — active 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 expect to use their Personal Account to buy an annuity policy (or similar) to provide a regular fixed income in retirement.

Investment strategy



PSPS Cash at Retirement Lifestyle



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 15 years to retirement, there is a gradual switch into a more cautious diversified investment strategy, targeting cash withdrawal, so that when members are within one year of their SRA, the majority of assets are held in lower risk funds.

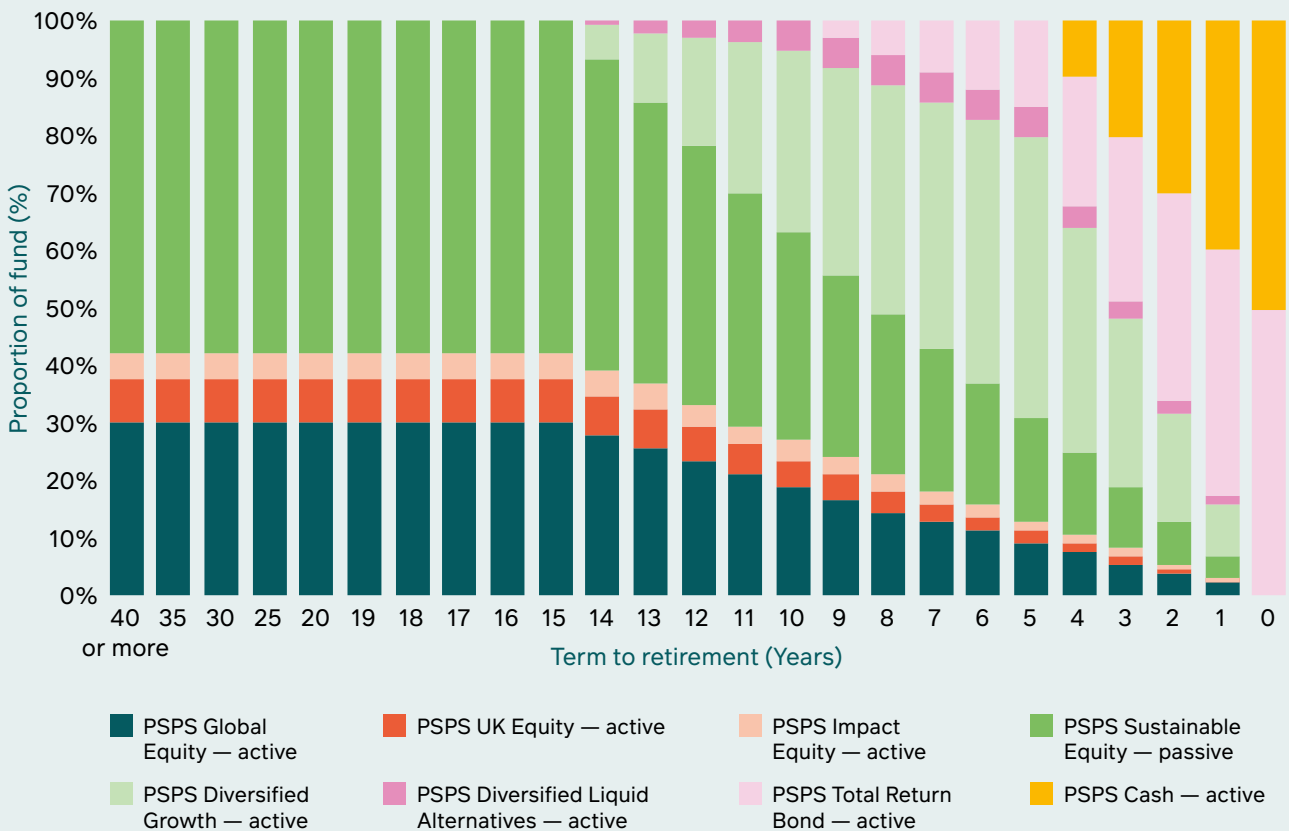


Overview: The Lifestyle Profile invests 100% in equities up to 15 years from retirement followed by a gradual switch into the PSPS Diversified Growth — active and the Diversified Liquid Alternatives — active funds. From 10 years to retirement, there is a gradual switch to a proportion of the strategy into PSPS Total Return Bond — active, 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 expect to use their Personal Account to fund one or more cash sums at retirement.

Investment strategy



Charges

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

| | Multi-asset | Annuity | Cash |
|--------------------------|-------------|---------|-------|
| 10 years from SRA | 0.44% | 0.44% | 0.44% |
| At your SRA | 0.37% | 0.17% | 0.23% |

Further information on charges, including those for each of the individual funds can be found on the Scheme website 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 on the Scheme website 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:

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

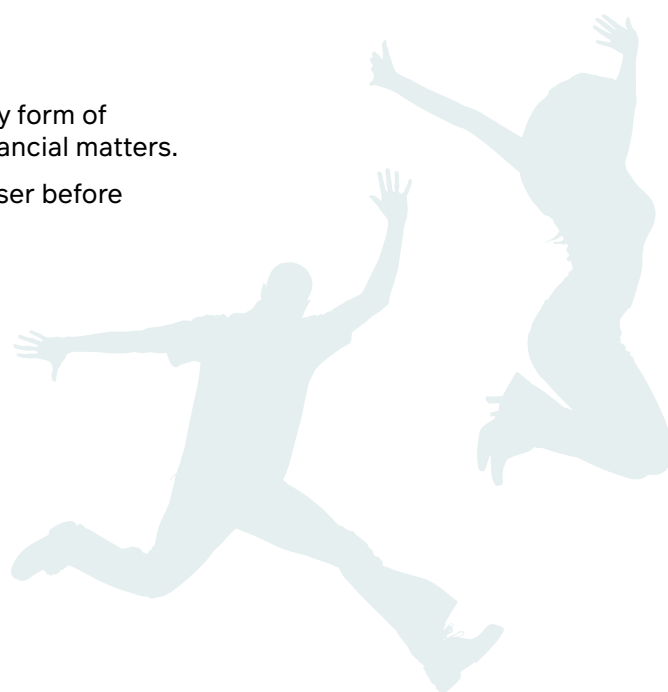
Please note the Administration Team cannot provide any form of advice with regard to your Scheme benefits or other financial matters.

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

Small Print

Company means M&G plc or any associated company/ employer that offers you membership of the Scheme through your contract of employment.

All benefits are payable in accordance with the Trust Deed and Rules, the legal document governing the Scheme. In the unlikely event of any discrepancy between any information provided to you and the Trust Deed and Rules, the Trust Deed and Rules will prevail.



Appendix 1

In May 2023 the Trustee introduced a number of changes to the investment options available to members. These changes included replacing two old Lifestyle Profiles with two new alternative targeted Lifestyle Profiles (see page 5 and 6).

The PSPS Active Lifestyle — Annuity at Retirement and The PSPS Passive Lifestyle — Annuity at Retirement Lifestyle Profiles are no longer available for members to choose. Members who were invested using these Lifestyle Profiles at the time the changes were made were given the option to continue to invest on this basis. Information about these two Lifestyle Profiles is shown below.

Pre-May 2023 Alternative Lifestyle Profiles

Both alternative Lifestyle Profiles initially invest entirely in equities until you are 10 years from your Selected Retirement Age. However, once you are within 10 years of your Selected Retirement Age 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. The main difference between them being that:

- **PSPS Active Lifestyle — Annuity at Retirement** employs active fund managers who seek to beat the return expected from the market; whilst
- **PSPS Passive Lifestyle — Annuity at Retirement** uses fund managers who look to track the expected market return.



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

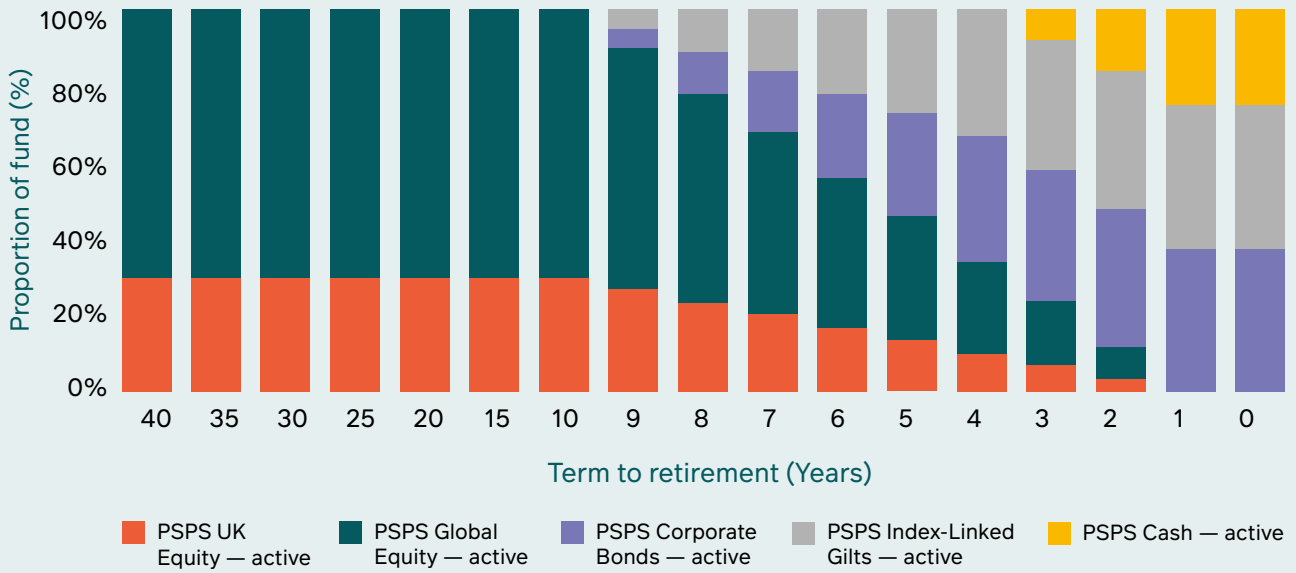


Overview: Both Lifestyles have a 100% allocation to equities up to 10 years from retirement followed by a gradual switch into PSPS Corporate Bonds — active, PSPS Index-Linked Gilts — active and PSPS Cash — active funds.

Suitable for:

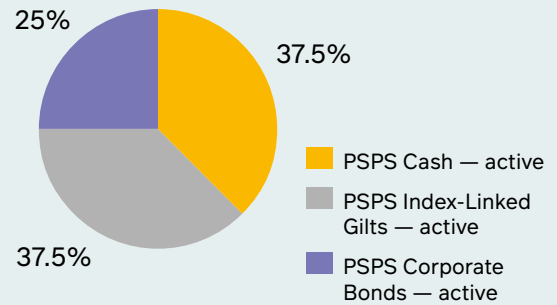
- Members who are further away from retirement seeking exposure to higher returning investments initially with less investment risk as their term to retirement reduces; or
- Members closer to retirement who wish to take their Scheme benefits as either a **tax-free lump sum** and/or **annuity purchase**.

Investment strategy



Both Lifestyle Profiles adjust the allocation of your investments every month in line with the target allocations illustrated above (with a new target allocation every month). If funds are above or below the target allocation, fund units will be bought or sold accordingly to bring your investments in line with the target allocation. 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.

Final allocation at retirement



PLEASE NOTE: From 10 May 2023 these Lifestyle Profiles are not available for members to select.

