



PRUDENTIAL

Staff Pension Scheme

Defined Contribution Section

Investment Guide

(Updated March 2025)



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Your journey

Introduction

Selecting the right investment strategy is a very important decision. This booklet will help you to choose the option(s) that are right for you.

Before making any financial decisions, including which funds are right for you, you may wish to seek the appropriate independent financial advice. If you do not have a financial adviser details of those near to you can be found at register.fca.org.uk. You can also visit the Scheme website prudentialstaffps.co.uk.



Your investment options

The first decision to make is how involved you would like to be in managing your investment portfolio.



Until you make an active choice, the Trustee has nominated the PSPS Multi-asset Lifestyle Profile, which it considers to be a suitable investment strategy (for most members).

You can continue to invest in the PSPS Multi-asset Lifestyle Profile, select an alternative Lifestyle Profile or you can choose your own funds from the Self-Select fund range (where a higher level of involvement is required from you to manage your investments).

NOTE

You cannot invest in more than one Lifestyle Profile or invest in both a Lifestyle Profile and one (or more) Self-Select fund at the same time.



Lifestyle Profiles

A Lifestyle Profile is a good option to choose if:

- You do not want to make your own decisions on your fund selection; and
- You do not feel comfortable managing your own investments.

The Lifestyle Profiles provide you with 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, your investments are switched to lower risk funds to protect the capital value of the fund from large fluctuations in value.

You are not required to actively manage your funds, however the Trustee still recommends that you do review the matter regularly to ensure that the Lifestyle Profile remains the most suitable choice for your circumstances.

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.

The Lifestyle Profiles use your Selected Retirement Age (SRA) to determine when funds switches should take effect. It is therefore important to regularly consider the appropriateness of the date you have specified as your SRA. If you have not chosen your SRA then it will automatically be assumed to be 65.

Active vs Passive

The Lifestyle Profiles and funds that are available to you contain funds with both active and passive management styles. This is a reference to the investment approach and management style that the fund managers take. The decision you make as to whether to invest in an active fund or a passive fund is important but is much less important than the decision you make as to which asset class you invest in (e.g. equities, diversified, bonds, cash) as the types of assets you are invested in over time will have a much greater bearing on the outcome.

Fund managers of a passive fund seek to track a market benchmark and generally deliver a return

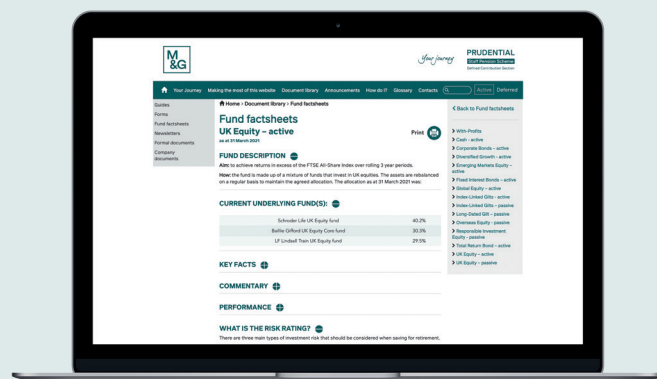
Self-Select Funds

Choosing Self-Select funds is a good option if:

- You want to make your own decisions on your fund selection; and
- You are comfortable managing your own investments.

There is a variety of Self-Select funds available to you, covering a range of asset classes and management styles. More information on the fund range is set out in the **Your investment choices** section of this booklet.

Further information on each fund can also be found in the Scheme's fund factsheets which are available in the Documents section of the Scheme's website prudentialstaffps.co.uk.



If you want even more investment choice you can utilise the partial transfer option to move funds to another registered pension scheme. For more information visit the Scheme website prudentialstaffps.co.uk.

very close to that benchmark. Active fund managers aim to deliver a return that exceeds the selected market benchmark, but, unlike a passive fund, the performance of an active fund depends on the skill of the manager in choosing investments.

A benchmark is a standard representation of the market for investments, against which performance can be measured.

A passive fund will usually be cheaper than an active fund, and is very unlikely to perform differently to its benchmark, whereas an active fund will carry more risk of failing to match the benchmark, but will aim to outperform that benchmark.

What to consider when selecting your investments

Selecting the right investments is a very important decision, one that can make a significant difference to your eventual income in retirement. It is important that you consider your own personal circumstances when selecting your investments. To help you match the funds suitable to your requirements we have indicated whether each fund is either low, medium or high risk.

What do we mean by risk?

Higher risk funds are likely to produce higher returns, however this is not guaranteed and these funds are more prone to fluctuations in value. Lower risk funds are less susceptible to fluctuations in value however are likely to produce lower returns.

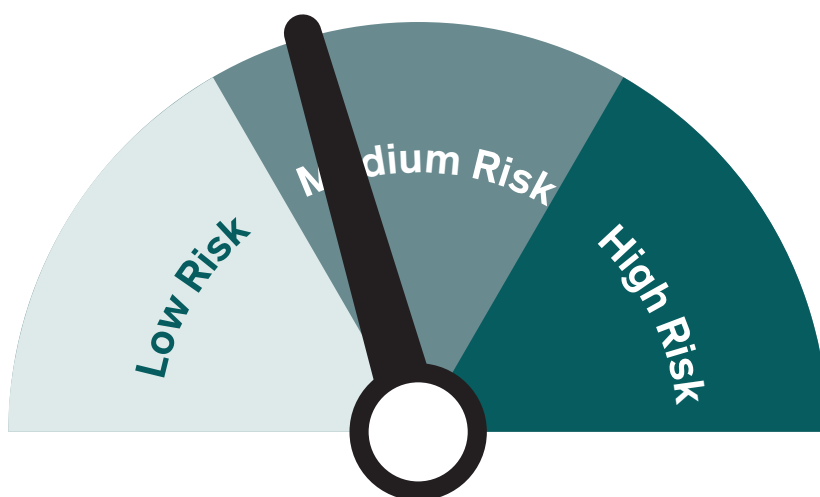
- HIGHER RISK FUNDS:** May be more likely to fluctuate in value, however these funds are more likely to generate higher, inflation-beating returns.
- MEDIUM RISK FUNDS:** May still fluctuate in value but to a lesser extent than the higher risk funds. Returns are likely to be less than higher risk funds.
- LOWER RISK FUNDS:** Values are more stable. Returns are expected to be less than the higher and medium risk funds and may or may not beat inflation.

Your attitude to risk

Everyone will have their own view on the amount of risk they are willing to take and consequently are often categorised as being either risk averse or risk tolerant.

- If you are **risk averse** this usually means you prefer to invest in funds that are less likely to go up and down in value and are more likely to consider investing in lower or medium risk funds.
- If you are **risk tolerant** this usually means you prefer to invest in funds that may go up and down in value and consequently are more likely to consider investing in higher risk funds.

An interactive tool, designed to help you determine your attitude to risk, is available on the Scheme website prudentialstaffps.co.uk.



GENERAL RISK WARNING

Please note the value of investments, and income from them, may fall as well as rise. This includes equities, government or corporate bonds, and property, whether held directly or in a pooled or collective investment vehicle. Further, investments in developing or emerging markets may be more volatile and less marketable than in mature markets. Exchange rates may also affect the value of an overseas investment. As a result, an investor may not get back the amount originally invested. Past performance is not necessarily a guide to future performance.

TIME TO YOUR RETIREMENT

Another key factor that may impact on the types of investments you might be considering investing in, is how long you have before you plan to retire.

If you are:

FAR FROM RETIREMENT

You have a long time in which to grow your pension savings and consequently you can tolerate potential fluctuations in value. You may therefore wish to invest in higher risk funds to achieve the highest returns possible.

SOMEWHERE IN BETWEEN

Your aim may be to grow your pension savings but with less fluctuation in value, so you may wish to invest in medium risk funds or a balance of higher and medium risk funds.

CLOSE TO RETIREMENT

As you approach retirement this is where certainty around your final fund value becomes very important and protecting the capital value of your fund is your main aim. You may therefore wish to invest in medium and lower risk funds, accepting that in order to provide greater certainty, these funds may provide lower returns.

You might also wish to consider how you plan to take your benefits, for example whether to:

- Buy a fixed income (an annuity);
- Take some or all of your fund as a cash lump sum; or
- Transfer your fund to another arrangement where you can drawdown your funds over time.

Also, as you approach your Selected Retirement Age you may wish to consider aligning your investments to how you plan to take your benefits at retirement. More information on the options available to you on retirement can be found in the Member Booklet which is available in the Documents section of the Scheme's website [prudentialstaffps.co.uk](https://www.prudentialstaffps.co.uk).



Your investment choices

PSPS 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.



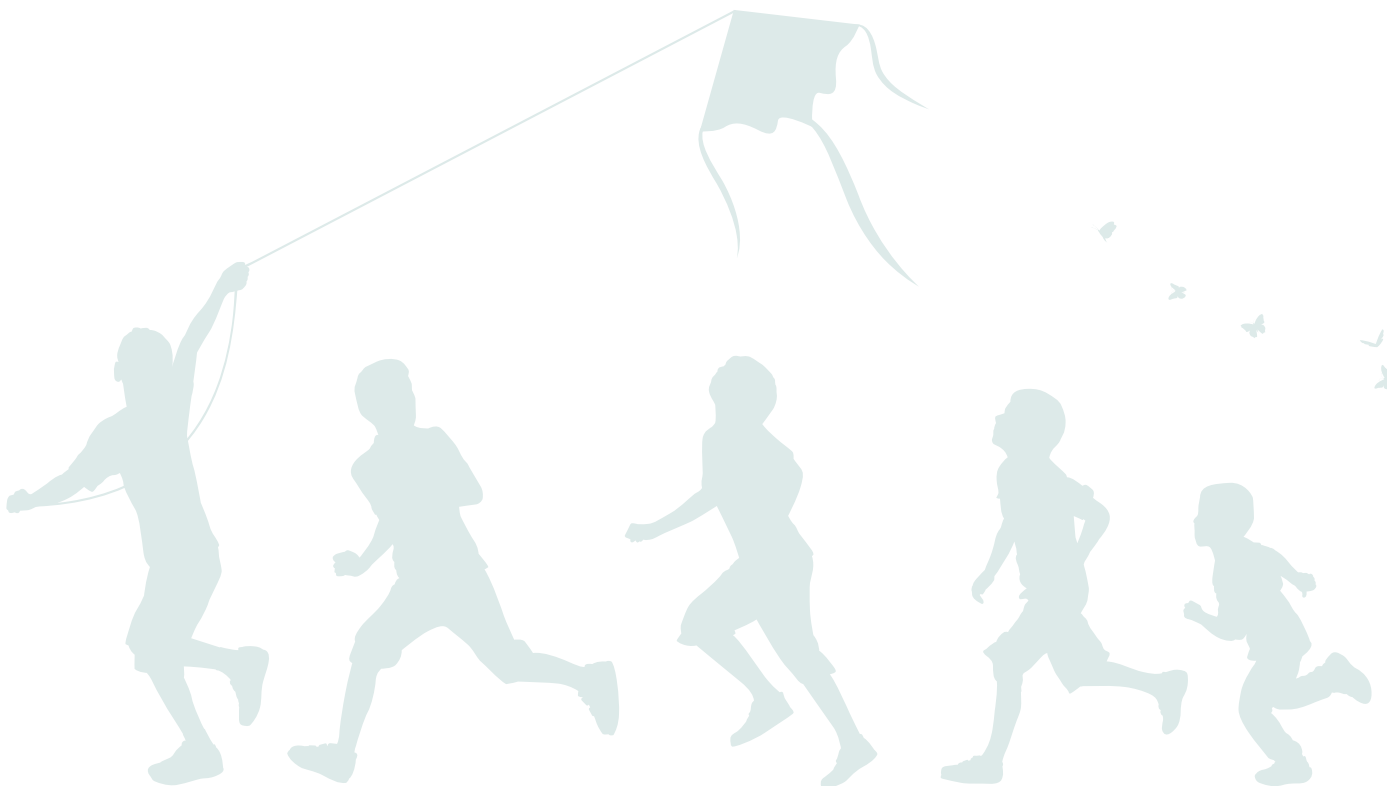
Aims: To target higher returns whilst members are far from retirement by investing in equities and then progressively switching into a lower risk, more diversified portfolio. From 15 years to retirement, there is a gradual switch into a more cautious diversified investment strategy so that when members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



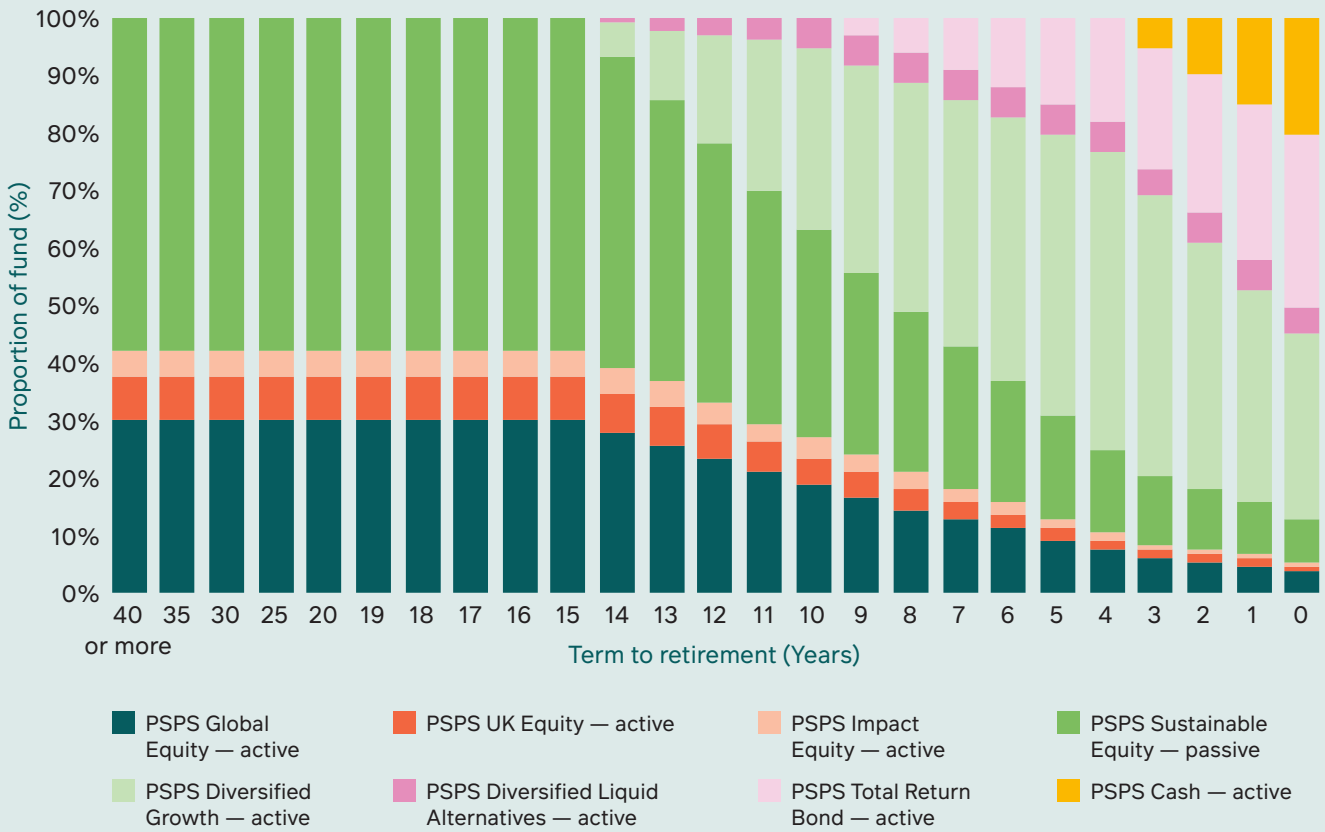
Overview: The Lifestyle Profile invests 100% in equities up to 15 years from retirement followed by a gradual switch into the PSPS Diversified Growth — active fund and the PSPS Diversified Liquid Alternatives — active fund. From 10 years to retirement, there is a gradual switch of a proportion of the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

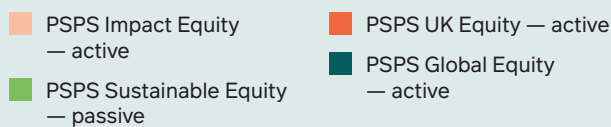
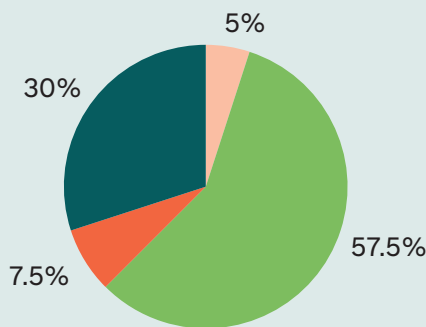


Investment strategy

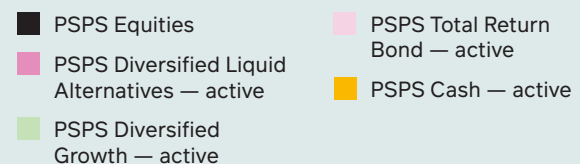
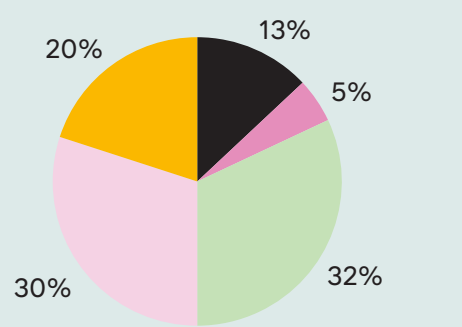


The Lifestyle Profile adjusts the allocation of your investments every month in line with the target allocations illustrated above (with a new target allocation every month). If funds are above or below the target allocation, fund units will be bought or sold accordingly to bring your investments in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



Final allocation at retirement



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.

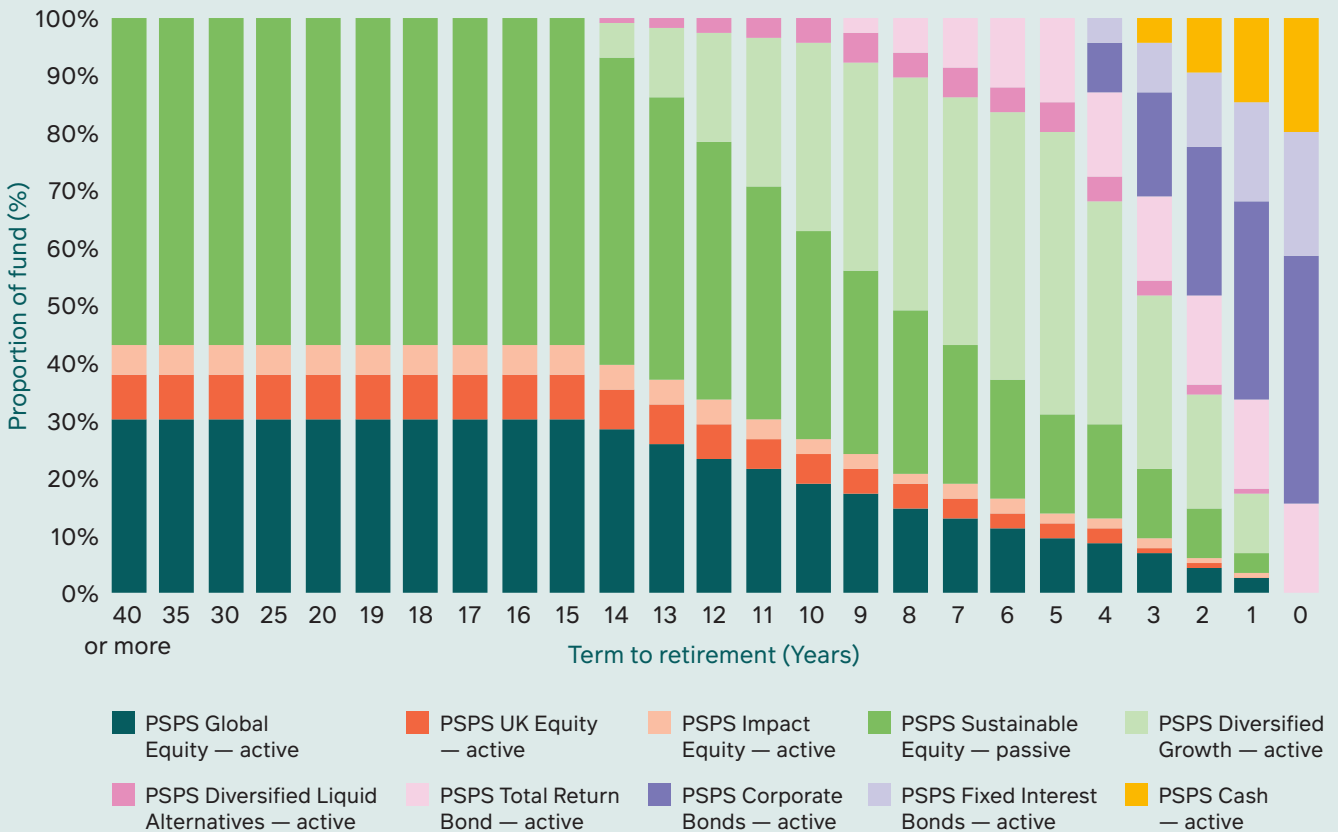


Overview: The Lifestyle Profile invests 100% in equities up to 15 years from retirement followed by a gradual switch into the PSPS Diversified Growth — active fund and Diversified Liquid Alternatives — active fund. From 10 years to retirement, there is a gradual switch to a proportion of the strategy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

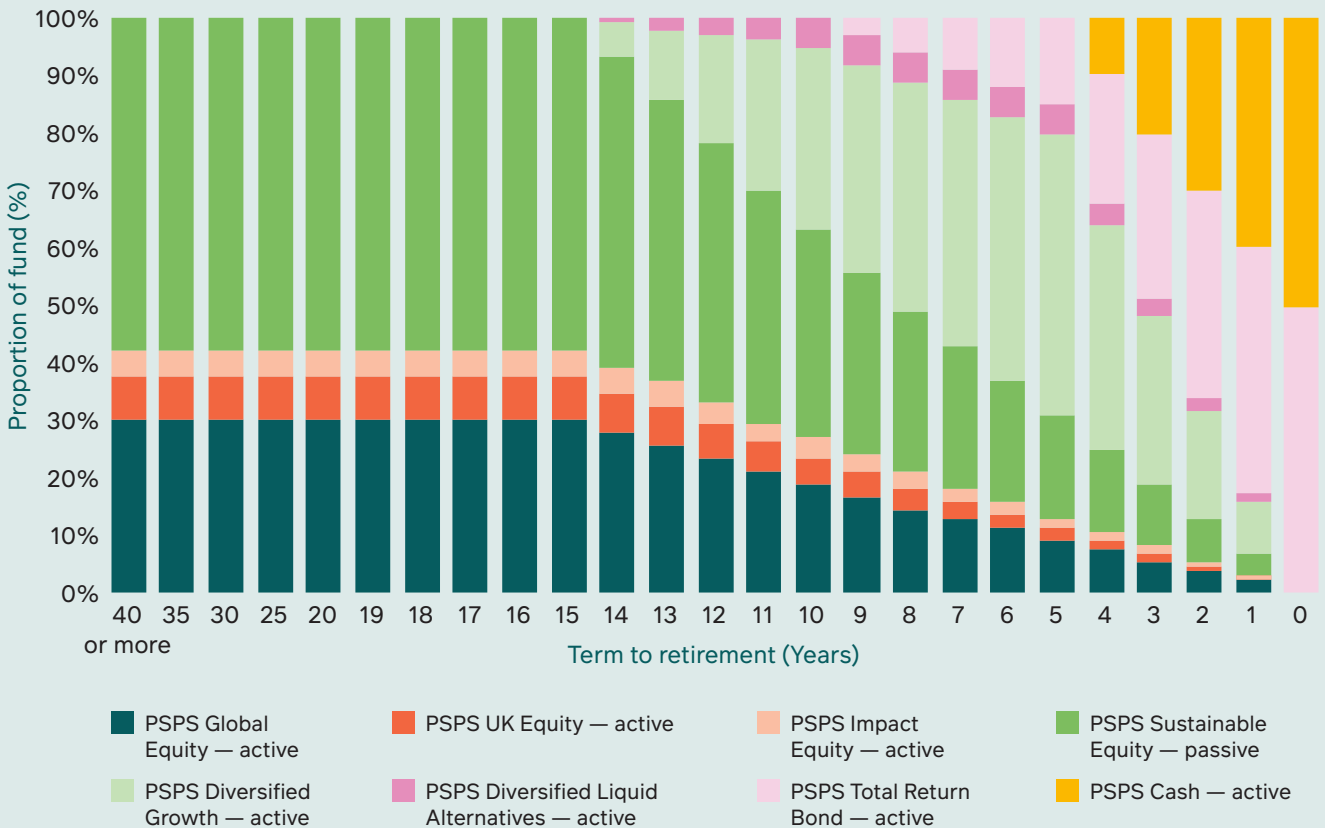


Overview: The Lifestyle Profile invests 100% in equities up to 15 years from retirement followed by a gradual switch into the PSPS Diversified Growth — active and the Diversified Liquid Alternatives — active funds. From 10 years to retirement, there is a gradual switch to a proportion of the strategy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



Self-Select Funds

The Trustee offers you access to a range of funds across several asset classes. The main asset classes are described below.

MORE RISK

Equities

An equity is another name for a shareholding in a company. Returns within the fund are dependent upon the dividends paid and the change in the share price. The value of an equity is subject to the price the market is prepared to pay and therefore can go up or down.

Over the long term equity investments have generally offered returns significantly in excess of inflation and the other asset classes.

Diversified

Diversified funds invest in a broad range of asset classes, including equities, bonds, cash and alternative asset classes. Alternative asset classes can include property, debt instruments and other securities.

By investing in a wide range of assets the amount of risk in these funds is reduced.

Diversified funds typically aim to achieve returns greater than inflation but with lower risk compared to equities.

Bonds

Governments and companies raise capital by borrowing. They issue bonds to the lenders (the investors), which set out the terms of the loan.

Bonds issued by the UK Government are known as gilts. Bonds issued by companies are known as corporate bonds. Both gilts and corporate bonds pay interest to the investor.

Bonds offer potentially greater returns over the medium to long term than cash funds.

Cash

Cash funds typically hold a mixture of cash and cash related assets, including deposits, short-term bonds and other securities. Cash funds aim to provide security of capital with a high degree of accessibility. Returns on cash funds will usually be in line with short term bank rates offered by the Bank of England.

LESS RISK

The table below lists the Self-Select funds available to you along with a summary for each fund including the type of assets held, the risk rating and the Annual Management Charge (AMC). A more detailed factsheet for each fund can be found on the Scheme website prudentialstaffps.co.uk.

Fund type	Risk Rating	Fund	Description	AMC
Equities	High Risk	PSPS Global Equity — active	Invests in a diversified portfolio of equities listed in both developed and emerging markets.	0.55%
	High Risk	PSPS Overseas Equity — passive	Tracks the equity market returns from a diversified portfolio of equities (excluding UK listed companies) invested across developed and emerging markets.	0.05%
	High Risk	PSPS UK Equity — active	Invests in a diversified portfolio of UK listed companies.	0.47%
	High Risk	PSPS UK Equity — passive	Tracks the UK equity market return.	0.09%
	High Risk	PSPS Emerging Markets Equity — active	Invests in a diversified portfolio of equities listed in emerging markets.	1.00%
	High Risk	PSPS Sustainable Equity — passive	Tracks the Solactive ESG Global Markets Index. This index aims to provide exposure to developed and emerging equity markets while reflecting significant environmental, social and corporate governance issues.	0.26%
	High Risk	PSPS Impact Equity — active	Invests in a diversified portfolio of equities listed in both developed and emerging markets which aim to generate a positive return alongside a positive societal and environmental impact.	0.79%
	High Risk	PSPS Islamic Global Equity — passive	Tracks the Dow Jones Islamic 100 Titans Index. Invests in a diversified portfolio of equities which meets Islamic investment principles.	0.35%
Diversified	Medium Risk	PSPS Diversified Growth — active	Invests across a wide range of asset classes (equities, property, bonds and other alternative asset classes) offering a balance of risk and expected return.	0.47%
	Medium Risk	Prudential With Profits	Offers potential long-term returns by investing in a balanced portfolio of investments, whilst reducing the impact of day-to-day market movements if your investment is held until your Selected Retirement Age.	1.00%
	Medium Risk	PSPS Diversified Liquid Alternatives — active	Invests in a diversified portfolio of alternative assets typically consisting of listed real assets, alternative credit and diversifiers.	0.80%

Fund type	Risk Rating	Fund	Description	AMC
Bonds	Medium Risk	PSPS Corporate Bonds — active	Invests largely in relatively secure long-dated bonds issued by UK companies in sterling.	0.15%
	Medium Risk	PSPS Fixed Interest Bonds — active	Invests largely in gilts (UK Government debt).	0.15%
	Medium Risk	PSPS Long-dated Gilts — passive	Tracks the market return on long-dated gilts.	0.15%
	Medium Risk	PSPS Index-Linked Gilts — active	Invests largely in long-dated index linked gilts.	0.15%
	Medium Risk	PSPS Index-Linked Gilts — passive	Tracks the market return on long-dated index-linked gilts.	0.15%
	Lower Risk/ Medium Risk	PSPS Total Return Bond — active	Invests in a diversified portfolio of largely corporate bonds delivering an absolute return not so dependent on the direction of the long-term bond market.	0.35%
	Lower Risk/ Medium Risk	PSPS Sustainable Total Return Bond — active	Invests in a portfolio of largely corporate bonds, selected to reflect environmental, social and corporate governance criteria, delivering an absolute return not so dependent on the direction of the long-term bond market.	0.45%
Cash	Lower Risk	PSPS Cash — active	Provides an investment return that is consistent with a high degree of security with short-term liquidity.	0.10%

The small print

Whilst every effort has been made in making this booklet informative and a useful guide to helping you decide which Profile or fund(s) to invest in, the information in this booklet is not financial advice and should not be construed as such. You should always seek independent financial advice before making any financial decisions. If you do not have a financial adviser details of those near to you can be found at register.fca.org.uk.

Please take the time to read the following statements as they are very important.

- The Lifestyle Profiles do not provide any guarantees; they merely provide a systematic investment strategy through to your Selected Retirement Age.
- For the Lifestyle Profiles, your Selected Retirement Age is very important. If you haven't selected a retirement age then it will automatically be assumed to be age 65.
- Past performance is not necessarily a guide to the future performance of any fund(s). The value of your investment can go down as well as up.
- The Trustee reserves the right to review, withdraw or change the fund range that is available at any time subject to certain restrictions. In the event this should happen you will be notified, but the Trustee reserves the right to move your funds between the comparable investment options without your consent. New funds may also be made available.
- All the current investment options are what is termed as forward priced. This means that the fund price(s) for any transaction — switching between funds or buying and selling units in a fund — is not determined until after the processing of the transaction has commenced. It is important you are aware that there may be a time lapse between the date you instruct a transaction to take place and for the relevant unit prices to be available. In any given situation, the time lapse will be determined by the fund(s) included within the transaction(s).
- When switching between funds, including Lifestyle Profiles, the sale and purchase of units will not normally take place on the same date. For example, the new units may be bought some 3 or 4 days after the sale of the original units. The unit price of each fund can go down as well as up. This is a risk that must be borne by you. In any given situation, the time lapse will be determined by the fund(s) included within the transaction(s).
- In addition to the situations already mentioned, the sale and purchase of units in any of the funds may be delayed in certain circumstances. For example, where the interests of all members invested in a particular fund(s) needs to be protected, or where there is a delay in receiving the proceeds from a sale of assets or in circumstances where it is not possible to trade.
- The Annual Management Charge for each of the funds is calculated as a percentage of your fund daily and deducted monthly. For example, if you select the PSPS UK Equity — active fund, the Annual Management Charge would be 0.47% of the value of your fund. A simple example to illustrate this means that if your fund is valued at £24,000 the Annual Management Charge would be £112.8, although this would be taken as £9.4 per month.
- Any instance of the word 'Company: throughout this booklet 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 event of any discrepancy between any information provided to you and the Trust Deed and Rules, the Trust Deed and Rules will prevail.

Security of Assets — DC Section of the Scheme

The Trustee regularly reviews the security and protection of members' assets in the Scheme. It undertakes various checks before choosing any investment and selects a range of funds. The Trustee has confirmed that all the funds (or the underlying funds) used by the Scheme are regulated funds either domiciled in the UK or by an appropriate overseas regulated authority. The funds themselves invest predominantly in a diversified portfolio of assets regulated by the Financial Conduct Authority (the regulator of the financial services industry in the UK) or the appropriate overseas regulated authorities.

With the exception of the Prudential With-Profits fund, which is a The Prudential Assurance Company Limited fund, all Scheme funds are Prudential Pensions Limited funds which are subsidiary funds to The Prudential Assurance Company Limited.

The Trustee has also reviewed the protections afforded by the Financial Services Compensation Scheme in limited circumstances. You can find more information about the Financial Services Compensation Scheme by visiting fscs.org.uk. There is also more information about the protections afforded under a workplace pension on the Prudential website pru.co.uk/about/financial-services-compensation-scheme.

The Trustee will continue to review the security of members' assets in the Scheme on a regular basis.

Data Protection — DC Section of the Scheme

To administer the DC Section of the Scheme, it is necessary for information about you and your Dependants to be held and processed by the Trustee or other parties who act on behalf of the Trustee. The Trustee is the data controller under the Data Protection Act 1998. This information is kept secure and only disclosed in limited circumstances, for example, information may be disclosed to companies within the M&G plc Group, Trustee advisers and other organisations about the operation of the DC Section of the Scheme. Information may also be disclosed to any future potential employers and their advisers and, only if the Trustee is legally obliged to do so, to Government or regulatory organisations.

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 7).

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.

For more information on active and passive styles please see page 2.



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.

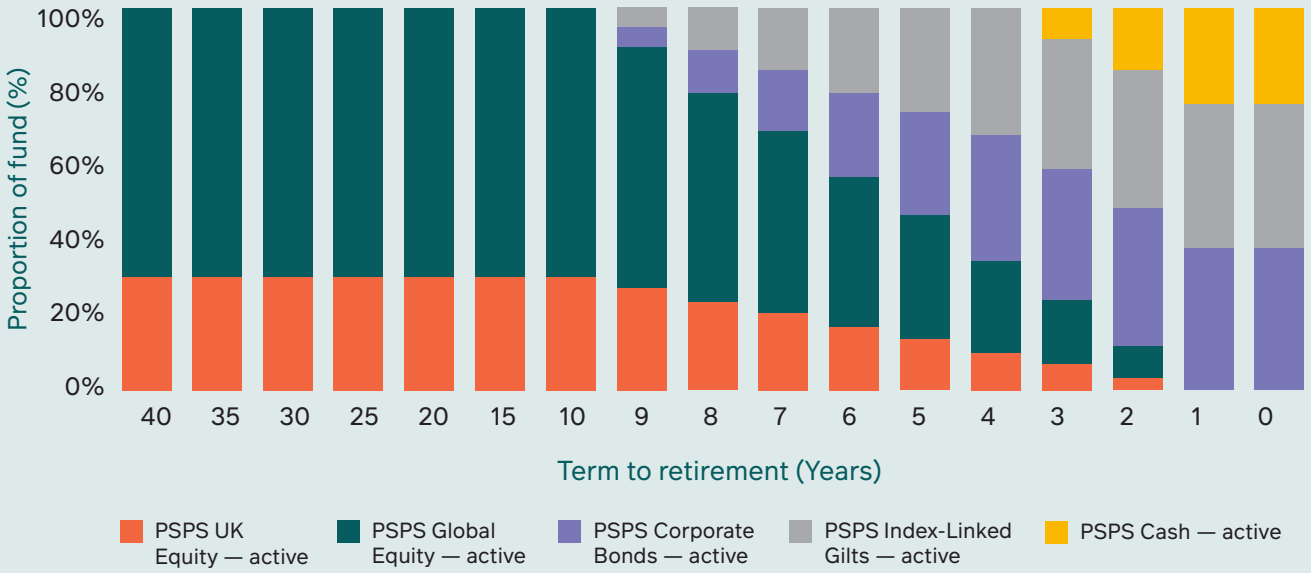


Overview: Both Lifestyles have a 100% allocation to equities up to 10 years from retirement followed by a gradual switch into PSPS Corporate Bonds — active, PSPS Index-Linked Gilts — active and PSPS Cash — active funds.

Suitable for:

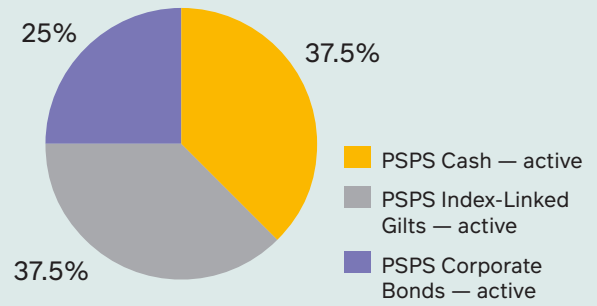
- Members who are further away from retirement seeking exposure to higher returning investments initially with less investment risk as their term to retirement reduces; or
- Members closer to retirement who wish to take their Scheme benefits as either a **tax-free lump sum** and/or **annuity purchase**.

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.

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 event of any discrepancy between any information provided to you and the Trust Deed and Rules, the Trust Deed and Rules will prevail.



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