Prudential International Bond - closed to new members S3

Aims

Objective: The investment strategy of the fund is to purchase units in the M&G PP International Bond Fund - the underlying fund.

Underlying Fund Objective: The fund invests in all the major government bond markets outside the UK with principal holdings in the US, Japan and Europe. The fund is actively managed against its benchmark, the Barclays Global Aggregate Treasury Custom Over $3bn Index. Both active stock selection and asset allocation are used to add value.

Performance Objective: To outperform the benchmark by 0.75% a year (before charges) on a rolling three year basis.

Benchmark

Benchmark	Barclays Global Aggregate Treasury Custom > $3bn
ABI Sector	Global Fixed Interest

Identification Codes

Sedol Code	3168615
Mex Code	PUIBD
Isin Code	GB0031686156
Citi Code	P278

Fund Overview

Daily price (30/04/2024)	273.90
Fund size (31/03/2024)	£2.32m
Underlying Fund size	£2.42m
Number of holdings	29
Launch date	06/04/2001

Fund Charges

Annual Management Charge (AMC)	Please refer to the "Fund Guide" for your specific pension plan

Performance

Discrete performance - to latest available quarter end

	31/03/19 to 31/03/20	31/03/20 to 31/03/21	31/03/21 to 31/03/22	31/03/22 to 31/03/23	31/03/23 to 31/03/24
Fund	11.4%	-7.2%	0.8%	3.0%	-5.1%
Benchmark	11.1%	-8.8%	-2.9%	-2.7%	-4.3%

Performance - to latest available quarter end

	Quarter	Annualised		
	1 2024	3 Years to 31/03/24	5 Years to 31/03/24	10 Years to 31/03/24
Fund	-2.8%	-0.5%	0.4%	3.4%
Benchmark	-2.0%	-3.3%	-1.7%	1.9%

Prudential Risk Rating

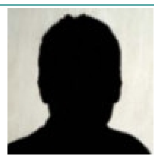
Medium Risk

These funds may invest in multi-asset strategies with a higher weighting in equities (or with significant derivative use), while funds investing mainly in property, high yield or government bonds (such as UK Gilts) are also in this category.

These risk ratings have been developed by Prudential to help provide an indication of a fund's potential level of risk and reward based on the type of assets which may be held by the fund. Other companies may use different descriptions and as such these risk ratings should not be considered as generic across the fund management industry.

We regularly review our fund risk ratings, so they may change in the future. If, in our view, there is a material change in the fund's level of risk, for example due to a significant change to the assets held by the fund or in the way the fund is managed, we will provide information on the new risk rating. We recommend that you make sure you understand the risk rating of any fund before you invest.

Fund Managers



Name:	David Lloyd
Manager of the underlying fund for:	15 years, 4 months

Important Information

- Because of changes in exchange rates the value of your investment, as well as any money you take from it, can go down as well as up.
- Some funds may invest in 'underlying' funds or other investment vehicles. The performance of our fund, compared to what it's invested in won't be exactly the same. That can be due to additional charges, cash management (needed to help people to enter and leave our fund when they want), tax and the timing of investments (this is known as a fund's dealing cycle, it varies between managers and can be several days).
- Source of portfolio data: Broadridge. Source of performance data: FE fundinfo. We can't predict the future. Past performance isn't a guide to future performance. The figures shown are intended only to demonstrate performance history of the fund, after allowing for the impact of fund charges and further costs, but take no account of any Annual Management Charge paid for by the deduction of units. Charges and further costs 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 GBP with gross income reinvested. The value of your client's investment can go down as well as up and the amount your client gets back may be less than they put in.
- This factsheet is intended for the advisers of occupational pension schemes using Prudential group pension contracts and Prudential grouped personal pensions and Stakeholder pension contracts. Its purpose is to provide an insight into how investment markets and funds have performed over the period and is provided for information only. You should refer to your client's scheme documentation (e.g. Fund Guide) for fund availability, investment strategy, any scheme information and charges. Every care has been taken in populating this output, however it must be appreciated that neither Broadridge, Prudential nor their sources guarantee the accuracy, adequacy or completeness of this infomation or make any warranties regarding results from its usage.

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Portfolio data accurate as at: **31/03/24**

Top 10 Holdings

Name	% Weight	Sector	Country
1 TREASURY NOTE	21.17%	Bonds	United States
2 TREASURY NOTE	13.68%	Bonds	United States
3 KFW	8.47%	Bonds	Germany
4 CANADA (GOVERNMENT OF)	6.14%	Bonds	Canada
5 NEW ZEALAND (GOVERNMENT OF)	4.52%	Bonds	New Zealand
6 ITALY (REPUBLIC OF) MTN RegS	4.51%	Bonds	Italy
7 CAD/JPY	4.45%	Non-Classified	Non-Classified
8 NORWAY (KINGDOM OF)	4.05%	Bonds	Norway
9 TREASURY BOND	3.85%	Bonds	United States
10 MEXICO (UNITED MEXICAN STATES) (GO	3.63%	Bonds	Mexico

Asset Allocation

International Bonds	96.81%
Cash and Equivalents	2.64%
UK Gilts	0.87%
Other Assets	-0.31%

Regional Allocation

North America	59.84%
Developed Europe - Excl UK	20.96%
Australia & New Zealand	10.72%
South & Central America	3.63%
Cash and Equivalents	2.64%
Japan	1.65%
UK	0.87%
Non-Classified	-0.31%

Bond Sector Breakdown

Bonds	97.67%
Cash and Equivalents	2.64%
Non-Classified	-0.31%

Top Country Breakdown

United States	53.70%
Germany	8.47%
New Zealand	7.13%
Canada	6.14%
Italy	5.65%
Norway	4.05%
Mexico	3.63%
Other Countries	11.23%

Fixed Interest Quality Profile

AAA	83.08%
AA	0.87%
A	1.65%
BBB	10.93%
Unknown Quality	1.14%
Cash and Equivalents	2.64%
Other Asset Types	-0.31%

Fixed Interest Maturity Profile

< 5Yr Maturity	66.76%
5Yr - 10Yr Maturity	8.31%
10Yr - 15Yr Maturity	3.63%
> 15Yr Maturity	18.97%
Cash And Equivalents	2.64%
Unknown Maturity	-0.31%

Fixed Interest Currencies

US Dollar	51.26%
Euro	12.40%
New Zealand Dollar	7.13%
Canadian Dollar	6.14%
Pound Sterling	5.38%
Norwegian Krone	4.05%
Other Currencies	13.64%

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Commentary

Performance as at Q3 2023 - Higher rates for longer was the main rhetoric from central banks across the major developed markets in Q3. Labour and manufacturing economic data outperformed expectations in the United States whilst the Federal Reserve (Fed) opted to only hike rates once during the quarter. In contrast, the European Central Bank (ECB) raised policy rates in July and September, reaching a deposit rate of 4% for the first time in its history. European inflation has been stubbornly entrenched above the ECB's target range but has been on a negative trajectory this year. The Bank of England enacted a 25 basis point hike amidst indications of improving consumer confidence and high, but better than expected, inflation data. It was mixed quarter across the developed bond markets, with UK bonds delivering positive total returns, European debt was relatively flat whilst US bonds sold off. Credit spreads tightened marginally across markets, with the exception of European High Yield which saw a modest widening. The bond market sell off in the United States was the largest story of the quarter. Yields on ten year treasury bonds briefly reached yields (4.69%) not seen since 2007. This has been attributed to markets accepting Fed Chair Jay Powell's claims that interest rates will remain elevated for a prolonged period of time. Headline inflation numbers have been falling, but a resurgent oil price (up 27% in Q3) could lead to stickier figures going forwards. Finally, Fitch downgraded the US from AAA to AA+ due to growing government debt and expected fiscal deterioration over the next three years. Eurozone annual inflation fell to 4.3% by the end of the quarter and many market participants now expect that the ECB has completed its monetary tightening cycle. Overall, European credit spreads remain close to long term averages, however, this masks the underlying high levels of dispersion between issuers and sectors. Real estate and financial spreads remain elevated whilst many industrial sectors still appear overvalued. The base rate in the UK reached 5.25% in August, but the Bank of England decided to hold rates steady in September which ended a string of fourteen consecutive rate rises at policy meetings. Mortgage rates appear to have peaked whilst house prices are falling. In terms of the bond market, banks, auto companies and the leisure sectors were the top performers whilst the services sector underperformed the rest of the market. All-in yields for most fixed income asset classes remain high as consequence of the rate hiking cycle. Whilst credit appears fairly priced, the risk of a central bank policy error is significant as restrictive monetary policy begins to weigh on economic activity. Whilst there has been much talk of soft landings, there is always the spectre of an unforeseen event - financial or geopolitical - which could spark future bond market volatility or even a sharp turn in monetary policy. There are a significant number of elections coming up across the globe and this may be the first time that many company executives have faced a period of high financing costs. We believe that a patient and highly selective approach to fixed income investment is the best strategy to take advantage of opportunities in today’s market. A strong quarter for the fund as markets continue to price in the higher for longer scenario resulting in yields in the long end moving higher. With the fund positioned in shorter dated securities versus longer dated the fund performed well. The overall interest rate exposure was left largely unchanged on the quarter. In terms of currency exposure the fund closed the underweight in CNY and marginally increased the exposure to JPY due to continued underperformance. The fund has also taken a small position in the Indian rupee on the back of further underperformance despite relatively strong emerging market fundamentals.

Source: M&G

Important Information

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