

**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 (03/10/2024) 281.60  
 Fund size (31/08/2024) £2.17m  
 Underlying Fund size £2.26m  
 Number of holdings 26  
 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**

|           | 30/09/19 to 30/09/20 | 30/09/20 to 30/09/21 | 30/09/21 to 30/09/22 | 30/09/22 to 30/09/23 | 30/09/23 to 30/09/24 |
|-----------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Fund      | 2.9%                 | -6.0%                | 2.5%                 | -7.0%                | -0.6%                |
| Benchmark | 0.8%                 | -6.9%                | -4.7%                | -8.2%                | 0.2%                 |

**Performance - to latest available quarter end**

|           | Quarter | Annualised          |                     |                      |  |
|-----------|---------|---------------------|---------------------|----------------------|--|
|           | 3 2024  | 3 Years to 30/09/24 | 5 Years to 30/09/24 | 10 Years to 30/09/24 |  |
| Fund      | 1.5%    | -1.8%               | -1.7%               | 3.2%                 |  |
| Benchmark | 1.4%    | -4.3%               | -3.8%               | 1.7%                 |  |

**Prudential Risk Rating**

**Medium Risk**

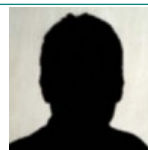
These funds may invest in multi-asset strategies with a higher weighting in equities (or with significant derivative use), while funds investing mainly in property, high yield or government bonds (such as UK Gilts) are also in this category.

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.

You should also consider discussing your decision and the appropriateness of a fund's risk rating with an adviser.

**Fund Managers**



Name: David Lloyd  
 Manager of the underlying fund for: 15 years, 9 months

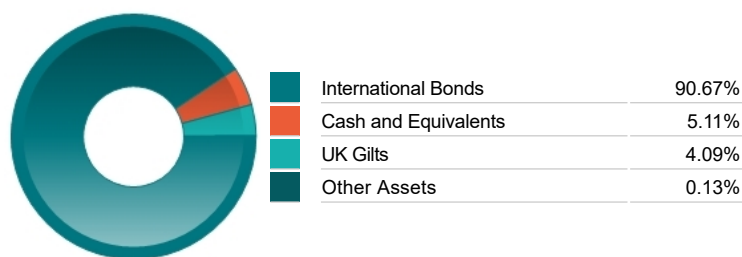
**Important Information**

- 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 investment can go down as well as up so you might get back less than you put in.
- This factsheet is intended for the trustees, sponsors, advisers and members 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. If you are not familiar with any of the investment terminology included, then please contact an adviser. Investors should refer to their 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 information or make any warranties regarding results from its usage.

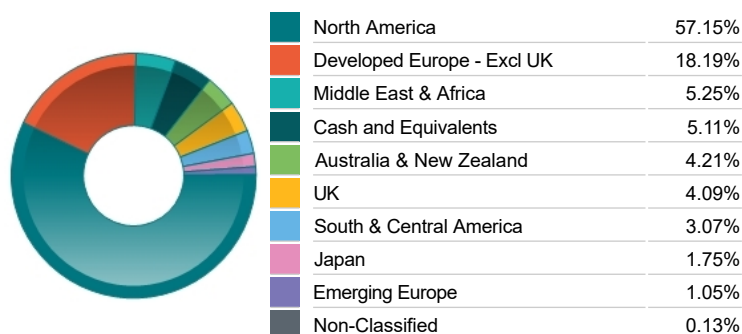
Top 10 Holdings

| Name  | % Weight | Sector | Country              |
|---|----------|--------|----------------------|
| 1 TREASURY NOTE                               | 13.22%   | Bonds  | United States        |
| 2 TREASURY NOTE                               | 11.34%   | Bonds  | United States        |
| 3 TREASURY (CPI) NOTE                         | 9.78%    | Bonds  | United States        |
| 4 TREASURY NOTE (OLD)                         | 6.26%    | Bonds  | United States        |
| 5 NORWAY (KINGDOM OF)                         | 5.33%    | Bonds  | Norway               |
| 6 UNITED ARAB EMIRATES (GOVERNMENT O MTN RegS | 5.25%    | Bonds  | United Arab Emirates |
| 7 TREASURY (CPI) NOTE                         | 4.86%    | Bonds  | United States        |
| 8 ITALY (REPUBLIC OF) MTN RegS                | 4.68%    | Bonds  | Italy                |
| 9 INTERNATIONAL BANK FOR RECONSTRUCT MTN      | 4.38%    | Bonds  | United States        |
| 10 GERMANY (FEDERAL REPUBLIC OF) RegS         | 4.03%    | Bonds  | Germany              |

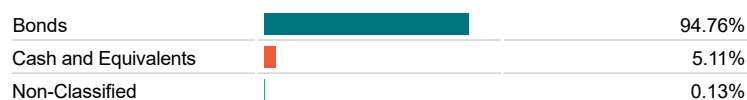
Asset Allocation



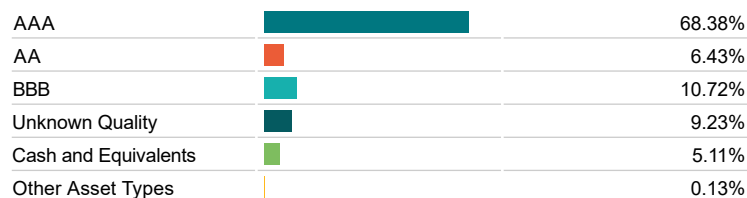
Regional Allocation



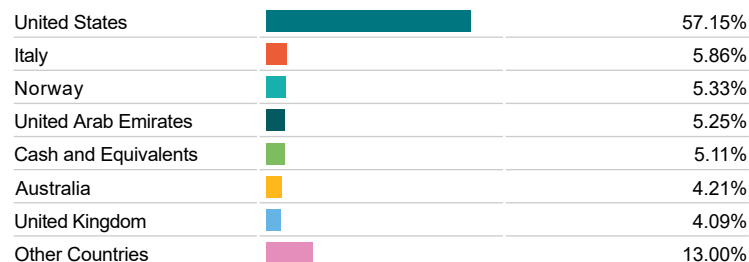
Bond Sector Breakdown



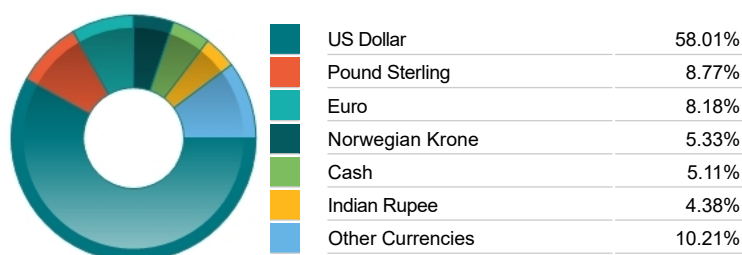
Fixed Interest Quality Profile



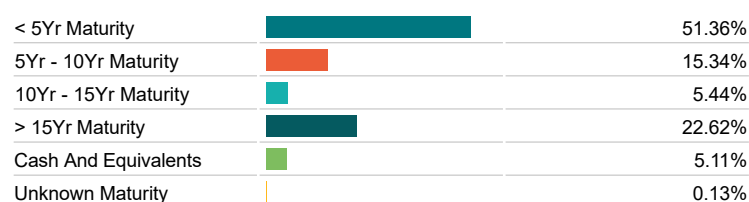
Top Country Breakdown



Fixed Interest Currencies



Fixed Interest Maturity Profile



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## Commentary

Performance as at Q2 2024 - The developed market central banks European Central Bank (ECB), Bank of China (BoC), Riksbank, and Swiss National Bank (SNB) commence their respective rate cutting journeys, with the Bank of England (BoE) expected to join in August as headline Consumer Price Index (CPI) returned to its target of 2.0% Year-on-year (YoY) in May. This positions the Fed as one of the last to embark on the 'easing train', with rate cutting pace across the board expected to be gradual as inflation remains ahead of central banks' targets in most regions (except for Switzerland, which has seen two rate cuts so far). In particular, US CPI in May showed the lowest monthly core CPI reading since August 2021 at 3.4% YoY, with core PCE (the Fed's preferred inflation gauge) increasing 0.08% MoM in May to 2.6% YoY, the softest reading since November 2020. These figures helped cement expectations that rate cuts were still on the horizon from the Federal Reserve, but suggest that more evidence of disinflation will be needed to gain confidence that inflation is moving back to the 2% target. Despite the lowering of policy rates in Europe, the fallout from the European parliamentary elections and subsequent announcement of snap French legislative elections saw European sovereign yields rise, with the Franco-German 10-year spread widening by +29bps to 80bps in Q2 - the biggest quarterly widening since Q4 2011, when the Euro sovereign crisis was ongoing. In the Investment Grade (IG) market, spreads finally widened in June after tightening for most of the year, with the sell-off being attributed to several factors, including the weaker economic data and political risks in France. Despite the widening spreads, total returns have remained generally positive, driven by the duration component as yields fell. EUR IG generated a total return of 0.7% over the month, with USD and GBP up at 0.6% and 0.8% respectively. The EUR IG index offers a spread of 118 basis points, +11bps wider versus end of May. June was also a positive month for high yield markets, with carry and tighter rates driving returns. Global HY index delivered 0.91% thanks to the rally in government bond yields that followed the news of softer US inflation and the first rate cut from the ECB. However, French election uncertainty weighed on spread performance and Euro HY markets lagged (0.54%) their US (0.97%) counterparts. Credit markets continue to perform strongly, with spreads approaching historically tight levels. However, the snap French legislative elections act as a reminder of how sensitively markets react to unexpected events at these spread levels. The potential for future unforeseen events – financial or geopolitical – remains which could spark future bond market volatility or even a sharp turn in monetary policy. There are more elections to come across the globe in the second half of 2024 and this may be the first time that many company executives have faced a period of high financing costs. The Fund Manager believes that a patient and highly selective approach to fixed income investment is the best strategy to take advantage of opportunities in today's market. The Fund was very marginally up vs the benchmark over the quarter during a falling market. The fund's underperformance year to date can largely be attributed to continued weakness in the Japanese Yen and strength in Chinese Government bonds of which the Fund is long and short respectively. The Japanese currency has become very cheap on a historical basis, however there are some major structural issues plaguing the Japanese economy. If interest rates continued to diverge the Yen will be under considerable pressure and potentially force the Bank of Japan's (BoJ) hand to hike interest rates and cease with quantitative easing. The manager has increased interest rate exposure as yields have moved higher by buying UK, Japan long end and selling versus New Zealand on a Relative value basis.

Source: M&G

## Important Information

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