# 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 |
| Sector | ABI Global Fixed Interest |

## Identification Codes

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

## Fund Overview

| | |
|---|---|
| Daily price (15/08/2022) | 295.60 |
| Fund size (30/06/2022) | £3.11m |
| Underlying Fund size | £0.00m |
| Number of holdings | 34 |
| 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

| | 30/06/17 to 30/06/18 | 30/06/18 to 30/06/19 | 30/06/19 to 30/06/20 | 30/06/20 to 30/06/21 | 30/06/21 to 30/06/22 |
|---|---|---|---|---|---|
| Fund | 0.4% | 9.4% | 8.6% | -8.8% | 0.5% |
| Benchmark | 0.1% | 9.6% | 6.7% | -10.0% | -4.6% |

## Performance - to latest available quarter end

| | Quarter | Annualised | | |
|---|---|---|---|---|
| | 2 2022 | 3 Years to 30/06/22 | 5 Years to 30/06/22 | 10 Years to 30/06/22 |
| Fund | 1.3% | -0.1% | 1.8% | 2.7% |
| Benchmark | -1.0% | -2.9% | 0.1% | 1.8% |

## Prudential Risk Rating

**Medium Risk**

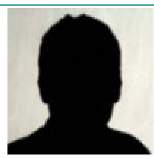
These funds may invest in multi-asset strategies with a higher weighting in equities (or with significant derivative use), while funds investing mainly in property, high yield or government bonds (such as UK Gilts) are also in this category.

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: | 13 years, 7 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.

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Pru
part of M&G plc

Portfolio data accurate as at: **30/06/22**

## Top 10 Holdings

| Name | % Weight | Sector | Country |
|---|---|---|---|
| 1 JAPAN (GOVERNMENT OF) 10YR #26 | 13.90% | Bonds | Japan |
| 2 JAPAN (GOVERNMENT OF) 10YR #24 | 11.02% | Bonds | Japan |
| 3 TREASURY NOTE | 8.98% | Non-Classified | Non-Classified |
| 4 TREASURY NOTE | 7.04% | Bonds | United States |
| 5 EUR/NOK | 6.72% | Non-Classified | Non-Classified |
| 6 NORWAY (KINGDOM OF) | 6.48% | Bonds | Norway |
| 7 TREASURY NOTE | 6.35% | Bonds | United States |
| 8 CANADA (GOVERNMENT OF) | 6.31% | Bonds | Canada |
| 9 USD/SEK | 4.82% | Non-Classified | Non-Classified |
| 10 KFW MTN RegS | 4.64% | Bonds | Germany |

## Asset Allocation

| | |
|---|---|
| International Bonds | 77.91% |
| Cash and Equivalents | 11.62% |
| Other Assets | 10.47% |

## Bond Sector Breakdown

| | |
|---|---|
| Bonds | 77.91% |
| Cash and Equivalents | 11.62% |
| Non-Classified | 10.47% |

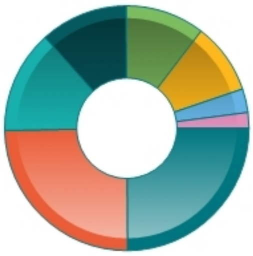
## Fixed Interest Quality Profile

| | |
|---|---|
| AAA | 41.57% |
| A | 14.15% |
| BBB | 2.06% |
| Unknown Quality | 20.13% |
| Cash and Equivalents | 11.62% |
| Other Asset Types | 10.47% |

## Fixed Interest Currencies

| | |
|---|---|
| Yen | 24.93% |
| US Dollar | 18.46% |
| Cash | 11.62% |
| Non-Fixed Interest Assets | 10.47% |
| Norwegian Krone | 6.48% |
| Canadian Dollar | 6.31% |
| Other Currencies | 21.73% |

## Regional Allocation



| | |
|---|---|
| Japan | 24.93% |
| North America | 24.78% |
| Developed Europe - Excl UK | 13.62% |
| Cash and Equivalents | 11.62% |
| Non-Classified | 10.47% |
| Australia & New Zealand | 9.41% |
| Emerging Europe | 3.13% |
| South & Central America | 2.06% |

## Top Country Breakdown

| | |
|---|---|
| Japan | 24.93% |
| United States | 18.46% |
| Cash and Equivalents | 11.62% |
| Non-Classified | 10.47% |
| Norway | 6.48% |
| Canada | 6.31% |
| New Zealand | 5.68% |
| Other Countries | 16.05% |

## Fixed Interest Maturity Profile

| | |
|---|---|
| < 5Yr Maturity | 22.26% |
| 5Yr - 10Yr Maturity | 45.94% |
| 10Yr - 15Yr Maturity | 2.06% |
| > 15Yr Maturity | 7.65% |
| Cash And Equivalents | 11.62% |
| Unknown Maturity | 10.47% |

## Important Information

## Commentary

Performance as at Q1 2022 - The first quarter was dominated by sharply higher inflation in the developed economies, and since February by the Russian invasion of Ukraine. Whilst the news coming out of the Ukraine is deeply concerning, and has caused the largest humanitarian crisis since the second world war, the economic impact of the crisis will be equally significant given both Russia and Ukraine are embedded in the global economy. The effects are already being felt, with significant commodity and energy price rises during the quarter, and through further supply chain disruption and sanctions, all of which have fuelled existing supply side inflationary pressures, resulting in US CPI inflation at a 40 year high of 7.9%, and Eurozone inflation at 5.9%, the highest since the start of the single currency.

Against this backdrop, government bonds and risk assets such as equities and corporate bonds, have all performed poorly during the quarter, with only commodity prices and related assets delivering positive returns. The inflationary environment prompted official rate increases by the US Federal Reserve and Bank of England during the quarter, and the ECB announcing rates will rise this year, contrary to their prior 'no change' guidance. Significant uncertainty and volatility remains around the likely path and magnitude of the tightening cycle, with even Federal Reserve Board members future expectations for 2022 and 2023 having very significant divergence, reflecting both the desire to curtail inflation and to support growth. Recession risks remain high, and are reflected by the inverted US Treasury yield curve.

Market expectations of future official rate increases changed substantially during the quarter, both in the magnitude and timing of the expected rate rises, with multiple increases now anticipated across major markets throughout the course of this year, alongside a faster run-down of asset purchase programmes.

A combination of the conflict, inflation and higher official rates drove government bond yields higher over the quarter, with US 10 year Treasury yields higher by 0.8%, and UK and Eurozone 10 year yields higher by 0.6%.

Credit spreads, already weakening early in the quarter, were further impacted by the Russian invasion and moved wider; however the wholesale capitulation of risk evident at the start of the Covid crisis was not in evidence. Credit spreads widened to 2018 levels, before buyers emerged, prompting risk premia to retrace a significant proportion of the sell-off by quarter end, and in a few instances individual bonds traded back to levels seen before the Ukraine crisis began.

Despite this, broad investment grade and high yield credit spreads still ended the quarter wider. Taken together, the impact of rising bond yields and credit spreads across the maturity spectrum saw most government and credit indices fall in value by between -4% and -8% during the quarter, with longer duration markets like the UK among the worst performers.

Source: M&G

## Important Information