

PAC Euro With-Profits Fund

This document is for use by individuals who are familiar with investment terminology. If there is product information included that you would like to discuss, then please contact your financial Adviser.

Prudential International Investment Bond and International Prudence Bond are issued by Prudential International Assurance plc based in Dublin. They offer investment in a range of unit-linked funds, including funds which are reinsured into the Long-Term Fund of The Prudential Assurance Company Ltd (PAC). PAC is rated A+* by Standard & Poor's.

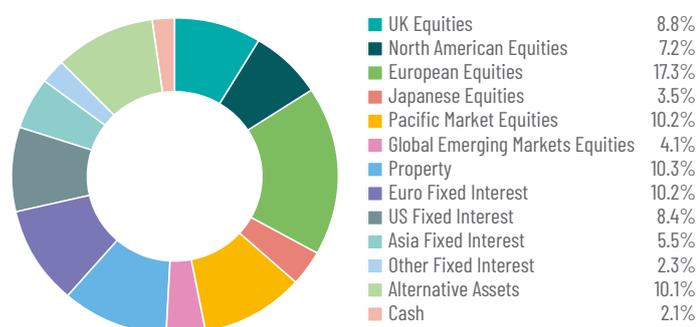
Access to this fund is no longer available to new customers investing in Prudential International Investment Bond (PIIB) or International Prudence Bond (IPB) on or after 11/09/2017. If you are an existing customer pre 11/09/2017, you will still be able to top up or switch into this fund.

* Source: S&P as at April 2021

Fund objective

The Fund aims to maximise growth over the medium to long term while helping to smooth the peaks and troughs of investment performance.

Asset allocation



This is the asset allocation for the fund as at 31 December 2021. Asset allocations are regularly reviewed and may vary from time to time, but will always be consistent with the fund objective.

Fund performance

Performance of the PAC Euro With-Profits Fund*

31/12/16-31/12/17	31/12/17-31/12/18	31/12/18-31/12/19	31/12/19-31/12/20	31/12/20-31/12/21
6.9%	-3.2%	15.6%	1.9%	13.6%

We can't predict the future. Past performance isn't a guide to future performance.

The value of your investment can go down as well as up so you might get back less than you put in. For investments in the PAC With-Profits Range of Funds, the value of the policy depends on the profits made by the long term fund of The Prudential Assurance Company Limited and how these profits are distributed.

Because of changes in exchange rates the value of your investment, as well as the money you take from it, can go down as well as up.

Fund investments

The Fund currently invests in European and international equities, property, fixed interest securities, index-linked securities and other specialist investments.

Top ten holdings

*1	HARBOURVEST GLOBAL PRIVATE EQUITY	2.54%
2	HG CAPITAL TRUST PLC	1.05%
*3	BBGI GLOBAL INFRASTRUCTURE SA	0.58%
*4	SDCL ENERGY EFFICIENCY INCOME TRUST	0.56%
5	IS HARES MSC I INDIA UCITS ETF USD A	0.46%
*6	NEXTENERGY SOLAR LTD	0.42%
7	RENEWABLES INFRASTRUCTURE GROUP LT	0.38%
*8	ECOFIN U.S RENEWABLES INFRASTRUCT	0.09%
9	ROUND HILL MUSIC ROYALTY FUND LTD	0.07%
10	NB DISTRESSED DEBT INVESTMENT FD L	0.07%

*Listed other investment asset vehicle

Source: M&G as at 31 December 2021

* Source: Prudential – total return, gross of charges basis with gross income being reinvested. Please note fund performance before 25 July 2005 is based on returns from the PIA Euro With-Profits Sub-Fund. Fund performance from 25 July 2005 onwards is based on the PAC Euro With-Profits Fund. The pool of assets underlying each of these sub-funds and the charges applied, are the same.

The commentary in this report reflects the general views of the fund manager and should not be taken as a recommendation or advice as to how any market is likely to perform.

Fund commentary as at end Quarter 4 2021

Short term outlook: Both the US and the euro area have reached their pre-pandemic level GDP, while the UK is still 1.5% below its pre-pandemic level. Recent economic data point to slower but steady growth, having decelerated from the re-opening peaks. However, there is uncertainty over the underlying cause of the slowdown and how much growth will slow. This is due to the presence of supply chain disruptions, energy price rises, Chinese property developer troubles and lingering worries over new Covid variants. Each of these presents potential to slow growth but are unlikely to cause a full collapse. Balancing this uncertain outlook for growth with higher inflation, several central banks have floated the idea of raising interest rates. In December, the Bank of England became the first major central bank to raise its base rate.

Inflation: Developed market inflation rates stayed elevated in the November round of readings. The breakdown of drivers shows a significant contribution from soaring energy prices but core measures of inflation are also above target in the UK, US and euro area. Some of the core components of inflation such as housing have started to contribute meaningfully to the headline inflation figure. We continue to expect that structural factors will keep inflation anchored in the medium-term but current elevated levels raise the upside risk that second round effects will keep inflation at sustainably elevated levels.

Monetary Policy: After surprising the market by leaving policy rates unchanged in November's MPC meeting, the Bank of England finally began its tightening cycle after raising rate by 15bps to 0.25% in December. The Bank has however acknowledged the downside risk from Omicron and have revised down their expectations for the level of UK GDP in Q4 2021 from 1.0% to 0.6% since the November Report. Minutes from December FOMC indicates that the Federal Reserve will initiate Quantitative Tapering (i.e., normalising the balance sheet) shortly after the first rate hike, with the pace of normalisation likely faster than the last cycle. Fed

officials foresee up to 75 basis points rate increase in 2022, with the median projection of first hike in June 2022. The ECB continues to guide that policy rates will remain at current or lower levels until it sees inflation reaching its inflation target durably, such that it stabilises at 2% in the medium term. Compared with the September 2021 projections, the outlook for 2022 HICP inflation has been revised upwards by 1.5 percentage points to 3.2%, before expecting it to stabilise at 1.8% in 2023.

Please note

You may only invest in one fund within the PAC With-Profits Range of Funds. Investments in PAC With-Profits Range of Funds are backed by assets in the With-Profits Fund of The Prudential Assurance Company Ltd through a reinsurance agreement.

The returns shown are the returns on the underlying assets. The actual returns on any policy are smoothed and will depend on the bonuses declared over the period of investment.

If money invested in the PAC With-Profits Range of Funds is taken out at any time, except on death, maturity or to meet certain regular withdrawals, PAC may reduce the amount to reflect the current market value of the underlying assets. This is known as a Market Value Reduction. In addition an Early Cash-In Charge may apply in the first five years of any investment into the bond.

For any fund, there may be a delay in buying, selling or switching of units. These delays will only apply in exceptional circumstances and if this applies to you, we will let you know. For more information, please refer to your Contract Conditions which you can get from your Financial Adviser.

Fund manager	M&G Treasury & Investment Office (T&IO)
Fund size	€1,210m as at 31 December 2021

Full terms and conditions are available on request from Prudential International by calling +44 (0) 808 234 2200.

Calls may be monitored or recorded for quality, training, dispute resolution and/or security purposes.

www.prudential-international.com

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