

# Prudence Inheritance Bond Funds

## Top five holdings of the Prudence Inheritance Capital Fund

### Equity

BP PLC	1.6%
BRITISH AMERICAN TOBACCO PLC	0.2%
GLAXOSMITHKLINE PLC	0.2%
ASTRAZENECA PLC	0.1%
RIO TINTO PLC	0.1%
<b>Total</b>	<b>2.2%</b>

Source: Prudential as at 31 August 2020

### Fixed Interest

BAT INTERNATIONAL FINANCE	1.2%
KFW MTN	1.0%
LLOYDS TSB BANK PLC	0.9%
UK CONV GILT	0.8%
UK CONV GILT	0.8%
<b>Total</b>	<b>4.7%</b>

Source: Prudential as at 31 August 2020

## Investment strategy

The investment strategy of the fund is to provide income with the potential for capital growth by investing in UK Equities and Corporate Bonds.	
Fund size:	£162 million (as at 31 August 2020)
Launch date:	2 January 1997

## Fund manager commentary – as at August 2020

August was another good month for multi asset portfolios with most asset classes generating strong returns.

The main UK indices posted positive returns (FTSE All Share +1.8%) and UK house prices rose +2.0%, the largest monthly increase since 2004, suggesting the stamp duty holiday is delivering a boost to the housing market. Questions remain over how sustainable these gains are.

Despite a sell-off at month end caused by Prime Minister Shinzo Abe's health concerns, Japanese equities

had a strong month. The S&P 500 boasted its steepest percentage gain in more than 30 years (+7.0%), led by Tech, with the NASDAQ rising +9.6%. While the US stock market has continued full steam ahead, the real economy faces significant challenges with increased calls from Fed officials for further stimulus measures.

Staying in the US, the presidential campaign started and the Federal Reserve Chair, Jay Powell announced the central bank's intended shift to an 'average inflation target' of 2%. However, this figure has rarely been

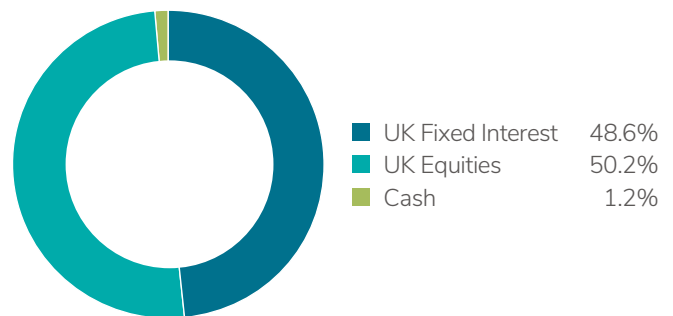
consistently achieved since being introduced in 2012, hence there was very little reaction from markets.

The ongoing support from central banks continues to favour credit markets, benefitting the portfolios in the months since the peak of the crisis.

This commentary reflects the general views of individual fund managers and should not be taken as a recommendation or advice as to how any specific market is likely to perform.

**Contact Your Prudential Account Manager or log on to [pruadviser.co.uk](http://pruadviser.co.uk)**

## Asset allocation of the Prudence Inheritance Capital Fund



Please note figures may not add up to 100% due to rounding.

## How the funds work

### Prudence Inheritance Income Fund

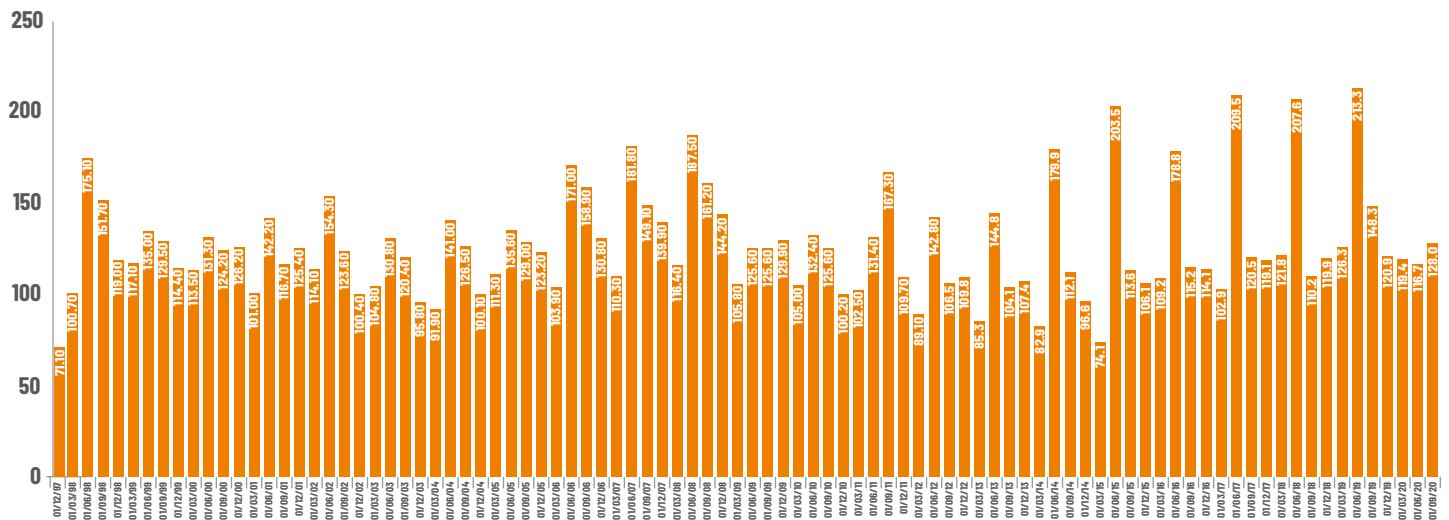
- As the underlying holdings within the Prudence Inheritance Capital Fund pay their dividend and interest payments, these are accumulated within the Prudence Inheritance Income Fund, with the total being fully paid out at the end of each quarter.
- Different levels of income are received in different quarters, depending on the pattern of dividends and interest payments received from the underlying stocks and bonds within the fund.
- The quarterly distribution can be taken as cash, or alternatively redirected into our range of investment funds.

The Prudence Inheritance Capital Fund Values on the next page demonstrates the performance of the capital value after these distributions have been paid.

## Prudence Inheritance Income Fund values

Bid price of the Prudence Inheritance Income Fund at the end of each Quarter (the value of the Prudence Inheritance Income Fund is paid out in full – payments subsequently received begin to build the value again).

### Bid Price



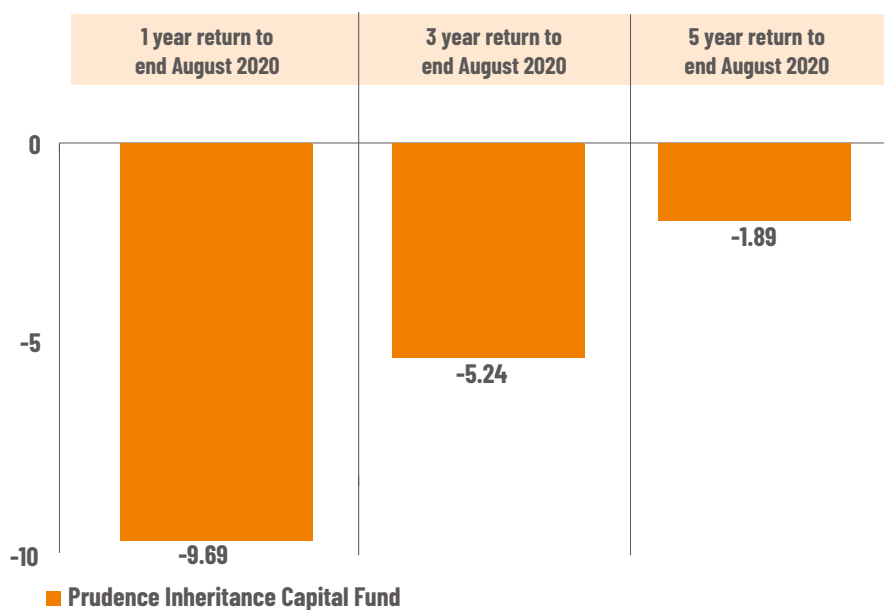
## How the funds work

### Prudence Inheritance Capital Fund

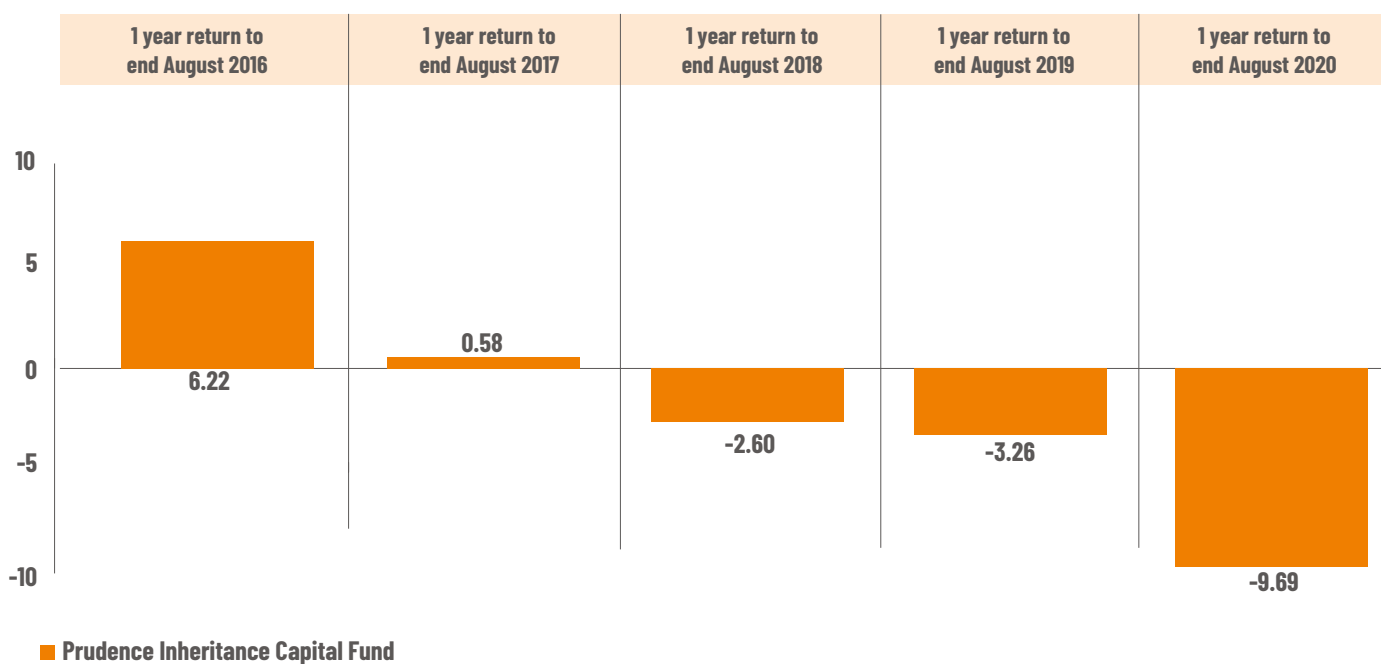
- The equities, cash and fixed interest holdings are held in the Prudence Inheritance Capital Fund.
- These holdings can either rise or fall in value.
- Any income (dividend payments, interest etc) achieved by the holdings in the Prudence Inheritance Capital Fund are paid into the Income Fund.

## Prudence Inheritance Capital Fund values

### Fund performance



## Year by year performance



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

The rate of growth of funds cannot be guaranteed. These performance figures are produced from Financial Express Analytics on a bid to bid, net basis, capital return only, they are net of Annual Management Charge and any applicable UT/OEIC expense.

## Actual values

The following figures assume a £100,000 investment on 2 January 1997 and demonstrate Total Income payments and the ongoing Capital value.

### Annual values from the first distribution after launch

Date	Capital Value £	Total Income Payments £
01/03/97	102,663.61	578.46
01/03/98	116,291.82	5,569.97
01/03/99	115,621.14	11,058.85
01/03/00	112,940.91	15,812.87
01/03/01	113,426.06	20,434.62
01/03/02	107,483.40	25,165.49
01/03/03	91,874.94	29,731.72
01/03/04	100,940.93	33,881.05
01/03/05	106,548.76	38,477.54
01/03/06	112,997.77	43,126.02
01/03/07	113,278.16	48,524.21
01/03/08	103,651.38	54,075.56
01/03/09	83,463.20	59,735.61
01/03/10	99,445.51	64,331.14
01/03/11	106,455.30	68,686.56
01/03/12	112,343.52	73,389.88
01/03/13	118,418.67	77,591.20
01/03/14	122,437.61	81,743.36
01/03/15	126,643.49	86,117.68
01/03/16	120,381.41	91,150.94
01/03/17	128,793.15	95,981.89
01/03/18	125,054.60	101,379.13
01/03/19	120,287.95	106,711.13
01/03/20	118,044.81	112,401.44

### The four most recent quarterly values

01/12/19	123,465.72	111,272.64
01/03/20	118,044.81	112,401.44
01/06/20	111,221.95	113,504.71
01/09/20	110,287.32	114,714.81

In this example the amount allocated to investment (through capital units) is 100.5% of the total premium. Details of charges can be found in the key features document.

Full terms and conditions are available on request from Prudential.

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