

# PRULink Euro Equity Fund

All data is as of 31 December 2020 unless otherwise stated

Features of Fund	
Investment Objective	<p><b>PRULink Euro Equity Fund</b> (“The Fund”) aims to provide capital growth over the medium to longer term. The Fund aims to provide exposure to a diversified portfolio consisting primarily of equities or equity related securities in the European Economic and Monetary Union.</p> <p>At inception, The Fund will invest into Schroder International Selection Fund – Euro Equity (A Accumulation Share Class, SGD Hedged), which is the ‘Target Fund’.</p> <p>The Fund may also invest in any other funds with similar objective that may be available in the future.</p>
Investment Strategy & Approach	<p><b>Investment Strategy</b> The Fund will invest in a collective investment scheme which provides exposure to a diversified portfolio consisting primarily in equities or equity related securities in the European Economic and Monetary Union.</p> <p><b>Investment Approach</b> The Target Fund will invest primarily in equities or equity related securities in European. At least 75% of the Target Fund will be invested in shares of companies that are incorporated in the European Economic Area. Also, at least two-thirds of the Target Fund (excluding cash) will also be invested in shares of companies in countries whose currency is the Euro. The Target Fund has no bias to any particular industry or size of company.</p> <p>The Target Fund may also invest in other financial instruments and hold cash on deposit. Financial derivative instruments may be used to achieve the investment objective and to reduce risk or manage Target Fund more efficiently.</p> <p>The net asset value of the Target Fund is likely to have high volatility due to its investment policies or portfolio management techniques.</p>
Asset Allocation	<p>The Fund invests a minimum of 95% of The Fund’s NAV in the Target Fund(s) determined by The Fund Manager. The Fund will also invest a maximum of 5% of The Fund’s NAV in liquid assets.</p>
Performance Benchmark	<p>MSCI European Monetary Union Net TR</p> <p><i>For more information on benchmark kindly refer to <a href="http://www.msci.com">www.msci.com</a></i></p>
Fund Manager	<p>Prudential Assurance Malaysia Berhad (107655-U)</p>

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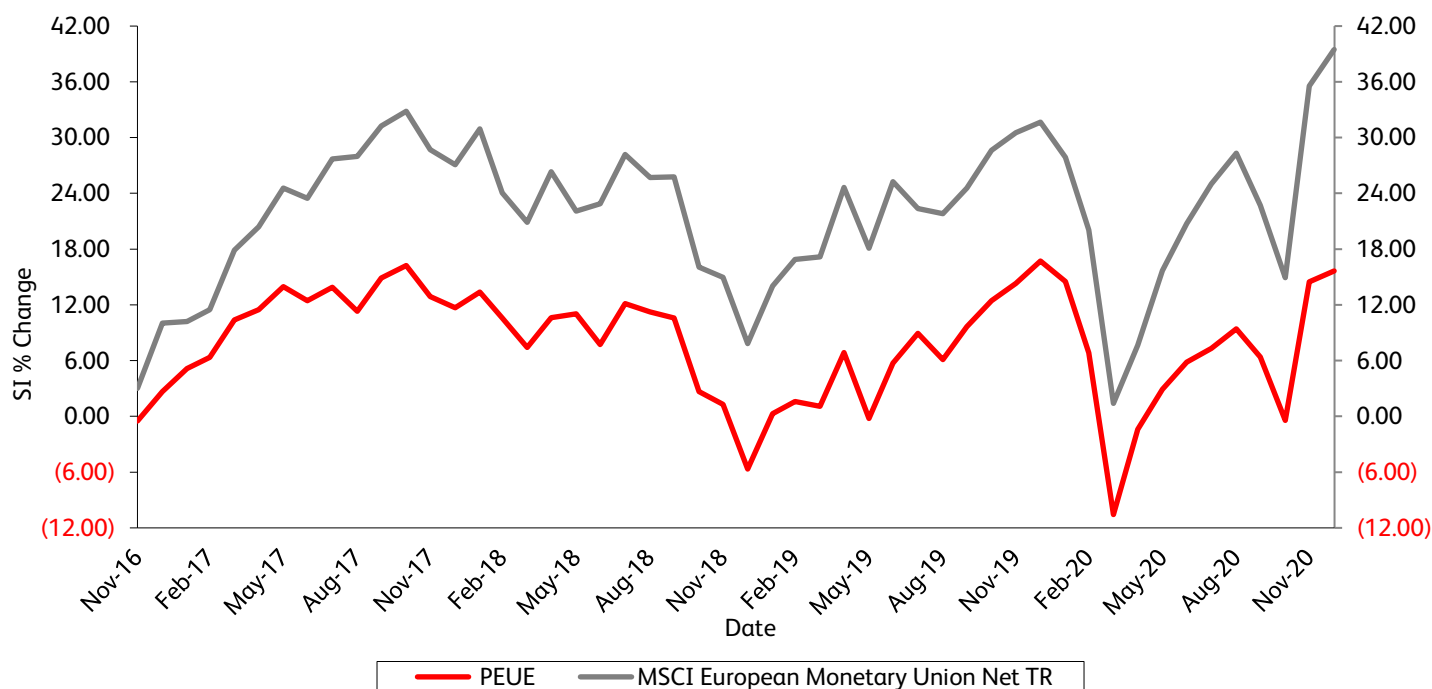
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## Fees & Charges

Fund Management Charge	1.50% p.a.
Other Charge, if any	Nil

## Fund Performance

PRULink Euro Equity Fund Vs. MSCI European Monetary Union Net TR



Notice: The graphs are included for illustrative purposes only. Past performance of The Fund is not an indication of its future performance.

Year	Actual Performance PRULink Euro Equity Fund	Benchmark MSCI European Monetary Union Net TR
2016	2.66% *	10.04% *
2017	8.79%	15.48%
2018	-15.54%	-15.13%
2019	23.73%	22.08%
2020	-0.91%	5.93%

\*Fund Performance is from fund launch date until year end of the same year (non-annualised return).

Sources: Lipper IM and Bloomberg, 31 December 2020

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### Additional disclosure for PRULink Euro Equity Fund

PRULink Euro Equity Fund feeds into Schroder International Selection Fund – Euro Equity (A Accumulation Share Class, SGD Hedged), which is managed by Schroder Investment Management (Luxembourg) S.A.

Management fees may be charged at The Fund and/or Target Fund(s) level. Please note that you will be charged a maximum of 1.50% p.a., being the combined annual fund management charge at The Fund and Target Fund(s) levels. Target Fund(s) with investment strategies to invest in Exchange Traded Funds (“ETF”) or other Collective Investment Schemes may incur additional expenses at the Target Fund(s) level which is taken as part of the investment strategy considerations to deliver The Fund performance.

The performance of the Target Fund, Schroder International Selection Fund – Euro Equity (A Accumulation Share Class, SGD Hedged) as at 31 December 2020 is as follows:

Year	2020	2019	2018	2017	2016	2015
Net Performance	-1.10%	26.27%	-16.10%	17.10%	2.80%	15.10%*

\*Fund Performance is from fund launch date until year end of the same year (non-annualised return).

Note: The above return is for Target Fund A Accumulation Share Class, and currency is SGD

Source: Bloomberg, 31 December 2020

Notice: Past performance is not an indication of its future performance. This is strictly the performance of the investment/underlying funds, and not the returns earned on the actual premiums paid of the investment-linked insurance product.

Basis of calculation of past performance:

$$= \left( \frac{\text{Net Asset Value for Year } n}{\text{Net Asset Value for Year } n - 1} - 1 \right) \%$$

## Investment Risks

The Fund is subjected to investment risks including the possible loss of the principal amount invested. The value of the units may fall as well as rise. In addition, The Fund is subjected to specific risk including and not limiting to:

### General Risks when Investing in The Fund

#### Market Risk in Europe

The value of investments by The Fund may go up and down due to changing economic, political or market conditions, or due to an issuer’s individual situation.

#### Risk of Non-Compliance

This risk arises from non-compliance with laws, rules and regulations, prescribed practices and the management company’s internal policies and procedures, for example, due to oversight by the management company. Such non-compliance may force the management company to sell down the securities of The Fund at a loss to rectify the non-compliance and in turn affect the value of investors’ investment in The Fund. To mitigate this risk, The Fund Manager has put in place internal controls to ensure its continuous compliance with laws, rules and regulations, prescribed practices and The Fund Manager’s internal policies and procedures.

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## **Inflation Risk**

This risk refers to the likelihood that an investor's investments does not keep pace with inflation, thus resulting in the investor's decreasing purchasing power even though the investment in monetary terms may have increased.

## **Currency Risk**

The Fund is denominated in MYR, while the Target Fund(s) may be denominated in other currencies. The performance of The Fund may be affected by movements in the exchange rate between the MYR and the Target Fund(s)'s denominated currency. Where applicable, a currency hedge or a currency hedged class of fund may be used to minimise currency risk.

## **Derivatives Risk**

Derivatives may potentially be used to hedge against any risk that may be derived from investing in the Target Fund(s), such as, but not limited to, currency risk.

## **Fund Management of the Target Fund Risk**

While The Fund Manager will exercise due skill and care in selecting the Target Fund, it does not have control over the management of the Target Fund and there is no guarantee that the investment objective of The Fund will be met. This may affect the value of the policyholders' investments in The Fund.

The Target Fund may change its objective and become inconsistent with the objective of The Fund. In such instances, The Fund Manager will replace the Target Fund with another collective investment scheme which The Fund Manager considers to be more appropriate in meeting the objective of The Fund

## **Specific Risks when Investing in the Target Fund**

### **Counter Party Risk**

The counter party to a derivative or other contractual agreement or synthetic financial product could become unable to honour its commitments to the Target Fund, potentially creating a partial or total loss for the Target Fund.

### **Liquidity Risk**

This risk arises because there is no secondary market for Target Fund. All redemption requests should be made to the distributor of Target Fund through whom shares were originally purchased. The liquidity of Target Fund may be limited if a significant portion of the assets of Target Fund is to be sold to meet redemption requests on a short time frame. During this period, the portfolio allocation may be modified to prioritise liquidity. In difficult market conditions, Target Fund may not be able to sell a security for full value or at all. This could affect performance and could cause Target Fund to defer or suspend redemptions of its Shares.

### **Currency Risk**

The Target Fund(s) or its Sub-Fund(s)'s underlying investments may be denominated in their local currency, which may differ from the Target Fund(s) or its Sub-Fund(s)'s currency of denomination. The performance of the Target Fund(s) or its Sub-Fund(s) may be affected by movements in the exchange rate between the local currency of its underlying investments and the Target Fund(s) or its Sub-Fund(s)'s denominated currency.

### **Derivatives Risk**

The Target Fund Manager(s) or its Sub-Fund Manager(s) may invest in derivatives which will be subject to risks. While the judicious use of derivatives by professional investment managers can be beneficial, derivatives involve risks different from, and, in some cases, greater than, the risks presented by more traditional securities investments. Some of the risks associated with derivatives are market risk, management risk, credit risk, liquidity risk and leverage risk. Investments in derivatives may require the deposit or initial margin and additional margin on short notice if the market moves against the investment positions. If no provision is made for the required margin within the prescribed time, the

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investment may be liquidated at a loss. Therefore, it is essential that such investments in derivatives are monitored closely.

The Target Fund Manager(s) or its Sub-Fund Manager(s) has the necessary controls for investments in derivatives and have in place systems to monitor the derivative positions for the Target Fund(s) or its Sub-Fund(s). The Target Fund Manager(s) or its Sub-Fund Manager(s) does not intend to use derivatives transactions for speculation or leverage but may use them for efficient portfolio management and/or risk management. Currency risk is simply one of the market risks which The Fund will be exposed to and can be hedged using derivatives such as FX forwards/futures. Often the underlying currency risk may be taken on as a result of buying an underlying equity or bond. If the Target Fund Manager(s) or its Sub-Fund Manager(s) does not want to also take the currency risk associated with these underlying assets, the Target Fund(s) or its Sub-Fund(s) may use Forward Foreign Exchange contracts to hedge any currency risk derived from holdings of non-base currency positions. Essentially this use of currency forwards is to hedge currency risk in the Target Fund(s) or its Sub-Fund(s).

## Equity Risk

Equity prices fluctuate daily, based on many factors including general, economic, industry or company news.

## Leverage Risk

Target Fund uses derivatives for leverage, which makes it more sensitive to certain market or interest rate movements and may cause above-average volatility and risk of loss.

## Operational Risk

Failures at service providers could lead to disruptions of fund operations or losses.

*The above should not be considered to be an exhaustive list of the risks which potential policyholders should consider before investing in The Fund. Potential policyholders should be aware that an investment in The Fund may be exposed to other risks of exceptional nature from time to time.*

## Risk Management

Monitoring processes are in place to assess performance of the Target Fund and its adherence to the objectives of The Fund. If the Target Fund changes its objectives and/or becomes misaligned to the objectives of The Fund; or if performance of the Target Fund is consistently poor, The Fund Manager will replace the Target Fund with another collective investment scheme of similar objective.

### Target Fund:

Schroders uses several risk management tools to measure trade and monitor investment risks

#### 1. Portfolio Investment Restrictions Checking Systems

Charles River Investment Management system, an external system, is widely used throughout Schroders investment centres. Its integrated compliance module produces automatic warnings and alerts, before orders are executed and post-trade, when the batch report is run, for orders and positions that are not compliant with the restrictions previously coded.

#### 2. Portfolio Risk Management Systems

Portfolio Risk Investment Strategy Manager (PRISM) is an in-house application which identifies active risk, size, beta, non-index positions and sources of risk by decomposing portfolios into stock specific, sector and characteristic exposures. Risk based PRISM data is sourced from Style Research which is an external system. Details are also provided on a portfolio's exposure to style characteristics. Information about both stock and asset diversification is displayed as

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marginal contribution to tracking error. PRISM also allows fund managers to assess the probable impact of decisions on the total risk profile of a portfolio, thus looking forward at the effect of potential strategies.

Schroders Investment Risk Exceptions (SIREN) produces a monthly report for the Product Manager, highlighting any exposures that fall outside the prescribed portfolio limits. These exceptions are then checked with the relevant fund manager before a rationale is entered into the system against each notification. These rationales and any agreed actions are reviewed at the next Equity Risk Committee.

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## Other Info

- Target Market

Policyholders who:

- Seek capital growth;
- Understand the risks associated with investing in equities; and
- Have moderate to high risk tolerance.

- Basis & Frequency of Unit Valuation

- Unit pricing is done daily.
- The Unit Price of a particular **PRULink** Global Fund on any Valuation Date shall be equal to The Fund Value divided by the number of Units in issue on Valuation Date.
- The Fund Value is the value of all the assets of a particular **PRULink** Global Fund after the deduction of expenses for managing, acquiring, maintaining and valuing the assets of that fund, tax (if any) or other statutory levy incurred by the Company on investment income or capital gains on the assets of The Fund and any accrued or anticipated income.
- The valuation date shall be the date as determined by Prudential from time to time, but not less frequently than once a day, for the purpose of determining unit prices.
- The Company shall value the various **PRULink** Global Funds at the close of each business day (Valuation Date). However, as the value of the **PRULink** Global Funds' investments in various shares, fixed interest securities and money market instruments at the close of a particular Valuation Date will only be known a business day later, the determination by the Company of the Unit Price of a **PRULink** Global Fund in respect of a particular Valuation Date shall only be conducted and made known to the policyholder 2 business days later (T + 2).
- To recoup the cost of acquiring and disposing of assets, a transaction cost adjustment may be made to The Fund Value to recover any amount which The Fund had already paid or reasonably expects to pay for the creation or cancellation of units.

- Exceptional circumstances

- The Company shall not be bound to redeem and convert on any Valuation Day more than 10% of any **PRULink** Global Fund outstanding on such Valuation Day.
- The Company reserves the right in exceptional circumstances (for example, when there is an unusually high volume of sale of investments within a short period) to defer the switching or withdrawal of Units and the surrender of the Policy for a period not exceeding six (6) months from the date of application.
- The Company may suspend unit pricing and policy transaction if any of the exchanges in which The Fund is invested is temporarily suspended for trading. In such event, notice for suspension may be published and may be communicated to the policyholder upon any request for top-up, switching, redemption or withdrawal to/from any such **PRULink** Global Fund.

The list of exceptional circumstances above are not exhaustive, please refer to your policy document for further details.