



Appendix I AVC Investment information

September 2023

Fund Costs Benchmarks and Performance

| Investment Fund Name | Cost % | Benchmark | Performance | | | | | | | | |
|---------------------------------------|--------|--|-------------|-----------|----------|--------|-----------|----------|---------|-----------|----------|
| | | | 3 Year | | | 5 Year | | | 10 Year | | |
| | | | Fund | Benchmark | Relative | Fund | Benchmark | Relative | Fund | Benchmark | Relative |
| Higher Risk | | | | | | | | | | | |
| Prudential UK Equity Index Fund | 0.57 | FTSE All-Share Index | 9.6 | 10.0 | (0.4) | 2.9 | 3.1 | (0.2) | 5.8 | 5.9 | (0.1) |
| Medium to Higher Risk | | | | | | | | | | | |
| Prudential Overseas Equity Index Fund | 0.62 | Mix of FTSE and MSCI Regional Indices | 8.5 | 8.3 | (0.2) | 7.0 | 7.3 | (0.3) | 9.4 | 9.6 | (0.2) |
| Prudential Positive Impact Fund | 0.66 | MSCI ACWI | 8.2 | 10.5 | (2.1) | - | - | - | - | - | - |
| Medium Risk | | | | | | | | | | | |
| Prudential Discretionary Fund | 0.70 | Internal composite benchmark, asset allocation set by the M&G Treasury & Investment Office (T&IO) | 5.3 | 5.4 | (0.1) | 3.2 | 4.2 | (1.0) | 6.6 | 6.7 | (0.1) |
| Prudential Dynamic Growth IV Fund | 0.63 | Internal composite benchmark, asset allocation set by the M&G Treasury & Investment Office (T&IO). | 4.0 | 3.4 | 0.6 | 3.6 | 3.3 | 0.3 | - | - | - |

| | | | | | | | | | | | |
|---|---------------|--|--------|---------------|-----|-------|---------------|-----|-----|---------------|-----|
| Prudential Long-Term Gilt Passive Fund | 0.56 | iBoxx Sterling Gilts (15+) Index | (19.6) | (19.8) | 0.2 | (7.8) | (7.9) | 0.1 | 0.3 | 0.3 | 0.0 |
| Lower to Medium Risk | | | | | | | | | | | |
| Prudential Dynamic Growth I Fund | 0.63 | Internal composite benchmark, asset allocation set by the M&G Treasury & Investment Office (T&IO). | (0.8) | (1.7) | 0.9 | 1.6 | 1.0 | 0.6 | - | - | - |
| Prudential Dynamic Growth II Fund | 0.63 | Internal composite benchmark, asset allocation set by the M&G Treasury & Investment Office (T&IO). | 0.8 | 0.0 | 0.8 | 2.4 | 1.8 | 0.6 | - | - | - |
| Prudential With-Profits Fund (Default option) | Not Disclosed | Competitive long-term real returns | 6.9 | Not Disclosed | - | 4.9 | Not Disclosed | - | 5.7 | Not Disclosed | - |
| Minimal | | | | | | | | | | | |
| Prudential Cash Fund | 0.55 | SONIA 1 Week | 1.2 | 1.1 | 0.1 | 1.0 | 0.8 | 0.2 | 0.7 | 0.6 | 0.1 |

Fund descriptions

Open Funds

| Investment Fund Name | Prudential's risk rating |
|--|--|
| Higher Risk | |
| Prudential UK Equity Index Fund | <p>Objective: The investment strategy of the fund is to purchase units in the M&G PP UK Equity Index Fund – the underlying fund.</p> <p>Underlying fund objective: The fund gains its exposure via the M&G (ACS) BlackRock UK All-Share Equity Fund. The underlying fund aims to be fully invested in the equity securities and equity related securities of companies that are constituents of the FTSE All-Share Index.</p> <p>Within the index-related limits, the Investment Manager uses a structured and systematic, bottom-up stock selection process to build a portfolio with similar risk-return characteristics as the index in order to meet the fund's investment objectives. In addition, the Investment Manager aims to maximise the fund's ESG characteristics by overweighting its investments in securities which score well against the Investment Manager's ESG research framework and underweighting the securities which score less well.</p> <p>Performance objective: The fund aims to provide a total return (i.e. capital growth plus income), gross of the Ongoing Charges Figure, over any three year period.</p> |
| Medium to Higher Risk | |
| Prudential Overseas Equity Index Fund | <p>Objective: The investment strategy of the fund is to purchase units in the M&G PP Overseas Equity Index Fund – the underlying fund.</p> <p>Underlying fund objective: The fund invests, primarily via other M&G funds, in the shares of overseas companies against a benchmark mix, with fixed proportions.</p> <p>The funds follow a structured and systematic, bottom-up stock selection process to build a portfolio with similar risk-return characteristics as their indices in order to meet their investment objectives. In addition, the Sub-Investment Manager aims to maximise the fund's ESG characteristics by overweighting its investments in securities</p> |

which score well against the Sub-Investment Manager’s ESG research framework and underweighting the securities which score less well. Derivative instruments may be used for efficient portfolio management.

Performance objective: To provide a return that is in line with that of the benchmark.

Prudential Positive Impact Fund

Objective: The investment strategy of the fund is to purchase units in the M&G PP Positive Impact fund (the underlying fund).

Underlying fund objective: The Fund has two aims:

- To provide a higher total return (the combination of capital growth and income), net of the Ongoing Charges Figure, than the MSCI ACWI Index over any five-year period; and
- To invest in companies that aim to have a positive societal impact through addressing the world’s major social and environmental challenges. The Fund gains its exposure through the M&G Positive Impact Fund, an M&G OEIC. The Fund is a concentrated portfolio of global stocks, usually holding fewer than 40 stocks, investing over the long term in companies that make a positive social and/or environmental impact alongside a financial return, using a disciplined stock selection process. Sustainability and impact considerations are fundamental in determining the Fund’s investment universe and assessing business models. The Fund embraces the United Nations Sustainable Development Goals framework and invests in companies focused on areas including climate action, pollution reduction, circular economy, health and wellbeing, education and innovation, and working conditions.

The Fund invests in three categories of positive impact companies:

- “Pioneers”, whose products or services have a transformational effect on society or the environment;
- “Enablers”, which provide the tools for others to deliver positive social or environmental impact; and
- “Leaders”, which spearhead the development of sustainability in their industries. Investing in these categories provides diversification across industries and maturity of business models.

Dialogue with the companies in which the Fund invests is fundamental to the investment approach. The objective is to support and influence their contribution to the world’s major social and environmental challenges. The fund manager has discretion to invest in companies with limited exposure to fossil fuels but which are driving or significantly participating in the transition to a more sustainable economy. The Fund may also invest in other transferable securities, cash, and near cash, directly or via collective investment schemes (including funds managed by M&G). Derivatives may be used for Efficient Portfolio Management and hedging.

Medium Risk

Prudential Discretionary Fund

Objective: The investment strategy of the fund is to purchase units in the M&G PP Discretionary Fund - the underlying fund.

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| | <p>Underlying Fund Objective: The fund provides a multi-asset approach to investment, holding a mix of UK and overseas company shares, bonds, property, cash plus listed alternative assets primarily through other M&G funds or direct holdings. It is actively managed against an internal benchmark asset allocation set by the M&G Treasury & Investment Office. It is a “fund of funds” where both active stock selection, within the underlying sector funds, and asset allocation decisions are used to add value. Derivative instruments may be used for efficient portfolio management.</p> <p>Performance Objective: To outperform the internal composite benchmark by 1.15% - 1.40% a year (before charges) on a rolling three year basis</p> |
| Prudential Dynamic Growth IV Fund | <p>The fund aims to deliver long term growth through investing in a diversified range of assets both in the UK and globally. At any time, the fund will invest at least 40% of its assets in equities but not more than 80%. Investments are managed across asset classes and across world markets with a focus on long run investment potential as forecast on a rolling 10 years basis. The fund may invest in a range of permitted assets which include equities, bonds, property and cash accessed directly or indirectly via appropriate fund vehicles. The fund may include other assets as deemed appropriate by both the manager and current regulations.</p> |
| Prudential Long-Term Gilt Passive Fund | <p>Objective: The investment strategy of the fund is to purchase units in the M&G PP Long-Term Gilt Passive Fund - the underlying fund.</p> <p>Underlying Fund Objective: The fund invests in UK Government gilts with over 15 years to maturity. The fund is passively managed against its benchmark, the iBoxx Sterling Gilts (15+) Index. Tracking this index is achieved by fully replicating the stocks in the index.</p> <p>Performance Objective: To match the performance of the benchmark as closely as possible.</p> |
| Lower to Medium Risk | |
| Prudential Dynamic Growth I Fund | <p>The fund aims to deliver long term growth through investing in a diversified range of assets both in the UK and globally. At any time, the fund will invest a maximum of 30% of its assets in equities. Investments are managed across asset classes and across world markets with a focus on long run investment potential as forecast on a rolling 10 years basis. The fund may invest in a range of permitted assets which include equities, bonds, property and cash accessed directly or indirectly via appropriate fund vehicles. The fund may include other assets as deemed appropriate by both the manager and current regulations.</p> |
| Prudential Dynamic Growth II Fund | <p>The fund aims to deliver long term growth through investing in a diversified range of assets both in the UK and globally. At any time, the fund will invest at least 10% of its assets in equities but not more than 40%. Investments are managed across asset classes and across world markets with a focus on long run investment potential as forecast on a rolling 10 years basis. The fund may invest in a range of permitted assets which include equities, bonds, property and cash accessed directly or indirectly via appropriate fund vehicles. The fund may include other assets as deemed appropriate by both the manager and current regulations.</p> |

| | |
|---|--|
| Prudential With-Profits Fund (<i>Default option</i>) | The fund offers the prospect of competitive long-term real returns whilst smoothing the peaks and troughs of day-today market movements. |
| | Investment returns are passed to policyholders through bonuses. The fund is invested in a diversified portfolio of UK and overseas shares, bonds, property and cash. A significant proportion of the fund is invested in shares and property which can be expected to produce attractive long term returns, but the return on these assets can be volatile and so the fund is actively managed to optimise the returns while controlling risk. |
| Minimal Risk | |
| Prudential Cash Fund | The current practice, which we can review at any time, is to set and declare the interest rate on the first of each month, in line with the Bank of England base rate. Any interest is declared monthly and there are no explicit charges. The assets of this fund are part of the With-Profits Fund which is a multi-asset fund. The capital you hold in the Prudential Deposit Fund will not decrease. |

Closed Funds

| Investment Fund Name | Prudential's risk rating |
|--------------------------------------|---|
| Higher Risk | |
| Prudential UK Equity Fund | <p>Objective: The investment strategy of the fund is to purchase units in the M&G PP UK Equity Fund - the underlying fund.</p> <p>Underlying Fund Objective: The fund invests, via other M&G PP funds, in the shares of UK companies. The fund is actively managed against its benchmark, the FTSE AllShare Index. It is a “fund of funds” holding units in several more specialised UK equity funds giving access to a variety of methods for generating investment returns in differing market conditions.</p> <p>Performance Objective: To outperform the benchmark by 0.75%-1.0% a year (before charges) on a rolling three year basis</p> |
| Medium to Higher Risk | |
| Prudential Global Equity Fund | Objective: The investment strategy of the fund is to purchase units in the M&G PP Global Equity Fund - the underlying fund. |

Underlying Fund Objective: The fund provides an all-equity approach to investment, holding a 60% UK equity and 40% mix of overseas company shares. For the overseas shares the fund is actively managed against an internal composite benchmark asset allocation set by the M&G Treasury & Investment Office (T&IO). It is a “fund of funds” where both active stock selection, within the underlying sector funds, and asset allocation decisions are used to add value.

Performance Objective: To outperform the internal composite benchmark by 1.0% a year (before charges) on a rolling three year basis.

Prudential International Equity Fund

Objective: The investment strategy of the fund is to purchase units in the M&G PP International Equity Fund - the underlying fund.

Underlying Fund Objective: The fund invests, primarily via other M&G funds, in the shares of overseas companies. It is actively managed against an internal benchmark asset allocation set by the M&G Treasury & Investment Office. It is a "fund of funds" where both active stock selection, within the underlying sector funds, and asset allocation decisions are used to add value. Derivative instruments may be used for efficient portfolio management.

Performance Objective: To outperform the internal composite benchmark by 1.0% a year (before charges) on a rolling three year basis.

Medium Risk

Prudential Index-Linked Fund

Objective: The investment strategy of the fund is to purchase units in the M&G PP Index-Linked Fund - the underlying fund.

Underlying Fund Objective: The fund invests mainly in UK Government index-linked gilts, typically with over five years to maturity. The fund is actively managed against its benchmark, the iBoxx UK Gilt Inflation-Linked Over 5 Year Index. The fund can also invest in corporate bonds, overseas government bonds and fixed interest gilts. Exposure to short-term exchange rate movements from any overseas holdings is mitigated by hedging.

Performance Objective: To outperform the benchmark by 0.75% a year (before charges) on a rolling three year basis.

Lower to Medium Risk

Prudential Fixed Interest Fund

Objective: The investment strategy of the fund is to purchase units in the M&G PP Fixed Interest Fund - the underlying fund.

Underlying Fund Objective: The fund invests mainly in UK government gilts. The fund is actively managed against its benchmark, the iBoxx Sterling Gilts Index. The fund can also invest in overseas government bonds and corporate bonds issues by UK and overseas companies and institutions. Exposure to short-term exchange rate movements from any overseas holdings is mitigated by hedging.

Performance Objective: To outperform the benchmark by 0.75% a year (before charges) on a rolling three year basis.

Minimal Risk

Prudential Deposit Fund

The Prudential Deposit Fund earns a variable rate of interest. The current practice, which we can review at anytime, is to set the interest rate on the first of each month, in line with the Bank of England base rate at the time. The Deposit Fund is backed by the assets held within Prudential's With-Profits Fund. Any interest is declared monthly and there are no explicit charges. Interest once added is guaranteed and withdrawals from this fund are not subject to a Market Value Reduction (MVR)

East Sussex Pension Fund Membership of AVC's

Membership Demographics

Status by age group as at 30 June 23

| | 25-29 | 30-34 | 35-39 | 40-44 | 45-49 | 50-54 | 55-59 | 60-64 | 65+ | Total No. of members |
|---------------|----------|-----------|-----------|-----------|------------|------------|------------|------------|------------|----------------------|
| Active | 6 | 10 | 22 | 56 | 115 | 242 | 331 | 249 | 76 | 1,107 |
| Deferred | - | 1 | 7 | 9 | 18 | 63 | 94 | 48 | 28 | 268 |
| Totals | 6 | 11 | 29 | 65 | 133 | 305 | 425 | 297 | 104 | 1,375 |

Status by membership duration as at 30 June 23

| | 30+ Yrs | 20-30 Yrs | 10-20 Yrs | 5-10 Yrs | 4-5 Yrs | 3-4 Yrs | 2-3 Yrs | 1-2 yrs | <1 Yr | Total No. of members |
|---------------|----------|------------|------------|------------|-----------|-----------|-----------|-----------|------------|----------------------|
| Active | 1 | 246 | 139 | 324 | 26 | 38 | 81 | 67 | 185 | 1,107 |
| Deferred | 2 | 159 | 44 | 50 | 4 | 6 | 3 | - | - | 268 |
| Totals | 3 | 405 | 183 | 374 | 30 | 44 | 84 | 67 | 185 | 1,375 |

Status by years to retirement as at 30 June 23

| | Past retirement date | <1 Yr | 1-2 Yrs | 2-3 Yrs | 3-4 Yrs | 4-5 Yrs | 5-10 Yrs | 10-20 yrs | 20-30 Yrs | 30+ Yrs | Total No. of members |
|---------------|----------------------|-----------|-----------|-----------|-----------|-----------|------------|------------|-----------|-----------|----------------------|
| Active | 8 | 63 | 65 | 68 | 71 | 75 | 353 | 317 | 73 | 14 | 1,107 |
| Deferred | - | 9 | 7 | 20 | 7 | 17 | 113 | 77 | 16 | 2 | 268 |
| Totals | 8 | 72 | 72 | 88 | 78 | 92 | 466 | 394 | 89 | 16 | 1,375 |

Investment Information

Funds Under Management as at 30 June 2023

| Prudential Fund | Units | Price | Value (£) | % of total fund | No. of members ** |
|---|---------------------|-------|-------------------|-----------------|-------------------|
| Prudential With-Profits Fund | | | 8,820,095 | 51.24 | 693 |
| Prudential Discretionary Fund | 763,303.11 | 404.6 | 3,088,324 | 17.94 | 214 |
| Prudential Overseas Equity Index Fund | 173,522.86 | 533.1 | 925,050 | 5.37 | 113 |
| Prudential Deposit Fund (Closed) | | | 1,223,637 | 7.11 | 93 |
| Prudential Positive Impact Fund | 438,432.21 | 128.8 | 564,701 | 3.28 | 87 |
| Prudential Cash Fund | 381,825.27 | 161.4 | 616,266 | 3.58 | 74 |
| Prudential Long-Term Gilt Passive Fund | 122,000.37 | 209.8 | 255,957 | 1.49 | 69 |
| Prudential UK Equity Index Fund | 142,013.98 | 333.4 | 473,475 | 2.75 | 60 |
| Prudential Dynamic Growth IV Fund | 522,269.10 | 158.2 | 826,230 | 4.8 | 119 |
| Prudential Dynamic Growth II Fund | 259,661.09 | 141 | 366,122 | 2.13 | 75 |
| Prudential Dynamic Growth I Fund | 159,620.22 | 131.5 | 209,901 | 1.22 | 43 |
| Prudential International Equity Fund (Closed) | 9,573.97 | 551.2 | 52,772 | 0.31 | 7 |
| Prudential Global Equity Fund (Closed) | 8,546.96 | 407.7 | 34,846 | 0.2 | 5 |
| Prudential UK Equity Fund (Closed) | 4,383.62 | 343.1 | 15,040 | 0.09 | 2 |
| Totals | 2,985,152.74 | | 17,214,677 | 100.00 | 1,339* |

*The total does not equal the number of members in each investment as some members have made multiple investments.

Number of investors in each fund as at 30 June 2023 by age (non-lifestyle)

| Prudential Fund choice by age | Asset Class | 25-29 | 30-34 | 34-39 | 40-44 | 45-49 | 50-54 | 55-59 | 60-64 | 65+ | Total |
|---|--------------------------|----------|----------|-----------|-----------|-----------|------------|------------|------------|-----------|--------------|
| Prudential With-Profits Fund (Default) | Multi-Asset, Active | 2 | 5 | 10 | 31 | 56 | 127 | 193 | 138 | 46 | 608 |
| Prudential Discretionary Fund | Multi-Asset, Active | 1 | 1 | 7 | 7 | 15 | 46 | 51 | 39 | 7 | 174 |
| Prudential UK Equity Index Fund | Equities, Passive | - | 1 | 3 | 5 | 3 | 13 | 15 | 12 | 1 | 53 |
| Prudential Overseas Equity Index Fund | Equities, Passive | 2 | 2 | 1 | 6 | 13 | 24 | 14 | 22 | 4 | 88 |
| Prudential Positive Impact Fund | Equities, Active | 1 | 2 | 3 | 7 | 14 | 16 | 14 | 9 | 3 | 69 |
| Prudential Cash Fund | Deposits, Active | 1 | - | 2 | 4 | 5 | 5 | 22 | 14 | 7 | 60 |
| Prudential Long-Term Gilt Passive Fund | Government Bond, Passive | 1 | - | 3 | 1 | 9 | 13 | 16 | 7 | 3 | 53 |
| Prudential Dynamic Growth IV Fund | Multi-Asset, Active | - | 1 | - | 2 | 4 | 15 | 6 | 6 | 1 | 35 |
| Prudential Dynamic Growth II Fund | Multi-Asset, Active | - | - | - | 4 | 1 | 8 | 6 | 6 | 1 | 26 |
| Prudential Dynamic Growth I Fund | Multi-Asset, Active | - | - | - | - | 1 | 2 | 9 | 3 | 3 | 18 |
| Prudential Deposit Fund (Closed) | | - | - | 1 | 2 | 4 | 10 | 24 | 23 | 10 | 74 |
| Prudential International Equity Fund (Closed) | | - | - | - | - | 1 | 1 | 1 | - | 1 | 4 |
| Prudential Global Equity Fund (Closed) | | - | - | - | 1 | - | 1 | 1 | - | - | 3 |
| Prudential UK Equity Fund (Closed) | | - | - | - | - | - | - | 1 | - | - | 1 |
| Total* | | 5 | 9 | 21 | 49 | 98 | 216 | 302 | 234 | 74 | 1,008 |

*The total does not equal the number of members in each investment as some members have made multiple investments.

Note membership numbers do not include members investing in a lifestyle option, so do not align with previous tables.