

Prudential Assurance Company

How we manage your money



For Conventional With-Profits policies, Accumulating With-Profits policies, With-Profits Annuities, PruFund Growth, PruFund Cautious, and the Risk Managed PruFund range of funds



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Summary

We understand that your time is valuable. That's why we've created this summary that covers the key points from this Report, so you can stay informed without taking too much time out of your day.

This Report is about our Prudential With-Profits Fund and focuses on the With-Profits policies that make up the vast majority of the Fund. This includes the PruFund range of funds (but excluding the PruFund Planet range in this Report) our Conventional and Accumulating With-Profits policies, and our With-Profits Annuities.

We've provided information about your investments, which hopefully you'll find interesting. Our aim is to help you keep up to date, and to give you an overview of how we manage your money, including general fund performance.

Our purpose is to give our clients real confidence to put their money to work.

This Report doesn't cover performance of your Bond, for this type of information, please check your annual benefit statement or contact your financial adviser.

Five key takeaways

For more information on the below, please see the corresponding page numbers.

1. The Prudential With-Profits Fund is the largest of its kind in the UK – page 4
2. The Fund you're invested in is pooled together with over 2.5 million other investors into the larger Prudential With-Profits Fund, owned by Prudential Assurance Company (PAC) – page 5
3. A diverse investment approach means that your eggs aren't all in one basket – page 5
4. The funds aim to grow your money while smoothing some of the short-term ups and downs of investment markets – page 9
5. We follow the Financial Reporting Council's stewardship guidelines/principles to give you confidence that your money is being invested responsibly. They define stewardship as 'the responsible allocation, management and oversight of capital to create long-term sustainable value for clients and beneficiaries.' – pages 11 and 12

You don't need to do anything from reading this report. It's for information only.

Hold another With-Profits policy?

If you hold one of our offshore bond policies in Pound Sterling, Euro or Dollar currencies, we have developed a Report specifically about these. You can find it [here](#).

If your policy is already invested in one of our PruFund Planet Funds, we've developed a Report specifically about these as they have a different investment focus. You can find it [here](#).

We're sharing this information with you entirely for your background knowledge and interest. We've developed the content following research with some of our clients and advisers who said they wanted to know more about the general performance of the funds and more about where their money is invested.

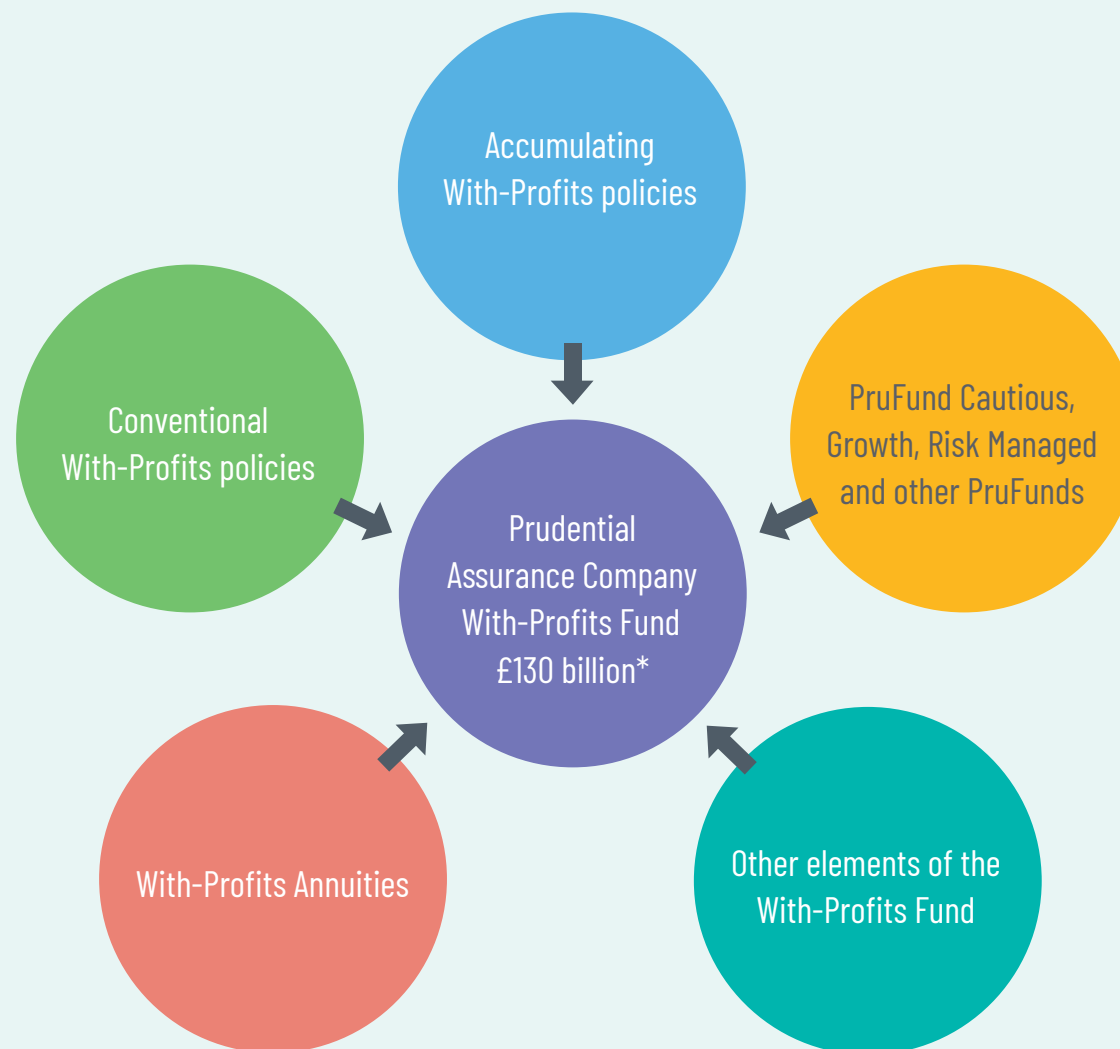
Where's my money invested?

This Report focuses on our With-Profits Fund and the With-Profits policies that make up the vast majority of the Fund. This includes the PruFund range of funds our Conventional and Accumulating With-Profits policies, and our With-Profits Annuities (but excluding the PruFund Planet range, Prudential Guaranteed Income Plan, and new annuities business).

Through your investment, your money is pooled together with other investors in our Prudential With-Profits Fund, which is the largest of its kind in the UK with a total of over £130 billion invested.

Please see the graphic to the right showing in simple terms how the different funds and products all relate to the With-Profits Fund.

Pooling of the different policies in the Prudential With-Profits Fund



* Source: M&G plc as at 30 June 2025.

Overview of investing

Our With-Profits Fund invests in a wide range of investments, also known as assets. If you're already familiar with the types of assets you're invested in, you can skip this section.

What are the types of assets?

As a reminder, there are broad types of investments, or assets, which when grouped together are known as asset classes. We've provided an explanation on the right as this will help with understanding the performance of the fund in other sections of this Report. Please see the graphic opposite for a simple explanation of the broad types.

Each one of these asset types has its own level of risk and return and by spreading your investment across different ones, it can help to reduce some of the short-term ups and downs you could get when investing in just a single type of asset.

Asset classes



Shares/ Public Equity

Also known as equity, equities, or shares, these represent a share of ownership in a company that is listed on a public stock exchange



Real Estate

Also known as property and could be investment into commercial real estate, such as offices or shopping centres or residential real estate such as student accommodation



Bonds/ Fixed Income

These are loans made to a company or government in return for interest payments and generally carry lower risk than equities. Can also be referred to as fixed interest



Alternatives

These include investment into private equity (shares/companies that are not listed on public stock exchanges), Infrastructure (e.g. exposure to sources of renewable energy, roads or telecommunications) or Private High Yield (funding to privately-owned businesses which are often smaller early-stage companies)



Other Strategies

This includes what's known as Tactical Asset Allocation (TAA) which is investment with the aim of taking advantage of shorter-term market trends or economic conditions.

Other Strategies also includes exposure to what we refer to as 'Other Factors' and currently includes investment into Hedge Funds which can employ various different strategies



Cash

Money held in liquid, easily accessible forms such as bank deposits or short-term instruments

Where's your money invested?

The With-Profits Fund offers the benefits of being a large fund with a broad range of assets, including all of the main asset classes shown in the graphic above. It is able to access some alternative investments mentioned above, which may not normally be accessible to individual investors.

Examples of how we invest your money

Of the many investments held within the With-Profits Fund, we've shown below just a small number of examples for the main asset classes to help bring to life the kinds of investments your money could be invested in.

A small number of examples of the kinds of investments included in the With-Profits Fund



Two examples of shares / public equity:

- (1) **National Grid plc:** a UK-headquartered electricity and gas utility that owns and operates the high-voltage electricity transmission network in England and Wales and runs electricity distribution networks in the Midlands, South West and South Wales. In the United States, National Grid operates electricity and natural gas networks in New York and Massachusetts, serving more than 20 million people through those networks.
- (2) **Microsoft Corporation:** a multinational technology company headquartered in Redmond, Washington, known for developing and licensing software, hardware, and cloud-based services. The company employs around 228,000 people and serves enterprise and consumer markets globally.



Two examples of real estate:

- (1) **Haymarket Development (Edinburgh, UK):** a £350 million mixed-use scheme in Edinburgh's West End, featuring 380,000 sq ft of Grade A office space, a hotel, and 40,000 sq ft of retail/leisure space spread over a four acre site adjacent to Haymarket Station.
- (2) **Arndale Shopping Centre (Manchester, UK):** Europe's largest city-centre shopping mall, has a retail floorspace of 1,300,000 sq ft and is owned by M&G Real Estate. It has been redeveloped to include the roll-out of innovative energy monitoring systems in partnership with specialists and has seen electricity use drop by more than 30% since 2013.

Continued on next page...

Examples of how we invest your money (continued)



Two examples of bonds / fixed income:

- (1) **HSBC Holdings plc**: a banking and financial services organisation, headquartered in London. The group operates through global businesses including Wealth and Personal Banking, Commercial Banking, and Global Banking & Markets, serving more than 39 million customers across 62 countries and territories.
- (2) **United States Treasuries**: debt issued by the US Government that pay interest twice a year.



Cash

A small percentage of the With-Profits Fund is held in cash. This is readily available money, meaning the Fund is well placed to take advantage of potential investment opportunities.



Two examples of alternatives:

- (1) **Seeker Music**: an independent music-rights and publishing company founded by M&G Investments in 2020 in Los Angeles. It has amassed a catalogue of over 17,000 copyrights and master recordings. Seeker combines music publishing, record rights, and creative marketing efforts to revitalise its catalogue, working with artists directly and employing strategic development to enhance consumption via streaming, sync placements, and remixes.
- (2) **Zenobe Energy**: an owner and operator of battery storage in the UK, providing battery storage plants for the electricity grid and batteries and infrastructure solutions to bus fleets and industrial customers. Zenobe also has large battery-storage projects in Scotland and the Midlands.

The above are just a small number of examples of With-Profits Fund investments in the asset classes. Our size also means we can take advantage of some good long-term opportunities that individual investors may not be able to.

For those that like more detail, you'll find more information about the types of assets we invest in, including how they are spread globally, in the Appendix on page 16.

We've talked about where your money is invested and now we'll move on to the overall performance.

Just to note, we won't be sharing with you detail on how your individual policy, plan or investment has performed, but you can find out below where you can learn more about your own policy.



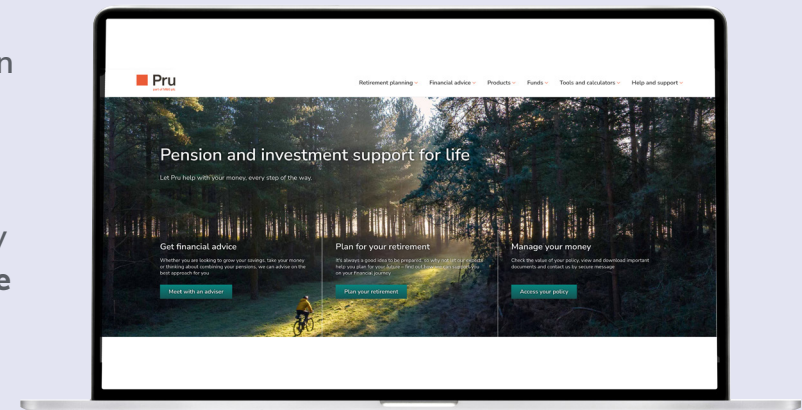
How do I know where my policy is invested?

You don't need to take any action when reading this Report; this information is for your interest only.

But if you're unsure which fund your policy is invested in or want more information on your personal policy, there are several ways you can find out:



- a) You can contact your adviser, if you have one
- b) If you'd like information about your policy, or you don't have an adviser, you can find out directly by:
 - 1) looking at your policy annual statement
 - 2) going to pru.co.uk where you can log in and see your policy if you're registered; or to register for our online service [here](#)
 - 3) you can also find useful contact information on pru.co.uk [here](#)
- c) To find a financial adviser, you can go to unbiased.co.uk



Overall performance of our With-Profits Fund

In this section, we'll cover some key elements that impact performance.

Smoothing

Coupled with this broad spread of investments described above, our With-Profits Fund aims to smooth some of the short-term ups and downs of investment markets by using what we call 'smoothing'. This smoothing directly affects the investment performance of your policy. The different policy types within the With-Profits Fund do this in a slightly different way.

- **Smoothing in the With-Profits Fund (excluding PruFund range of funds)**

- The With-Profits Fund aims to grow the value of the fund, while smoothing some of the short-term ups and downs of investment markets. We do this by holding back some of the investment returns in good years with the aim of using this to support bonus rates in the years where the investment returns have been lower. It offers some protection against poor investment market conditions but it won't stop the value of your plan going down if investment returns have been low. Your plan value depends on how much profit the fund makes and how it's shared out as bonuses.

- **Smoothing in the PruFund range of funds**

- For clients invested in the PruFund range of funds, these Funds aim to grow your money over the medium to long term (5 to 10 years or more), while smoothing some of the short-term ups and downs of investment markets short-term investment performance in order to provide with a view to providing a more stable return. We do this by using an established smoothing mechanism. You can find out more detail in [A step-by-step guide to the PruFund smoothing process](#).

Who's managing your money?

You're probably aware of Pru, we've been around for over 170 years. In 2019, we became part of the M&G plc group of companies. One of the companies that makes up M&G plc is Prudential Assurance Company (PAC).

As you would expect, there are many people working on your behalf to manage your investment across the company.

In this graphic we show you a simplified overview of who is managing your money in PAC.



Prudential Assurance Company (PAC)

PAC owns the With-Profits Fund, which your policy is invested in, and:

- looks after your money
- is responsible for the policies you hold with us
- we delegate many of the key investment decisions to our Life Investment Office (LIO)



Life Investment Office (LIO)

- LIO are specialists in making investment decisions and providing oversight of the funds
- They help us to make the big strategic decisions about:
 - how the With-Profits Fund should invest for the long term
 - how we should approach risks that could impact the value of investments over the long term, like climate change
- LIO decide which asset managers will invest policyholders' money



Asset Managers

Through LIO, we delegate our asset management responsibilities to asset managers to manage your investments on our behalf. This is because we believe they have the skills and experience to deliver against the With-Profits Fund's objectives

- Many asset managers help manage our With-Profits Fund further diversifying the portfolio
- For information, asset managers can be from:
 - various teams from our internal investment manager, M&G investments
 - outside the M&G plc group, for example, BlackRock Investment Management

So far, we've covered where your money is invested, what impacts performance and now we'll cover how we invest your money.

What is our investment approach and what does it mean for you?

Our approach to investing your money includes careful consideration of all aspects of investing, from how we choose where to invest (known as asset allocation) through to the oversight of the people and companies investing the money for us.

We aim to be transparent on how we manage your money, which is another reason why we are providing you with this With-Profits Fund money management Report.

As part of this transparency we also produce the Prudential Assurance Company Stewardship Report.

Stewardship (our responsible investing approach)

The Financial Reporting Council defines stewardship as 'the responsible allocation, management and oversight of capital to create long-term sustainable value for clients and beneficiaries.' In a nutshell, all this means is stewardship is about taking a responsible approach when investing clients' money, from deciding where to invest through to the ongoing management of the investment.

The Prudential Assurance Company (PAC) Stewardship Report

In 2021, the Financial Reporting Council (FRC) launched the UK Stewardship Code 2020, and each year since 2021, we've produced the PAC Stewardship Report and achieved signatory status to the FRC's Code. The PAC Stewardship Report shows how we continue to enhance our stewardship practices in line with the Code.

The FRC is an independent body and following the Code is voluntary. Its guiding Principles look to drive better stewardship outcomes across financial services for investors, including safeguarding the interests of policyholders.

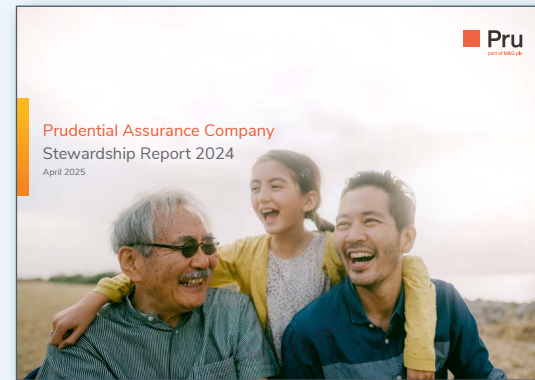
What you'll find inside the PAC Stewardship Report

The Stewardship Report provides a very detailed view of how we're managing your investments, and includes lots of interesting case studies on the different areas and companies we are investing in.

You can read the full Report below. It's a big Report as we need to ensure we cover all the areas the FRC need, to maintain our signatory status to the Code against the Principles.

For a quick read, just go to pages 4 and 5 for a summary of our 2024 stewardship and sustainability activities.

Read the full PAC Stewardship Report



Why Environmental, Social and Governance (ESG) factors could be considered

When investing your money, we seek to maintain the performance of the With-Profits Fund as a priority, in line with our duty to policyholders. This might include considering ESG factors while we continue to deliver on the objectives of the Fund.

M&G plc's sustainability priorities are outlined in the M&G plc Annual Report and Accounts. The policies you're invested in fit with these priorities.

At Prudential Assurance Company (PAC), we set out ESG priorities by issuing an ESG letter to all asset managers each year.

Our ESG Investment Policy

You can find out more about our approach to investing in the PAC ESG Investment Policy which helps make sure our decisions and behaviours are consistent with our values of care and integrity, and our corporate sustainability approach. You can find the full policy [here](#).

Independent ratings

You can rest assured that independent assessments conducted each year confirm that we continue to be a financially strong company, giving you further assurance that your money is in the right hands.

- The Prudential With-Profits Fund, as at December 2024, has a 5/5 rating for financial strength from AKG Financial Analytics Ltd, who are specialists in providing independent with-profits ratings. This is the highest rating that AKG provide.
- The Prudential Assurance Company Limited is rated A+ for financial strength by Standard & Poor's, as at July 2025.

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

Closing thoughts

We hope you've found this Report interesting and that it has given you some insights into your investments with us.

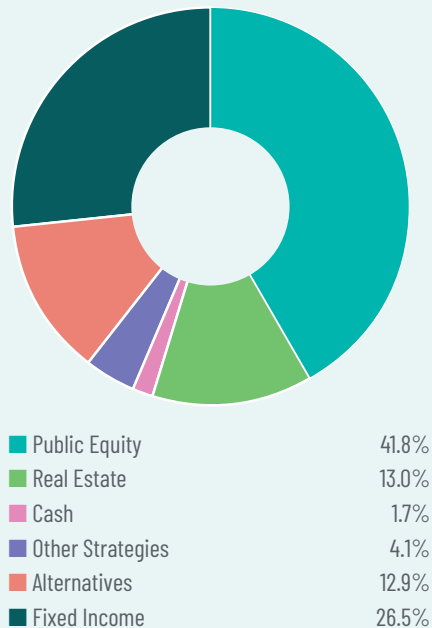
Our aim is to keep you informed and reassured that your money is being managed with care and a long-term perspective.

PruFund Growth

For PruFund Growth, Conventional With-Profits policies, Accumulating With-Profits policies and With-Profits Annuities

The chart below shows the types of assets your policy is invested in. You'll see more of your policy is invested in public equity/shares fixed income and real estate (property). This aligns with the funds' objectives for the percentages of investments it can include.

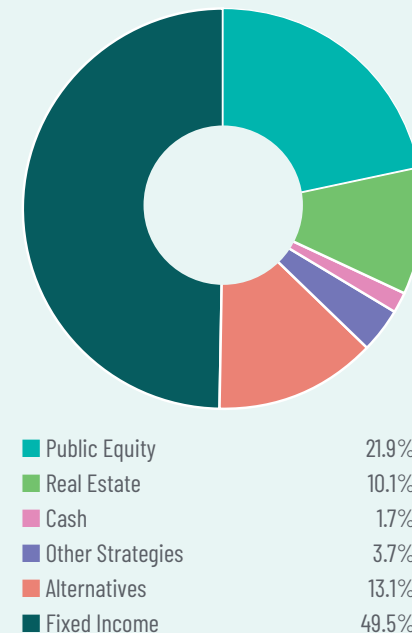
The types of assets you are invested in:



PruFund Cautious

The chart below shows the types of assets your policy is invested in. You'll see more of your policy is invested in fixed income, public equity/shares and alternatives. This aligns with the fund's objectives for the percentage of investments it can include.

The types of assets you are invested in:



Asset allocations are regularly reviewed by the Life Investment Office and may vary from time to time, but will always be consistent with the fund's objective.

Source: Life Investment Office data as at 31 October 2025

Risk Managed PruFund range of funds

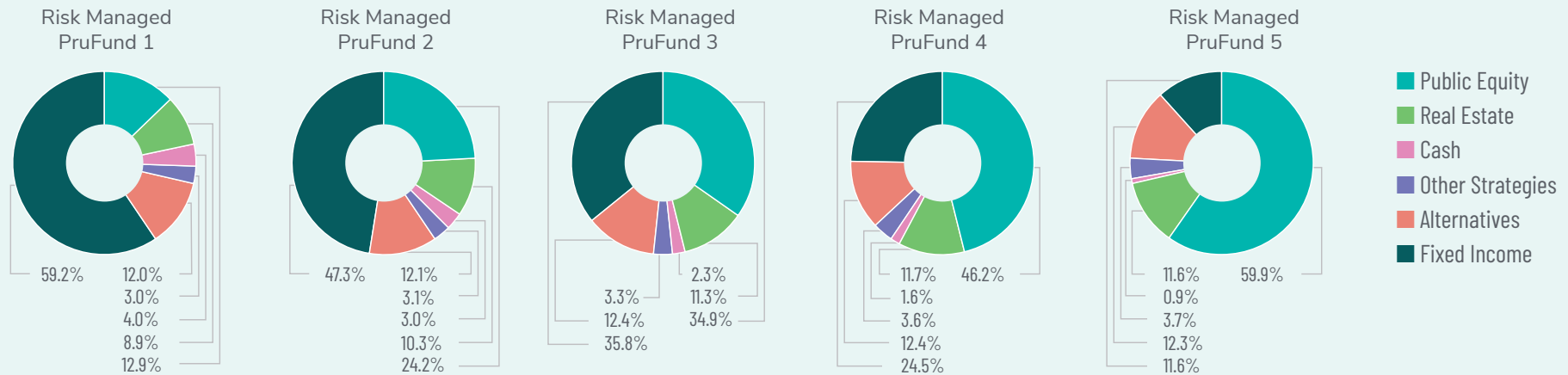
You'll see below that each of the five funds in the Risk Managed PruFund range have slightly different investments mixes. This allows us to offer investors funds with a range of different levels of risk and potential reward.

How this works is simply that some investments can be riskier but potentially offer higher rewards, so the funds with a higher risk rating would invest in more of those assets, such as equities (also known as shares).

Whereas for funds that are at the lower end of the risk rating, we'd invest more in the potentially lower risk assets like fixed income.

You'll have agreed with your adviser which one of these funds best meets your needs.

The types of assets you are invested in:



Asset allocations are regularly reviewed by the Life Investment Office and may vary from time to time, but will always be consistent with the individual Fund's objective.

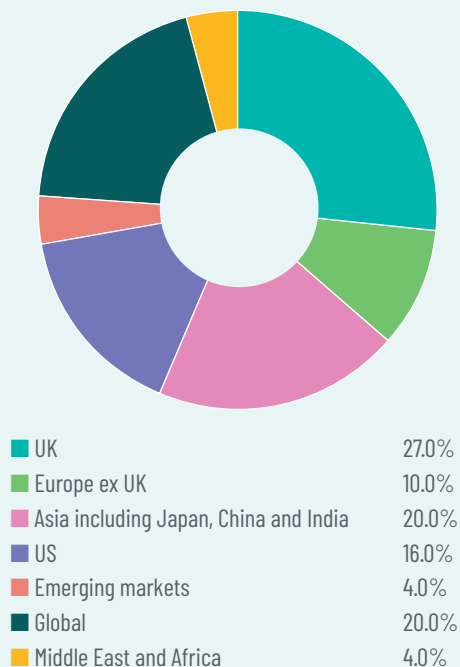
Source: Life Investment Office data as at 31 October 2025

Where in the world your investments are

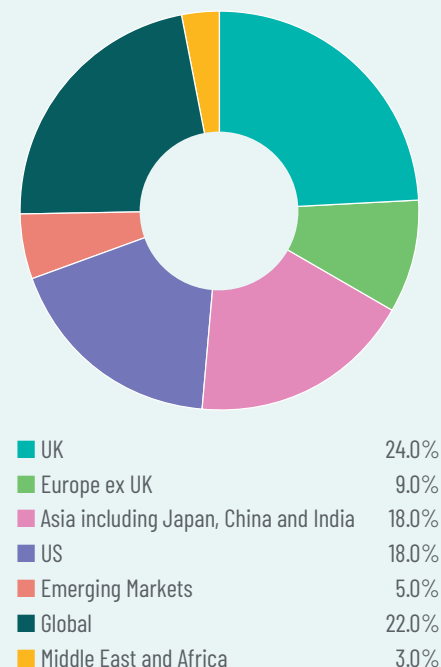
Spreading investments across different areas of the world is a bit like spreading your investments across lots of different asset types. Because of the size and scale of the With-Profits Fund, it spreads your investments across many different countries and regions. This is a further way of spreading the risks, for example, limiting exposure to unstable economies as well increasing opportunities for potential rewards when economies are doing well.

The graphs below show some general examples of where in the world your money is invested:

For PruFund Growth, Conventional With-Profits policies, Accumulating With-Profits policies and With-Profits Annuities



PruFund Cautious



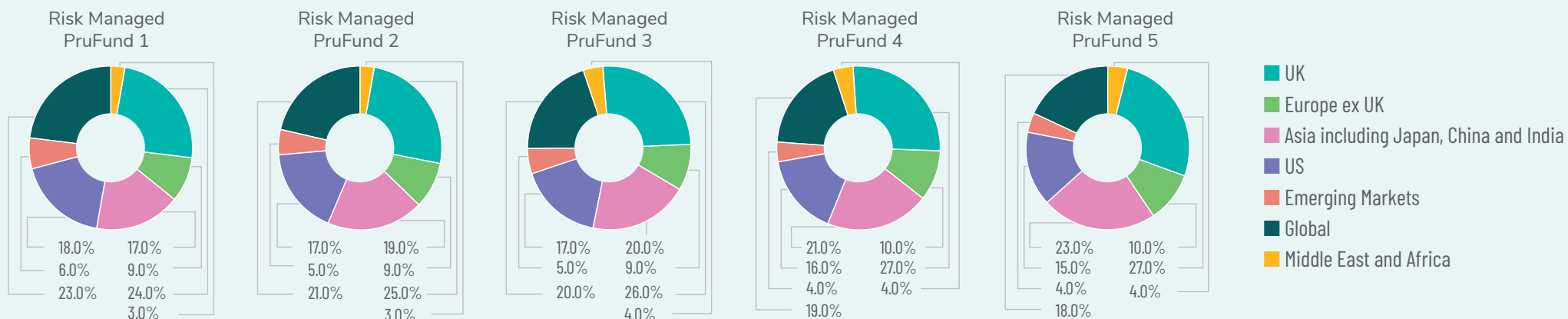
This broad mix focuses on countries that meet the objectives of the fund in which your policy is invested.

Asset allocations are regularly reviewed by the Life Investment Office and may vary from time to time, but will always be consistent with the fund's objective.

Source: Life Investment Office data as at 31 October 2025

Risk Managed PruFund range of funds

Where in the world your investments are:



In summary the amount invested in different countries depends on the risk level of your fund.

Asset allocations are regularly reviewed by the Life Investment Office and may vary from time to time, but will always be consistent with the fund's objective.

Source: Life Investment Office data as at 31 October 2025

The value of your investment can go down as well as up so you might not get back the amount you put in.



You can find out more detail by going to:

With-Profits Fund Factsheet

Investment reports for

- PruFund Growth
- PruFund Cautious
- Risk Managed PruFund

pru.co.uk

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