



# PruFund Monthly Update – Jan 2024

Paul Fidell

This is for UK adviser use only

# Important information

This presentation is for adviser use only, and is based on our current understanding of taxation, legislation and HMRC practice, all of which are liable to change and subject to an individual's own circumstances.

Please remember that past performance is not a reliable indicator of future performance. The rate of growth of funds and any income from them cannot be guaranteed. **The value of an investment can go down as well as up and your client could get back less than they have put in.** PruFund funds aim to grow your client's money while smoothing their investment journey.

The PruFund range of funds all invest in Prudential's With-Profits Fund, which is one of the largest with-profits funds in the UK. However, there are differences across the range of PruFund funds in their objectives and mix of assets, and how PruFund delivers returns to investors when compared to other With-Profits business, which means the returns received by investors will vary by fund choice.

Prudential set Expected Growth Rates (EGR); these are the annualised rates your client's investment would normally grow at. The EGRs reflect our view of how we think each PruFund fund will perform over the long-term (up to 15 years). Each PruFund fund has its own EGR and your client's investments into a PruFund will normally grow daily by the relevant EGR. Although we take a long-term view, we do review the rates every three months to allow for any changes, which may mean a change in EGR on a quarterly basis, up or down. While the EGR reflects our long term view, we need to check that the fund is performing as expected - if not we may need to make an adjustment to your client's fund value, either up or down. There are limits which set out when an adjustment would be required. The value of your client's investment in a PruFund fund is based on the Smoothed Price, this is the unit price, which grows daily by the EGR. We compare the Smoothed Price against the Unsmoothed Price – which reflects the value of underlying assets. If these move too far away from one another we need to adjust the Smoothed Price to narrow the gap. This could be a price increase or a price decrease. In certain circumstances we might need to suspend the smoothing process for one or more of the PruFund funds.

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## What we will cover

- UPAs
- Market context
- PruFund performance

## Unit Price Adjustments (UPAs)

- UPAs reflect the actual past performance of each PruFund and the smoothing approach followed
- They are formulaic and non discretionary
- For S2, Series A, Series B and Series D; there is a Daily Smoothing Limit and a Quarterly Smoothing Limit
- For Series C, E and F; there is a Daily Smoothing Limit and a Monthly Smoothing Limit

# UPA position 25 January 2024

## Retirement Account – Series E

PruFund version	Last negative UPA	UPA
Growth	25/10/2023	
Cautious	25/08/2023	
Risk Managed 1	25/08/2023	
Risk Managed 2	25/10/2023	
Risk Managed 3	25/08/2023	
Risk Managed 4	25/10/2023	
Risk Managed 5	25/08/2023	

## Offshore – Series C

PruFund version	Last negative UPA	UPA
Growth	25/10/2023	
Cautious	25/08/2023	
Risk Managed 1	25/08/2023	
Risk Managed 2	25/10/2023	
Risk Managed 3	25/08/2023	
Risk Managed 4	25/10/2023	
Risk Managed 5	25/08/2023	

# UPA position 25 January 2024

## Planet – Series E

PruFund version	Last negative UPA	UPA
Planet 1	25/08/2023	
Planet 2	25/10/2023	
Planet 3	25/08/2023	
Planet 4	25/08/2023	
Planet 5	25/10/2023	

## Planet – Series C

PruFund version	Last negative UPA	UPA
Planet 1	25/08/2023	
Planet 2	25/10/2023	
Planet 3	25/08/2023	
Planet 4	25/08/2023	
Planet 5	25/10/2023	

# UPA position 25 January 2024

## Wealth Platform – Series F

PruFund version	Last negative UPA	UPA
Planet 1	25/08/2023	
Planet 2	25/10/2023	
Planet 3	25/08/2023	
Planet 4	25/08/2023	
Planet 5	25/10/2023	

## Wealth Platform - Series F

PruFund version	Last negative UPA	UPA
Growth		
Cautious	25/10/2023	
Risk Managed 1	25/10/2023	
Risk Managed 2	25/10/2023	
Risk Managed 3		
Risk Managed 4		
Risk Managed 5		

## UPAs – a reminder of what's required

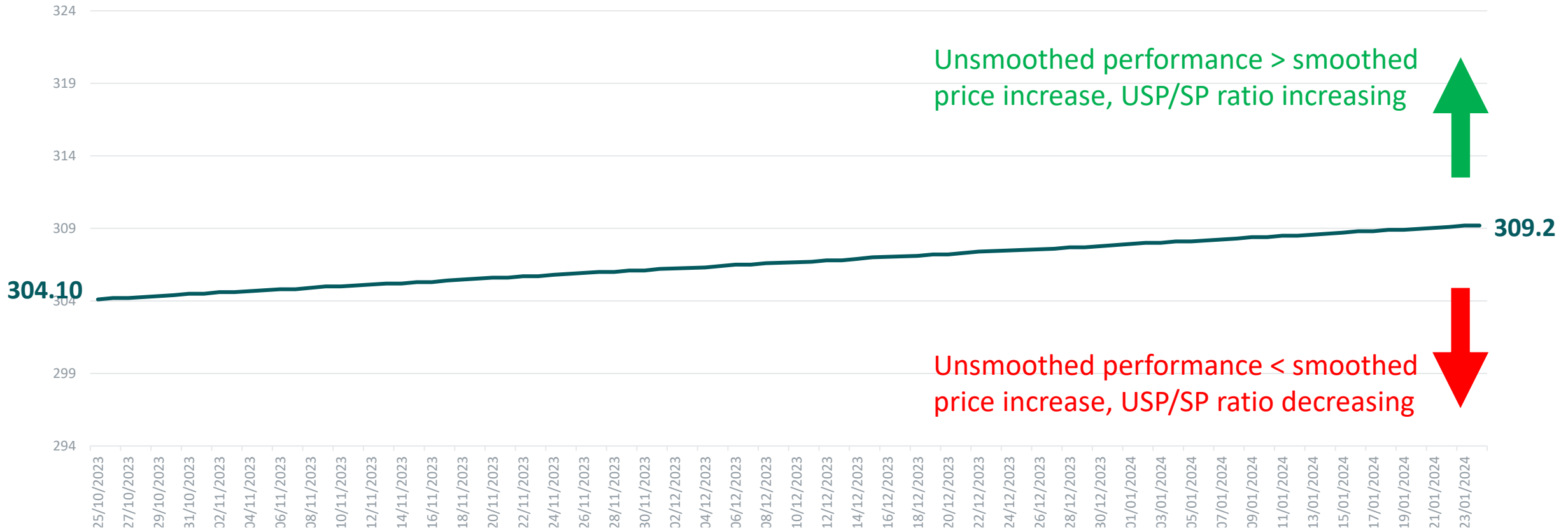
- To trigger a UPA for monthly versions in Jan 2024 requires movement in unsmoothed fund to at least equal:
  - growth in Smoothed Price (SP) as a result of EGR, *plus*
  - sufficient movement to make up difference from USP/SP start position and upper/lower smoothing limit of 4%/5%



## UPAs – a reminder of what's required

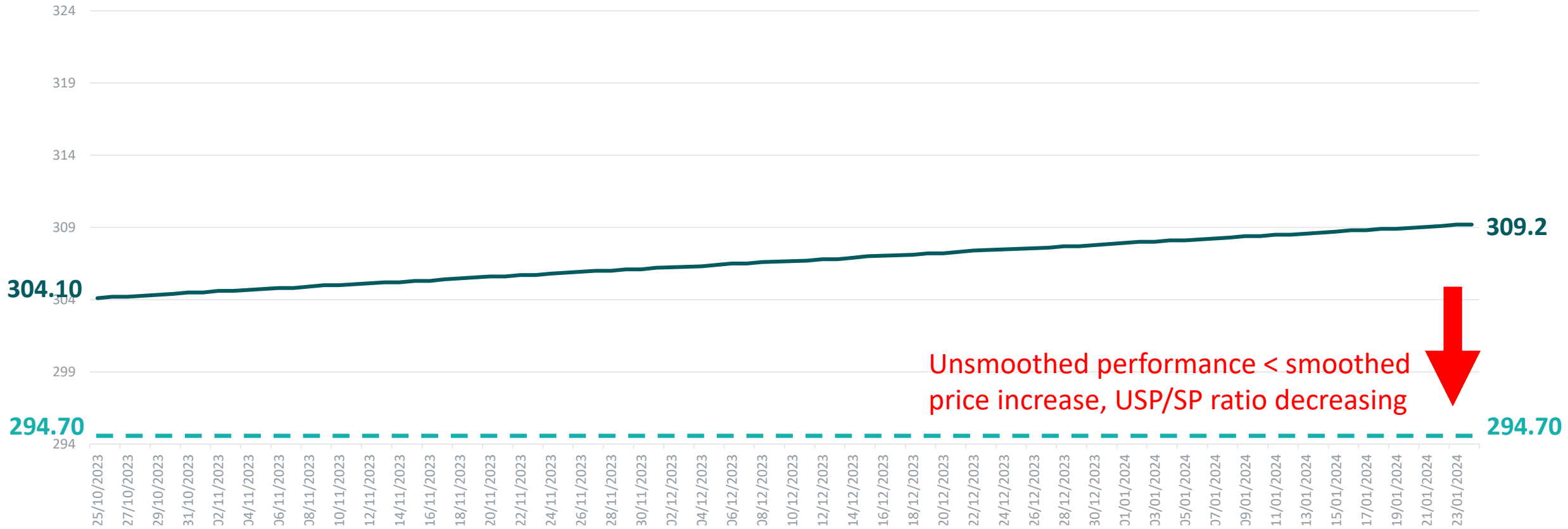
- Last UPA for PruFund Growth Ser E, in Oct 2023, was -2.98%
- This means the gap between Smoothed Price (SP) and Unsmoothed Price (USP) was 5.96%
- SP before the UPA was 313.40p
- After the UPA, the SP moved to 304.10p

# UPAs – a reminder of what’s required



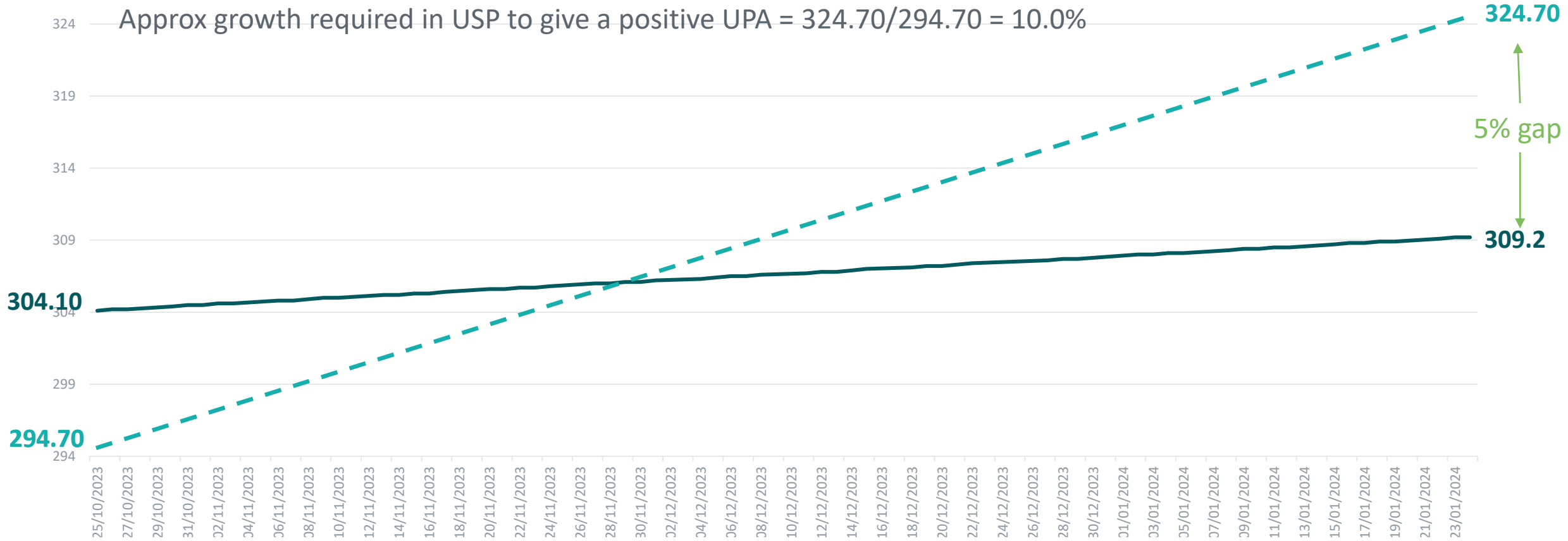
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# UPAs – a reminder of what’s required



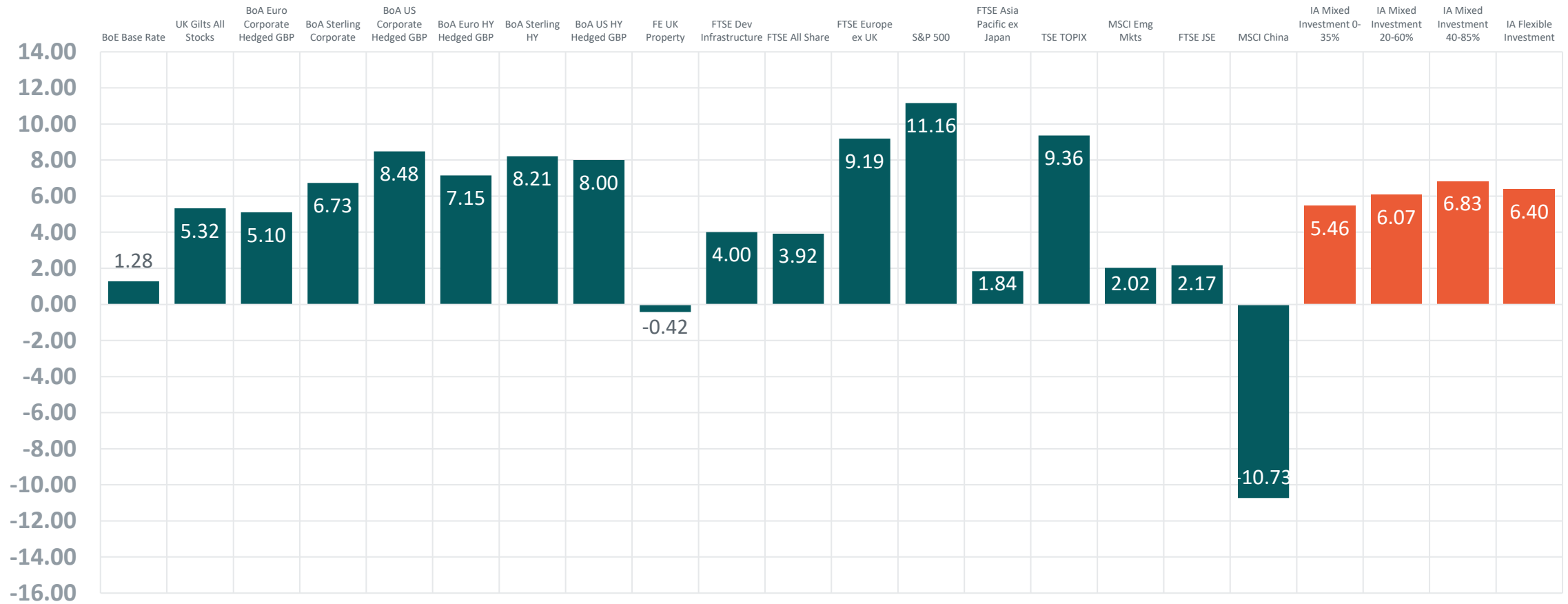
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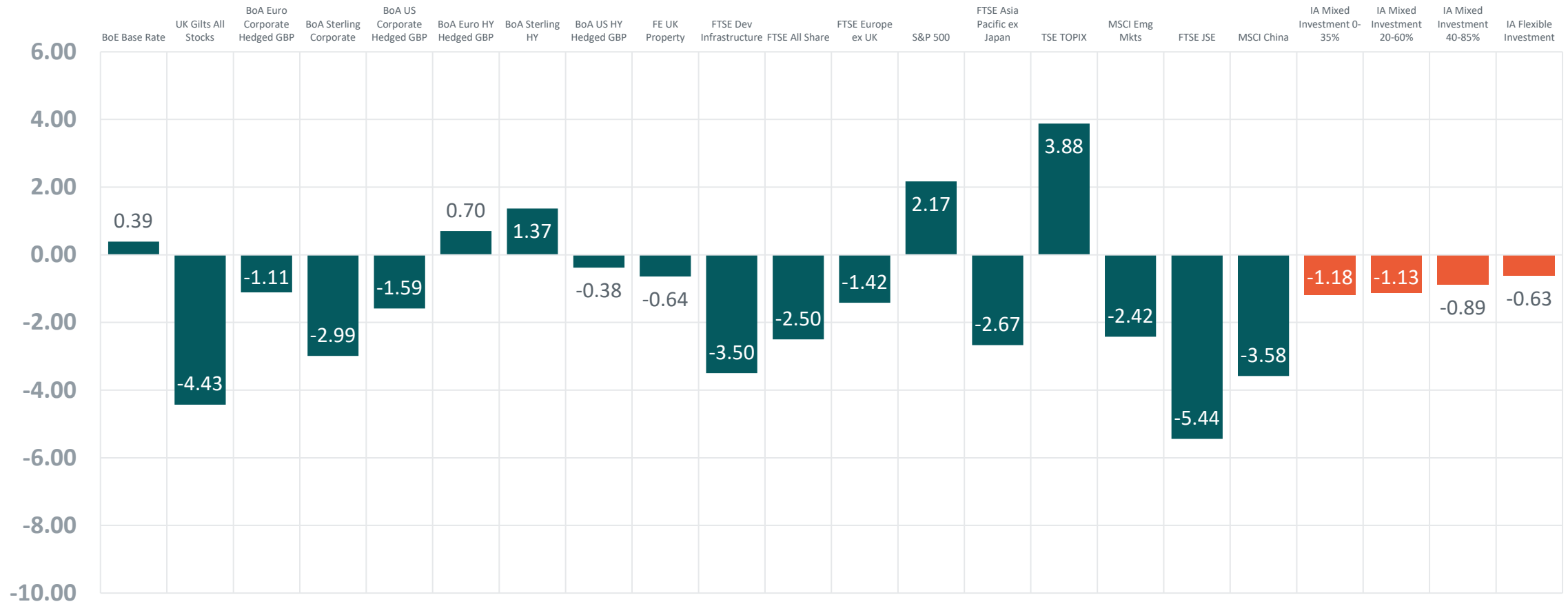
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# Performance of markets since 25 Oct 2023



Performance of various indices in GBP over period from 25 Oct 2023 to 25 Jan 2024. **The value of an investment can go down as well as up. Your clients may get back less than they have paid in.** Source: FE Analytics

# Performance of markets since 27 Dec 2023



Performance of various indices in GBP over period from 27 Dec 2023 to 25 Jan 2024. **The value of an investment can go down as well as up. Your clients may get back less than they have paid in.** Source: FE Analytics



# A quick review of 2023

# Asset allocation is easy

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Top performing sector	North America 17.79%	Japan 15.66%	Global Emg Mkts 30.84%	UK Sm Comp 27.18%	Money Market 0.45%	UK Sm Comp 25.34%	Asia Pac ex Jpn 20.01%	North America 25.51%	Money Market 1.28%	North America 16.67%
	UK Gilts 14.52%	UK Sm Comp 14.86%	North America 29.31%	Asia Pac ex Jpn 25.34%	UK Gilts 0.25%	North America 24.41%	North America 16.17%	UK Sm Comp 22.92%	Asia Pac ex Jpn -6.87%	Europe ex UK 14.00%
	Property Other 13.12%	Europe ex UK 9.27%	Asia Pac ex Jpn 25.66%	Global Emg Mkts 24.43%	North America -1.37%	UK All Comp 22.34%	Global 15.27%	Property Other 22.51%	Japan -8.10%	Global 12.68%
	Stg Corp Bonds 9.83%	Property Other 5.46%	Japan 23.34%	Japan 17.93%	Stg Corp Bonds -2.22%	Global 21.92%	Japan 13.75%	Global 17.68%	Europe ex UK -9.02%	Japan 11.63%
	Asia Pac ex Jpn 9.47%	UK All Comp 4.86%	Global 23.33%	Europe ex UK 17.29%	Property Other -3.17%	Europe ex UK 20.33%	Global Emg Mkts 13.65%	UK All Comp 17.25%	UK All Comp -9.06%	Stg Corp Bonds 9.42%
	Global 7.09%	North America 4.18%	Europe ex UK 16.41%	Global 14.02%	Global -5.72%	Property Other 19.21%	Europe ex UK 10.28%	Europe ex UK 15.76%	North America -9.70%	UK All Comp 7.38%
Bottom performing sector	Global Emg Mkts 3.19%	Global 2.77%	UK Gilts 11.06%	UK All Comp 13.99%	Asia Pac ex Jpn -9.81%	Japan 17.22%	UK Gilts 9.01%	Japan 1.76%	Global -11.06%	Property Other 6.25%
	UK All Comp 0.64%	Money Market 0.07%	UK All Comp 10.82%	North America 10.53%	UK All Comp -11.19%	Global Emg Mkts 16.04%	Stg Corp Bonds 7.77%	Asia Pac ex Jpn 1.47%	Global Emg Mkts -12.21%	Money Market 4.74%
	Japan 0.62%	UK Gilts -0.26%	Stg Corp Bonds 9.08%	Property Other 6.93%	Japan -11.41%	Asia Pac ex Jpn 15.78%	UK Sm Comp 6.48%	Money Market -0.05%	Stg Corp Bonds -16.09%	Global Emg Mkts 4.31%
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	UK Sm Comp -1.65%	Global Emg Mkts -10.19%	Money Market 0.23%	Money Market 0.14%	Europe ex UK -12.16%	Money Market 0.73%	Property Other -7.27%	UK Gilts -5.38%	UK Sm Comp -25.17%	Asia Pac ex Jpn -1.01%

Source: Financial Express, January 2024. Total Return discrete calendar year performance table for selected sectors from Investment Association universe.

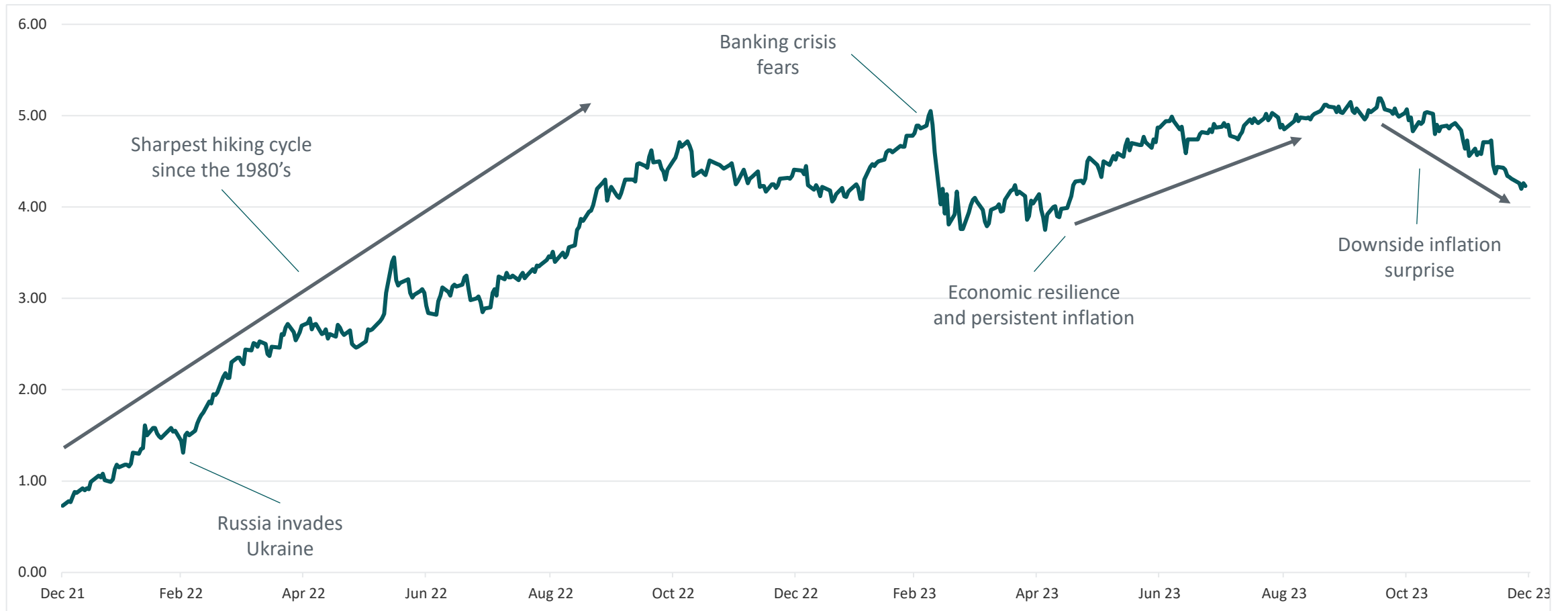


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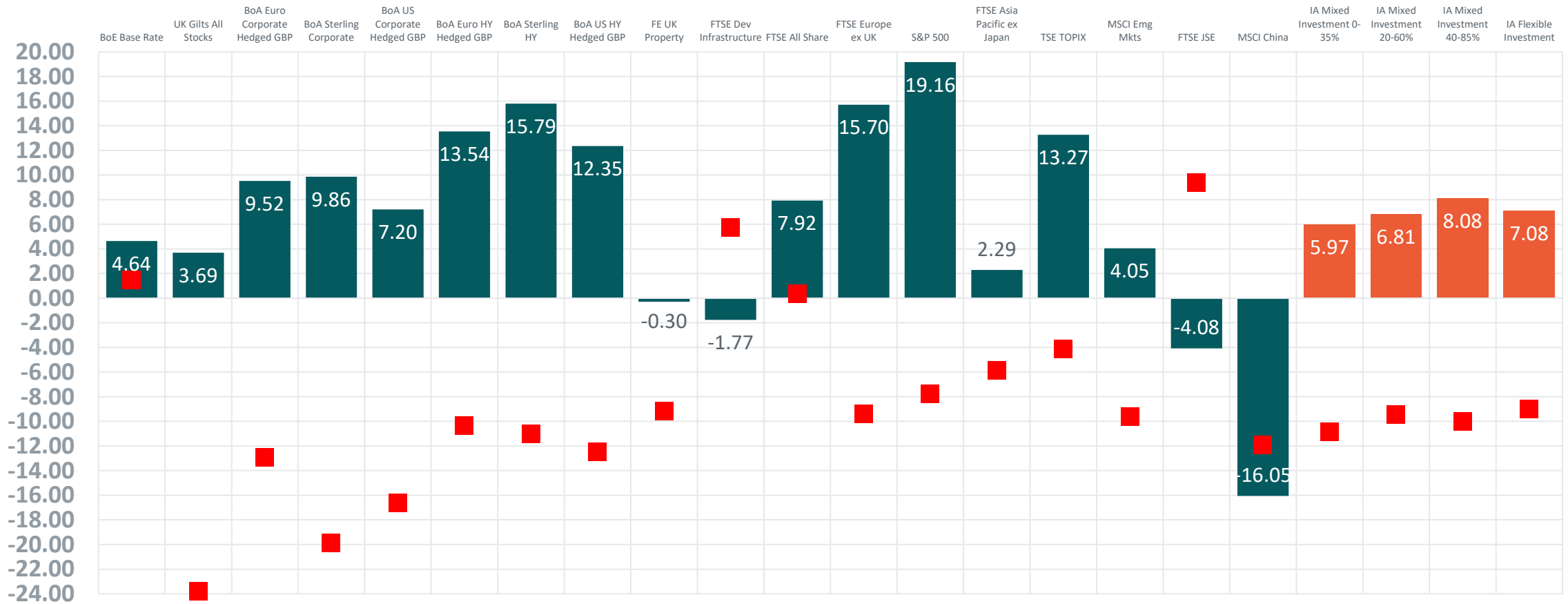
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# The 2 year story - Oscillation between inflation and growth fears



Market Yield on U.S. Treasury Securities at 2-Year Constant Maturity, quoted on an investment basis, daily, not seasonally adjusted, over period from 31 Dec 2021 to 30 Dec 2023. Source: Federal Reserve Economic Data, <https://fred.stlouisfed.org>

# 2022 vs. 2023



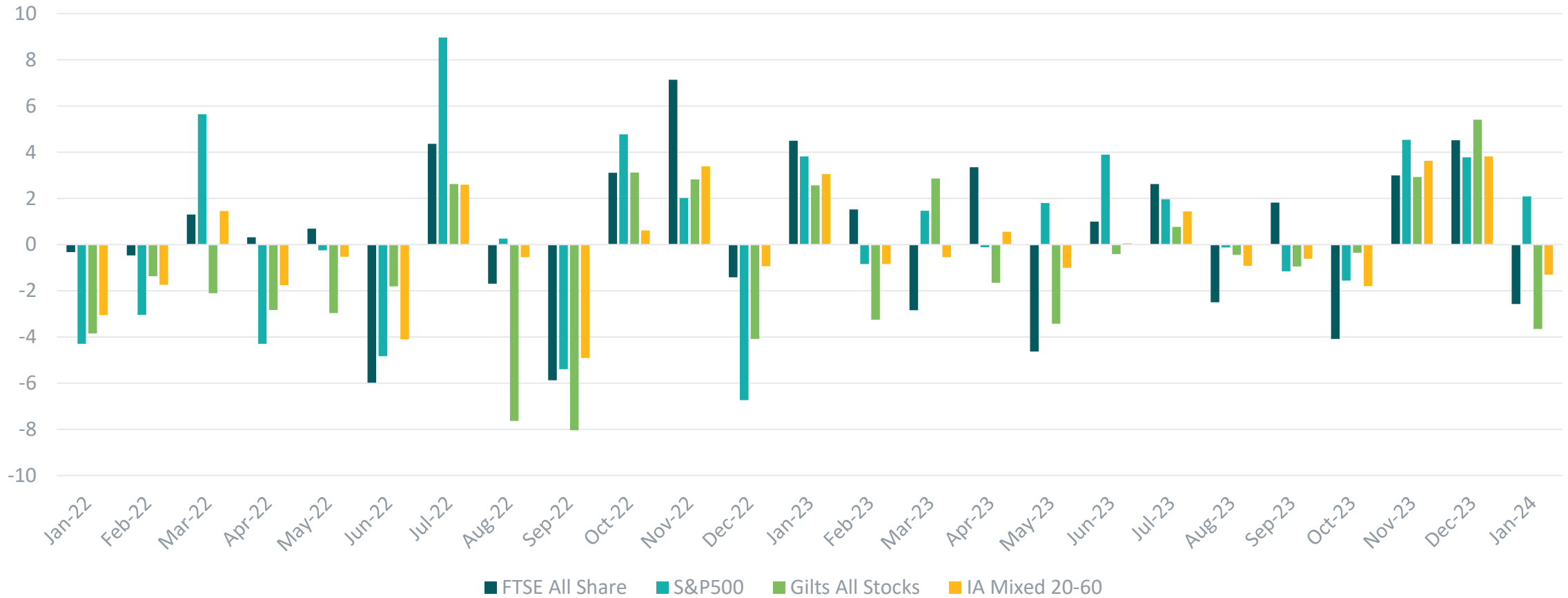
Performance of various indices in GBP over period from 31 Dec 2021 to 31 Dec 2023. Columns represent 2023 and red boxes represent 2022. **The value of an investment can go down as well as up. Your clients may get back less than they have paid in.** Source: FE Analytics

# 2022 vs. 2023 (full year and up to 31 Oct)



Performance of various indices in GBP over period from 31 Dec 2021 to 31 Dec 2023. Columns represent 2023, green diamonds represent period from 31 Dec 2022 to 31 Oct 2023 and red boxes represent 2022. **The value of an investment can go down as well as up. Your clients may get back less than they have paid in.** Source: FE Analytics

# Monthly breakdown of 2022 and 2023



Performance of various indices in GBP over period from 31 Dec 2021 to 24 Jan 2024. **The value of an investment can go down as well as up. Your clients may get back less than they have paid in.** Source: FE Analytics

## Performance of selected markets since 31 Dec 2021

- S&P500 9.88%
- FTSE All Share 8.28%
- IA Mixed Investment 20-60% Shares -3.30%
- FTSE Actuaries UK conventional Gilts All Stocks -21.03%

# Where next for the US?



Performance of S&P500 in USD over period from 31 Dec 2022 to 31 Dec 2023. **The value of an investment can go down as well as up. Your clients may get back less than they have paid in.** Source: FE Analytics

# Where next for the US?

- The “Magnificent 7” contributed 75% of the gains over the period
- Missing the 10 worst days increased return to 46.27%
- Missing the 10 best days decreased return to 3.57%



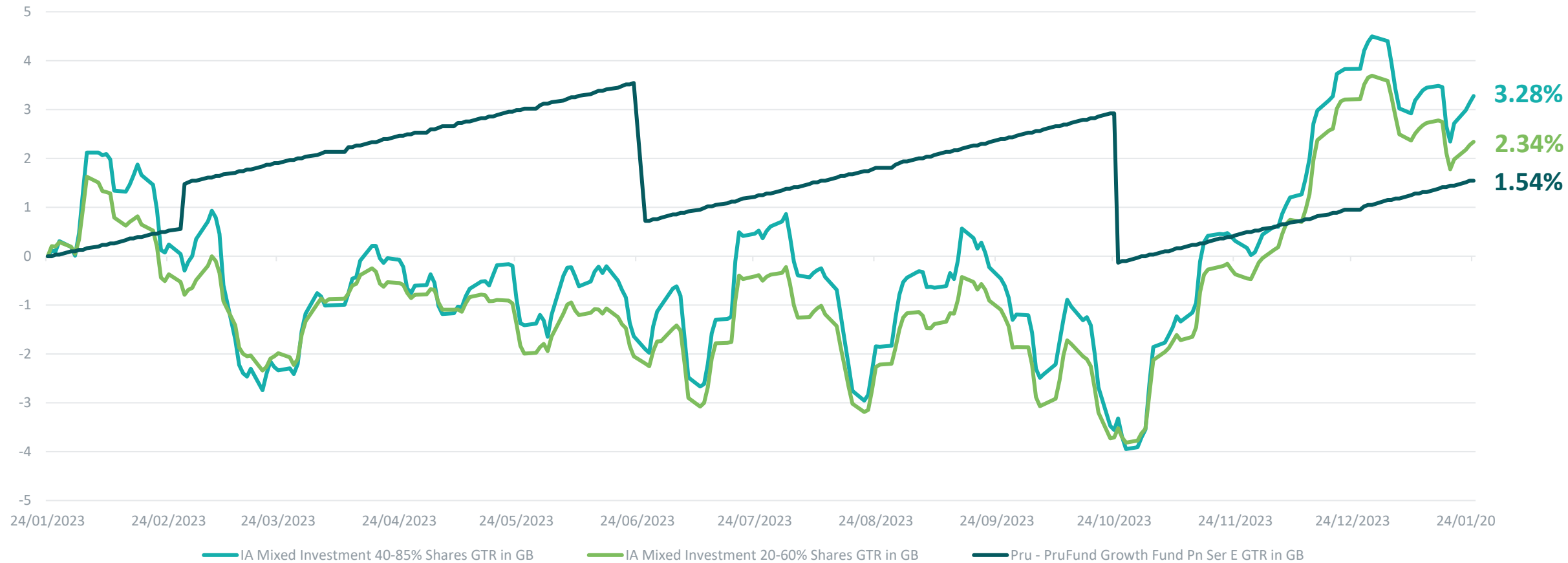
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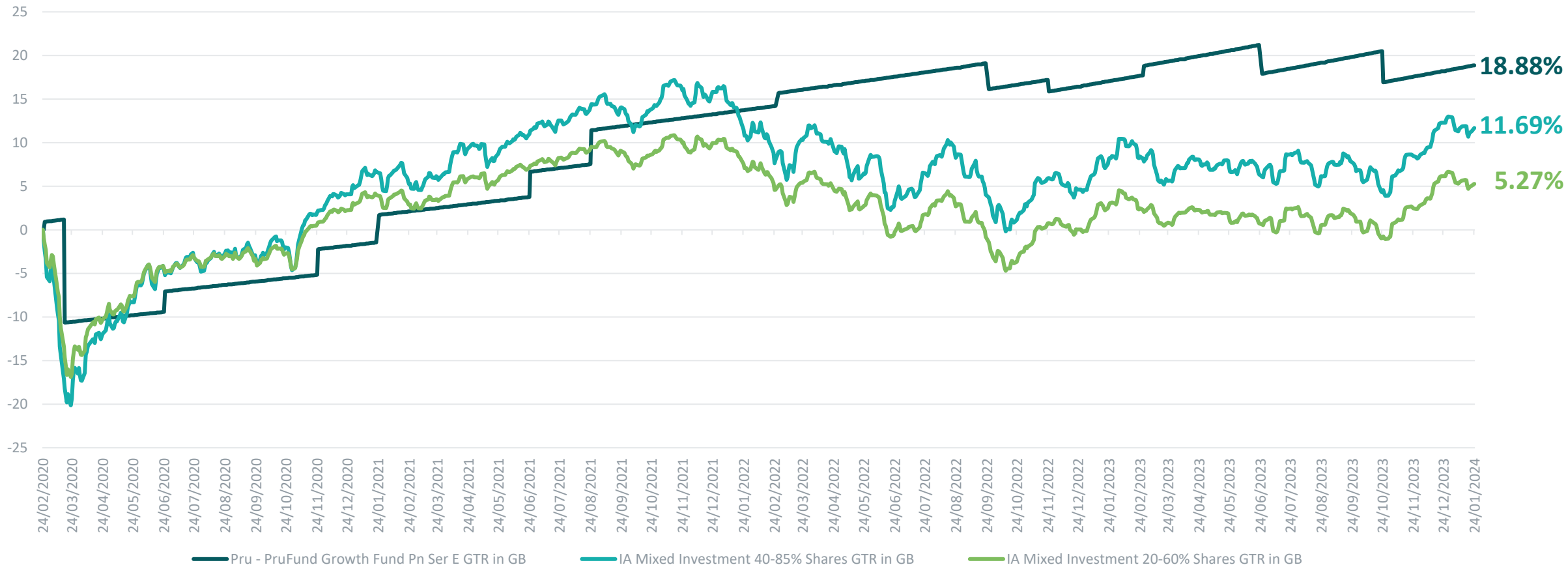
# PruFund performance

# Performance of PruFund Growth – 1 year performance



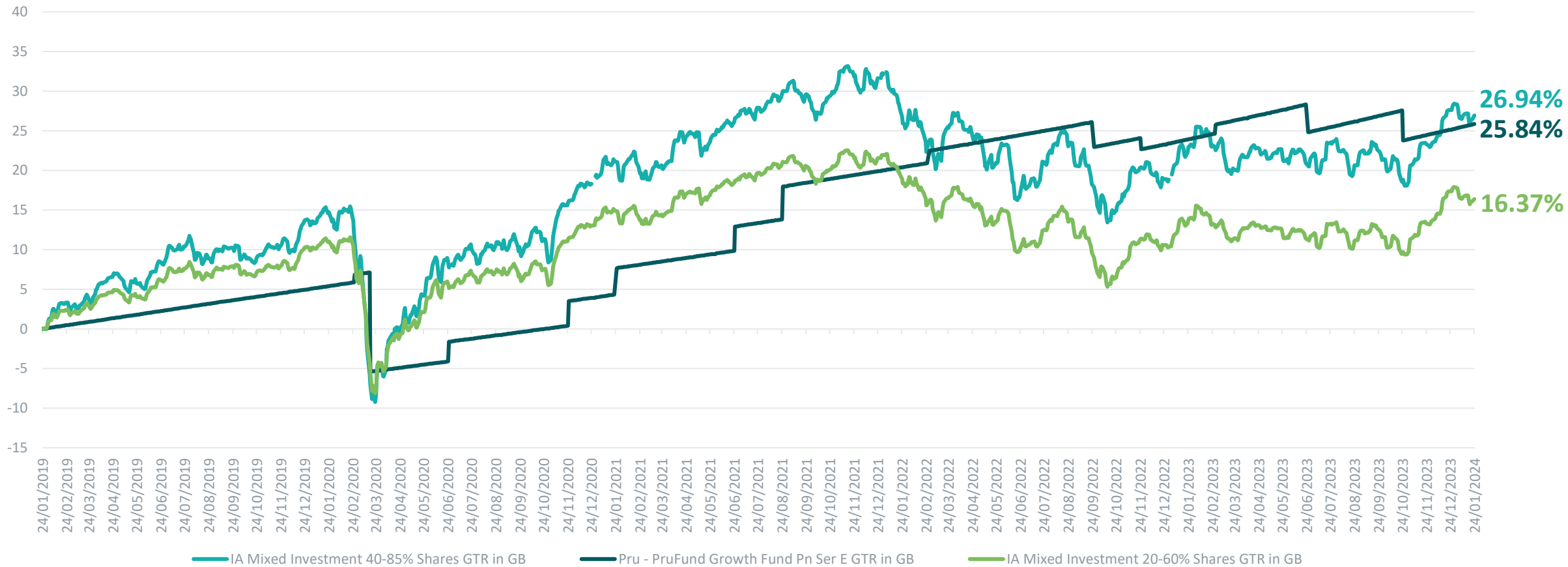
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# Performance of PruFund Growth since market falls in 2020



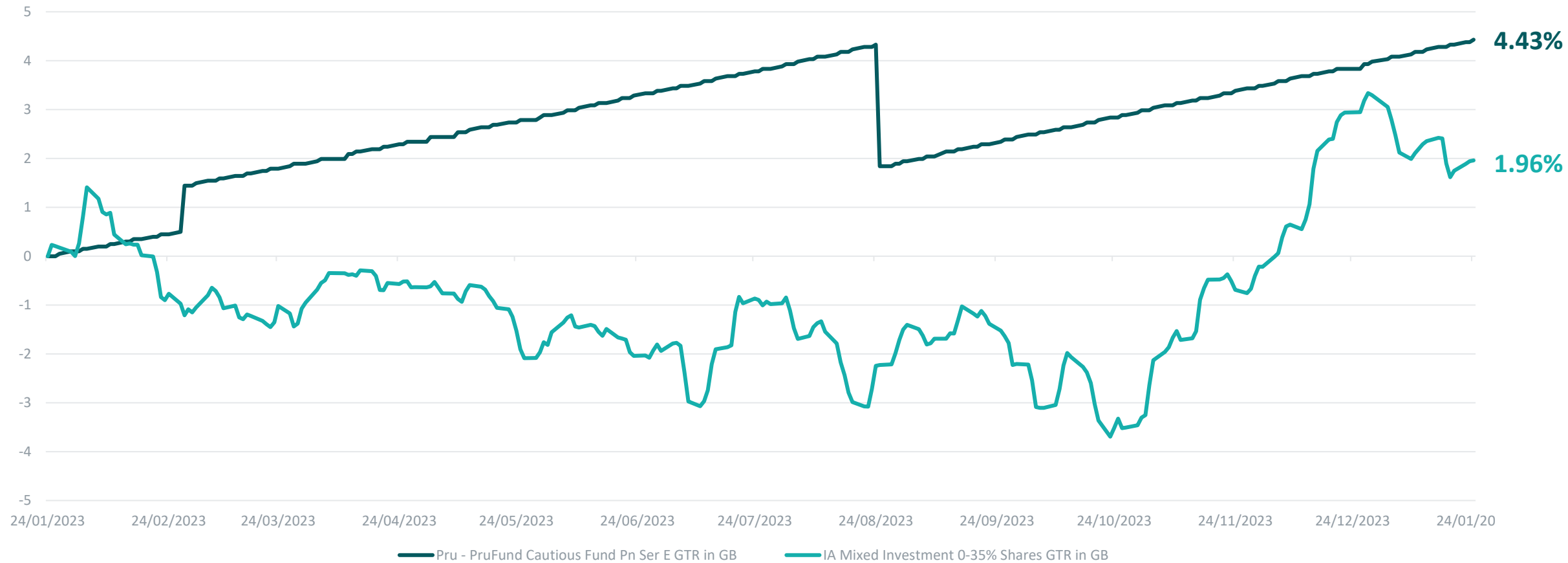
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# Performance of PruFund Growth – 5 years



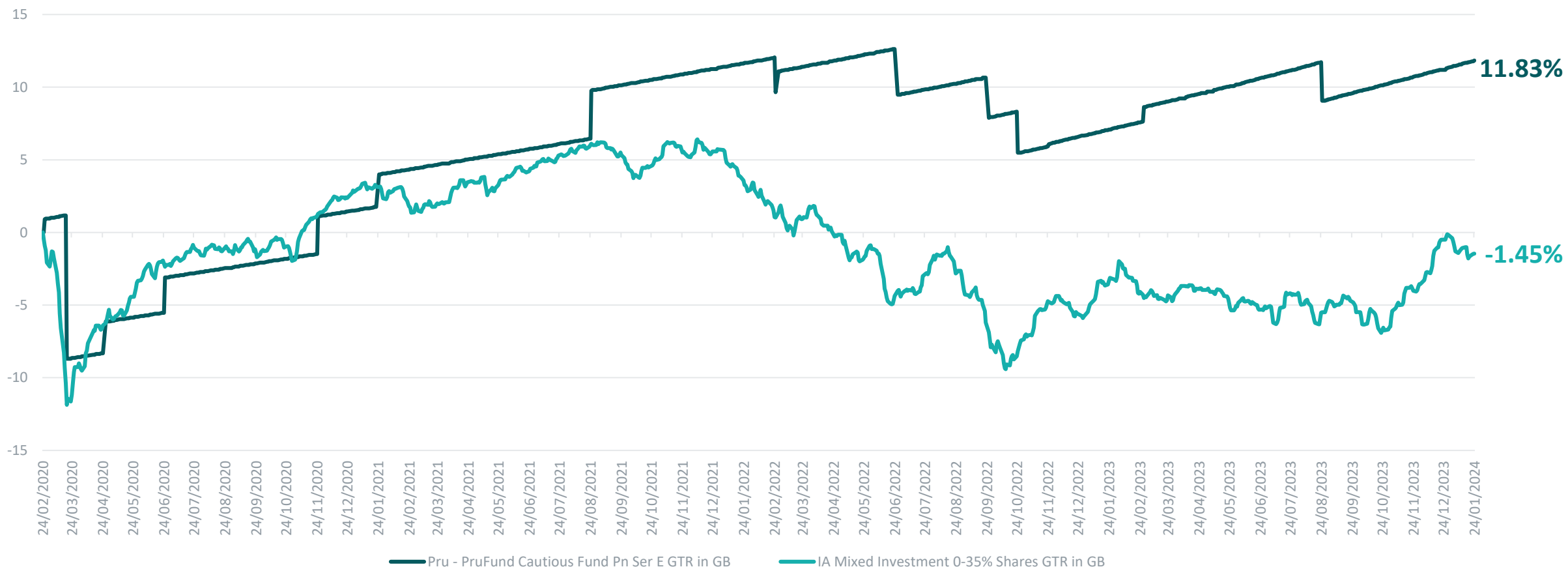
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# Performance of PruFund Cautious – 1 year



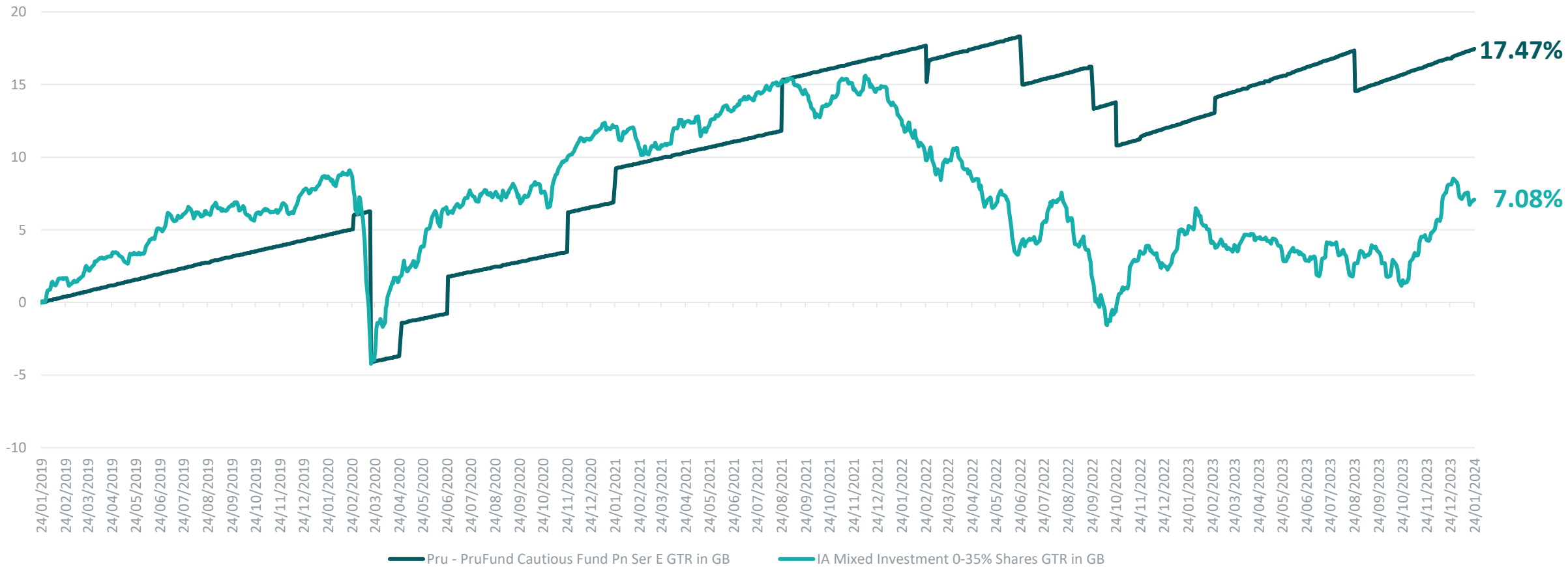
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# Performance of PruFund Cautious since market falls in 2020



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# Performance of PruFund Cautious – 5 year



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Thank you for your time

If you would like any further information, or support, then please contact your  
**Prudential Account Manager**

