

**Prudential Quarterly
Risk Profile Update
Note
Q4 2024**



Summary

Fund	Weighted average asset allocation [^]	Latest historical asset allocation [*]	Assigned risk profile	Status
PruFund Risk Managed 1	4 (4)	4 (4)	4	
PruFund Risk Managed 2	4 (4)	4 (5)	4	
PruFund Risk Managed 3	5 (5)	5 (5)	5	
PruFund Risk Managed 4	6 (6)	5 (5)	6	
PruFund Risk Managed 5	6 (6)	6 (6)	6	



() Analysis based on data to the end of June 2024 are shown in brackets.

[^] The weighted average approach incorporates the strategic asset allocation (if applicable) and the distribution of the historical asset allocations.

^{*} This column provides the position of the expected volatility based on the latest historical asset allocation (i.e. 30 September 2024). The figure in brackets illustrates the position of the volatility based on the previous quarter's allocation.

[†] DP has a set of asset allocation models which are managed to operate within each profile's boundaries. This column compares the annualised rolling volatility of each solution to the DP models and shows which model has been closest since inception. The rolling volatility period in each instance is assessed based on the performance data provided.

Please see Appendix for the Red, Amber & Green status descriptions.

Fund	Weighted average asset allocation [^]	Latest historical asset allocation [*]	Assigned risk profile	Status
PruFund Cautious	4 (4)	4 (4)	4	
PruFund Growth	6 (6)	5 (5)	5	

Fund	Weighted average asset allocation [^]	Latest historical asset allocation [*]	Assigned risk profile	Status
Planet Funds 1	4 (4)	4 (4)	4	
Planet Funds 2	4 (4)	4 (4)	4	
Planet Funds 3	5 (5)	4 (4)	5	
Planet Funds 4	5 (5)	5 (5)	5	
Planet Funds 5	6 (6)	6 (6)	6	

Risk Managed 4 and Planet 3 are slightly below their profile volatility boundaries. We have left on Green status but these may go to Amber if current risk levels are maintained.

We have based our review on the approach that was agreed at the start of the risk profiling service and used the DP capital market assumptions for Q4 2024. There have been no changes to the risk profile boundaries this quarter.

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[^] The weighted average approach incorporates the strategic asset allocation (if applicable) and the distribution of the historical asset allocations.

^{*} This column provides the position of the expected volatility based on the latest historical asset allocation (i.e. 30 September 2024). The figure in brackets illustrates the position of the volatility based on the previous quarter's allocation.

[†] DP has a set of asset allocation models which are managed to operate within each profile's boundaries. This column compares the annualised rolling volatility of each solution to the DP models and shows which model has been closest since inception. The rolling volatility period in each instance is assessed based on the performance data provided.

Please see Appendix for the Red, Amber & Green status descriptions.

Comments and notes from previous reviews

Q3 2024

All solutions are on Green status.

Q2 2024

All solutions are on Green status.

Q1 2024

This quarter the Risk Managed Active and Risk Managed Passive ranges are profiled for the last time due to contractual amendments. Each solution in both ranges is maintained on green status.

PruFund Cautious Fund and PruFund Growth Fund both marginally returned to their assigned profiles. While PruFund Cautious Fund was already on green status, PruFund Growth Fund has been maintained on amber status pending further review owing to its proximity to the boundary.

PruFund Risk Managed 2 continues to be above its assigned profile, albeit marginally, and has been placed on amber status.

Following placement on red status, the risk positions for Planet Funds 4 and Planet Funds 5 have continued below their respective boundaries. The assigned profiles for both solutions have been updated to reflect the most appropriate profile.

Q4 2023

This quarter we have placed PruFund Growth on amber status and placed Planet Funds 4 on red status.

PruFund Risk Managed 2, PruFund Cautious Fund and Prufund Growth has each maintained a position above their respective assigned profiles. The position above profile for PruFund Risk Managed 2 and PruFund Cautious Fund is modest, so we have maintained their green status pending further review. The position above profile for Prufund Growth is more significant hence it has been placed on amber status.

The expected volatility for Planet Funds 4 has further declined. Given the duration where it has been positioned below profile, it has been placed on red status.

The expected volatility for Planet Funds 5 has also further declined. We will request a call with the client to discuss the appropriateness of the currently assigned profile, pending which the solution is maintained on red status.

Q3 2023

The higher risk Planet funds are materially below the expected volatility for their respective risk profiles.

Q2 2023

The Risk Managed (incl Active and Passive) sit between RP5 & RP6. We currently see them all sitting slightly more towards RP6 territory

PruFund Growth has been above profile for a number of months but the rotation of equities into cash towards the end of Q1 has left it borderline RP5/6.

Planet 5 has been at risk levels below what we would expect for RP7 for some time. We believe it may be time consider the appropriateness of the allocated profile.

Q1 2023

We are working through some data queries. The solutions have all been maintained on their respective statuses from the prior quarter.

Q4 2022

PruFund Growth is now borderline RP5/6. We are maintaining its Amber status and will monitor going forward.

Planet 5 solution is still materially below risk profile and has now been Amber for 3 quarters. If this is still below profile in Q1 we will place on Red status.

Q3 2022

The *PruFund Growth* solution has lowered its equity exposure, particularly within Emerging Markets and the UK. However, the fund still exhibits risk marginally above that of its assigned risk profile. Its status remains on Amber.

While on Green, it is worth noting that the *PruFund Risk Managed Active 4* solution spent the previous quarter within RP6, however it has spent this quarter within the top two percentile of RP5.

Due to *PruFund Risk Managed 4* failing to reduce its risk enough to bring it back within the levels attributed to RP5, in line with our policies, we have changed the risk profile from a 5 to a 6. This change will not be processed and changed in Dynamic Planner until there has been communications with the fund manager.

Risk Managed Passive 4 has ended the quarter marginally within a RP6. This is due to the slight increase in exposure to the bond market. If risk fails to fall during the next quarter, we will look to change this to an Amber status.

This quarter, the risk for the *PruFund Planet 5* solution has remained similar to that of last quarter. Therefore, it has retained its Amber status, however, we will continue to monitor this.

Each of the remaining solutions continue to lie safely within the assigned boundaries.

Q2 2022

PruFund

Growth continues to have high risk relative to its risk profile. We are keeping the solution on Amber status.

Risk Managed Active Range

As intimated in the prior quarter, Active 1 has been well above RP3 upper boundary for over 12 months and was on Red status. We are now changing to RP4.

Risk Managed Passive Range

This quarter all the solutions in this range are on Green.

PruFund Risk Managed Range

We have placed 1-3 and 5 on Green as they are all within their ranges. 4 was previously on Red, which normally would indicate a profile change this quarter. We observe the solution risk level has been drifting down towards the upper boundary of its profile, so have opted to maintain Red status again. We will monitor next quarter to determine the best course of action.

Planet Range

As advised last quarter, Planet 5 risk level is below its assigned risk profile. We have now placed the solution on Amber status.

Appendix

Status descriptions



A **red** status indicates that the solution's current risk profile is no longer appropriate to the DP scale and that it will be changed at next quarter's review unless action is taken by the asset management team.



An **amber** status indicates that one or more of the measures considered may indicate the possibility of an alternative risk profile. This could be due to short-term tactical positioning within the solution or other market considerations and does not imply that the long-term risk profile should necessarily change.



A **green** status indicates that the solution is in line with the assigned risk profile and no action is needed.

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