Prudential
Initial Risk Profile Report

January 2026

Contents

Executive summary

Dynamic Planner has reviewed 10 solutions offered by Prudential in their Risk Managed Passive Range. This report incorporates an initial review of all 10 solutions.

The main objective of the Dynamic Planner Risk Profiles and Fund Risk Profiling Service is to provide financial advisers and their clients with a meaningful measure of the long-term investment risk of fund strategies and a mechanism for selecting solutions appropriate for investor risk appetites and capacity for risk.

The table below shows the risk profile Dynamic Planner has assigned to the solutions.

Fund	Assigned Risk profile	Profile Type
Risk Managed Passive 1	3	Risk Profiled
Risk Managed Passive 2	4	Risk Profiled
Risk Managed Passive 3	4	Risk Profiled
Risk Managed Passive 4	5	Risk Profiled
Risk Managed Passive 5	6	Risk Profiled

Table 1a: Risk profiles – Passive range

Fund	Assigned Risk profile	Profile Type
Risk Managed Active 1	4	Risk Profiled
Risk Managed Active 2	4	Risk Profiled
Risk Managed Active 3	5	Risk Profiled
Risk Managed Active 4	5	Risk Profiled
Risk Managed Active 5	6	Risk Profiled

Table 1b: Risk profiles – Active range

The information contained in this report supplements methodologies used on the Platform. The report should be used in the context of these methodologies and advice provided on the Platform and not in isolation.

1 Introduction

This report was commissioned by Prudential, who contracted Dynamic Planner to determine the appropriate risk profile for the solutions based on the risk profiles used in the Dynamic Planner platform. The following solutions are reviewed in this report:

- Risk Managed Passive (1 – 5) range
- Risk Managed Active (1 – 5) range

The profiles provided in this report are based on Dynamic Planner's Q4 2025 capital market assumptions, which are discussed in appendix A. The risk bands based on Dynamic Planner's assumptions are set out in appendix B.

Dynamic Planner provides this analysis on the understanding that investors will access the solutions through a regulated advice process. The recommendation on whether to include the solutions in an investor's portfolio and the amount to include should be made by advisers with the necessary Financial Conduct Authority permission to advise on investments. Dynamic Planner accepts no liability in respect of any advice given to investors relating to investment strategy or the purchase of specific products.

The analysis in this report has been based on data and information provided by Prudential and other third parties as set out in the appendices. Data received has been assumed by Dynamic Planner to be correct as of the date of this report.

The following section sets out the results of our analysis and subsequent sections set out the methodology and assumptions in more detail.

2 Investment objectives

Solution name	Investment Objective
Risk Managed Passive 1	The Sub-fund aims to achieve long-term (in excess of 5 years) total return (the combination of income and growth of capital) by investing in a mix of assets from around the world and aims to limit the average volatility per annum over rolling 5 year periods to 9%. There is no guarantee the objective will be achieved over any time period and the actual volatility, at any time, may be higher or lower than 9%. Capital invested is at risk.
Risk Managed Passive 2	The Sub-fund aims to achieve long-term (in excess of 5 years) total return (the combination of income and growth of capital) by investing in a mix of assets from around the world and aims to limit the average volatility per annum over rolling 5 year periods to 10%. There is no guarantee the objective will be achieved over any time period and the actual volatility, at any time, may be higher or lower than 10%.
Risk Managed Passive 3	The Sub-fund aims to achieve long-term (in excess of 5 years) total return (the combination of income and growth of capital) by investing in a mix of assets from around the world and aims to limit the average volatility per annum over rolling 5 year periods to 12%. There is no guarantee the objective will be achieved over any time period and the actual volatility, at any time, may be higher or lower than 12%. Capital invested is at risk.
Risk Managed Passive 4	The Sub-fund aims to achieve long-term (in excess of 5 years) total return (the combination of income and growth of capital) by investing in a mix of assets from around the world and aims to limit the average volatility per annum over rolling 5 year periods to 14.5%. There is no guarantee the objective will be achieved over any time period and the actual volatility, at any time, may be higher or lower than 14.5%. Capital invested is at risk..
Risk Managed Passive 5	The Sub-fund aims to achieve long-term (in excess of 5 years) total return (the combination of income and growth of capital) by investing in a mix of assets from around the world and aims to limit the average volatility per annum over rolling 5 year periods to 17%. There is no guarantee the objective will be achieved over any time period and the actual volatility, at any time, may be higher or lower than 17%. Capital invested is at risk.

Solution name	Investment Objective
Risk Managed Active 1	The Sub-fund aims to achieve long-term (in excess of 5 years) total return (the combination of income and growth of capital) by investing in a mix of assets from around the world and aims to limit the average volatility per annum over rolling 5 year periods to 9%. The Sub-fund aims to achieve its objective through investing at least 70% in actively managed collective investment schemes.
Risk Managed Active 2	The Sub-fund aims to achieve long-term (in excess of 5 years) total return (the combination of income and growth of capital) by investing in a mix of assets from around the world and aims to limit the average volatility per annum over rolling 5 year periods to 10%. The Sub-fund aims to achieve its objective through investing at least 70% in actively managed collective investment schemes.
Risk Managed Active 3	The Sub-fund aims to achieve long-term (in excess of 5 years) total return (the combination of income and growth of capital) by investing in a mix of assets from around the world and aims to limit the average volatility per annum over rolling 5 year periods to 12%. The Sub-fund aims to achieve its objective through investing at least 70% in actively managed collective investment schemes.
Risk Managed Active 4	The Sub-fund aims to achieve long-term (in excess of 5 years) total return (the combination of income and growth of capital) by investing in a mix of assets from around the world and aims to limit the average volatility per annum over rolling 5 year periods to 14.5%. The Sub-fund aims to achieve its objective through investing at least 70% in actively managed collective investment schemes.
Risk Managed Active 5	The Sub-fund aims to achieve long-term (in excess of 5 years) total return (the combination of income and growth of capital) by investing in a mix of assets from around the world and aims to limit the average volatility per annum over rolling 5 year periods to 17%. The Sub-fund aims to achieve its objective through investing at least 70% in actively managed collective investment schemes.

3 Analysis and methodology

One of the key tasks for an investor is to determine how much investment risk to take on. This decision will depend on psychological, financial, and other factors. The investor will want to maximise the reward for taking on this risk through the selection of optimal weights for each asset category included in the investment portfolio.

Dynamic Planner's asset allocation methodology is based on the principles of modern portfolio theory. The risk profiles provided by Dynamic Planner are risk profiles of the long-term asset allocations adopted for a solution. The actual riskiness over the long term will depend on, among other things, the level of flexibility in the manager's mandate and how far any deviations from the long-term position are and for how long.

The measure of risk Dynamic Planner has used for each solution is the estimated volatility as determined using the solutions' internal asset allocations along with the estimates of the returns, volatilities and correlations of the Dynamic Planner primary asset classes. The analysis assumes that the actual holdings in each asset class can be broadly represented by the benchmark adopted for that asset.

The investment assumptions used in this review are those set by Dynamic Planner as of Q4 2025. Risk bands based on the Dynamic Planner assumptions (as set out in appendix B) were used to ensure that the profiles assigned to each solution are consistent with profiles and practices adopted within the implementation of the Dynamic Planner platform. This ensures that the profiles can be used with outputs from psychometric risk profiling instruments used within the Dynamic Planner platform.

For the purposes of constructing the efficient frontier, estimating return distributions and profiling solutions, Dynamic Planner splits the investment universe into a range of asset classes.

For each of these asset classes, Dynamic Planner periodically reviews the appropriate set of investment assumptions for forecasting future returns and risk distributions. The assumptions are derived from historical and market data at each review date. Appendix A provides a summary of the methodology used to derive the investment planning assumptions used on the Dynamic Planner platform.

4 Results

The risk profiles assigned to the solutions are based on the holdings provided by the manager.

Prudential provided us with positions from October 2024 to September 2025 for all solutions. We have used the data to assess the Risk Profile by mapping the holdings to our asset classes and calculating the expected volatility for each solution using our assumptions.

Going forward the solutions will be reviewed in the Quarterly Review Process (QRP). This process requires that drift weights are provided for each end of month position for the preceding three months. We have found this to be optimal to conduct properly informed reviews, identify trends, and maintain consistency.

At the time the solutions were profiled, they had already been live for an adequate period. We have therefore profiled the solutions based on data which is representative of the way the portfolios are managed. Should the management strategy materially deviate from that which was assessed in this review, the assigned profile will be reviewed in the QRP.

4.1   Analysis – Risk Managed Passive Range

The figure below shows the ex-ante volatility and ex-ante return of the solutions with respect to Dynamic Planner's frontier. The grid lines show the boundaries of each risk profile defined by Dynamic Planner. For example, risk profile 1 corresponds to volatility of 0-2.1%, risk profile 2: 2.1-4.2%, and so on. The graph below shows that each solution increases in risk, with assigned profiles being between DP3 and DP6. However, it is noteworthy that the positions within the respective bands are not equidistant. This indicates that although the overall risk profile increases with each solution, the relative level of risk within each band varies.
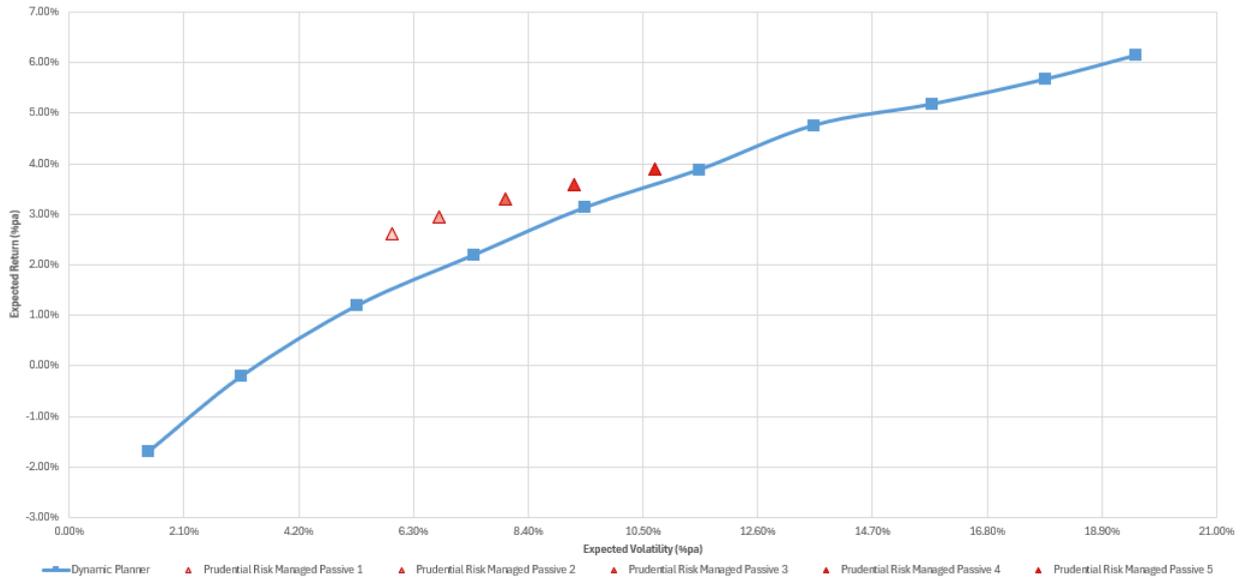
Figure 1a: Solution vis-à-vis the Dynamic Planner frontier

All charts in this section show a breakdown of the holdings for the fund in a risk-adjusted basis for September 2025.

Figure 2a shows the allocations to the broad asset classes for each solution. Over the range, the equity exposure increases approximately 12% per solution from Passive 1 (lowest risk) to Passive 5 (highest risk). With the increase in equity exposure there is a corresponding decrease in fixed income between successive solutions, creating a difference in ex-ante volatility of an average of 1.2% and in turn a difference in risk profile of 0.57 on average, which partially explains the volatility spacing seen in figure 1. Exposure to alternatives increases from 3% to 6% in the range, due to the inclusion of REITs and listed infrastructure in the holdings.
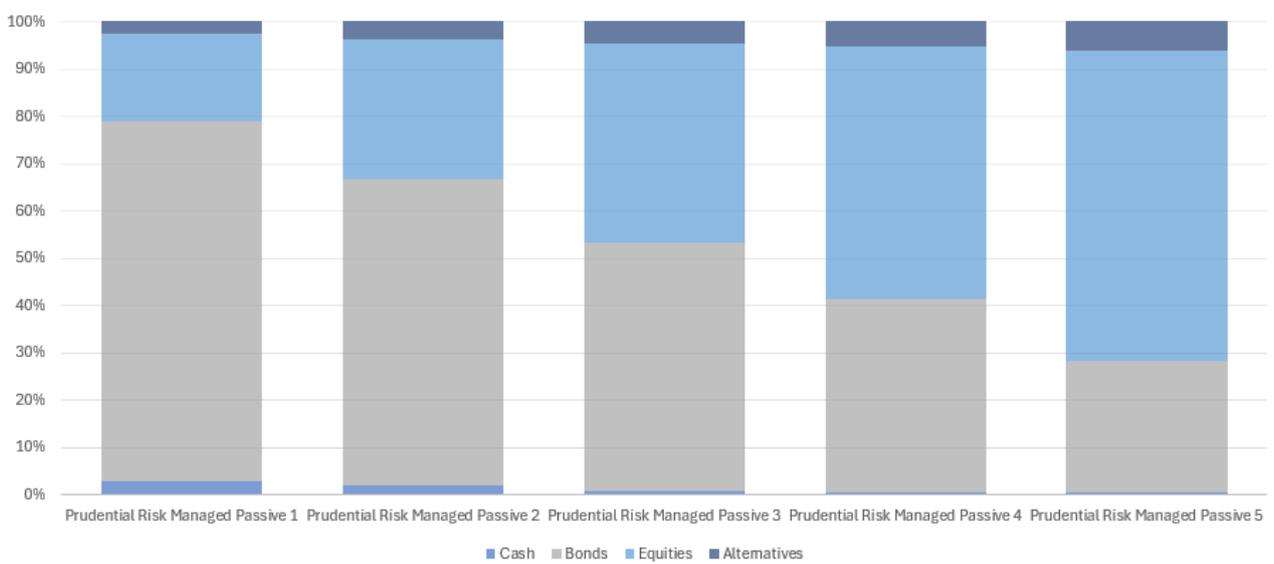
Figure 2a: Broad Asset Allocations

The contributions to risk from the broad asset classes are shown in Figure 3a. These are not distributed in the same way as the asset class weights: equities being the riskiest asset class of the four has the highest contribution to risk for the Passive 2 to 5 portfolios.
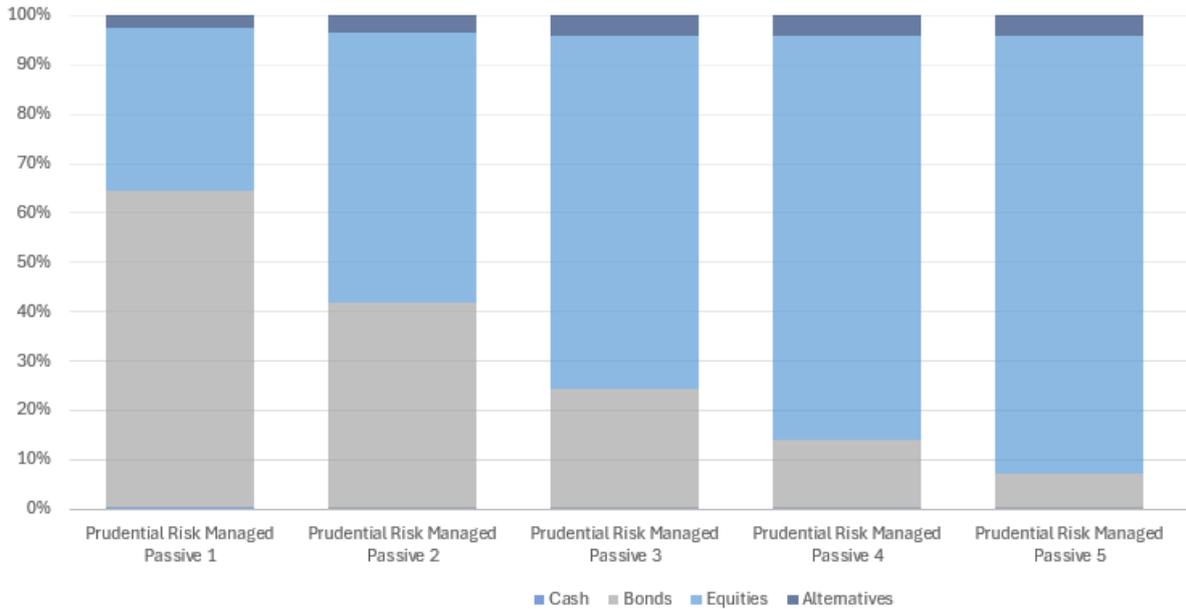
Figure 3a: Risk Contribution from Broad Asset Classes

The regional breakdown of the equity exposures is shown in the chart below. The majority of the exposure across the range is in UK (4% - 17%). The higher risk regions, Asia Pacific ex Japan and Emerging Markets make up 6% in Passive 1, increasing to 22% for the Passive 5 portfolio, constituting a third of the equity exposure for that fund.
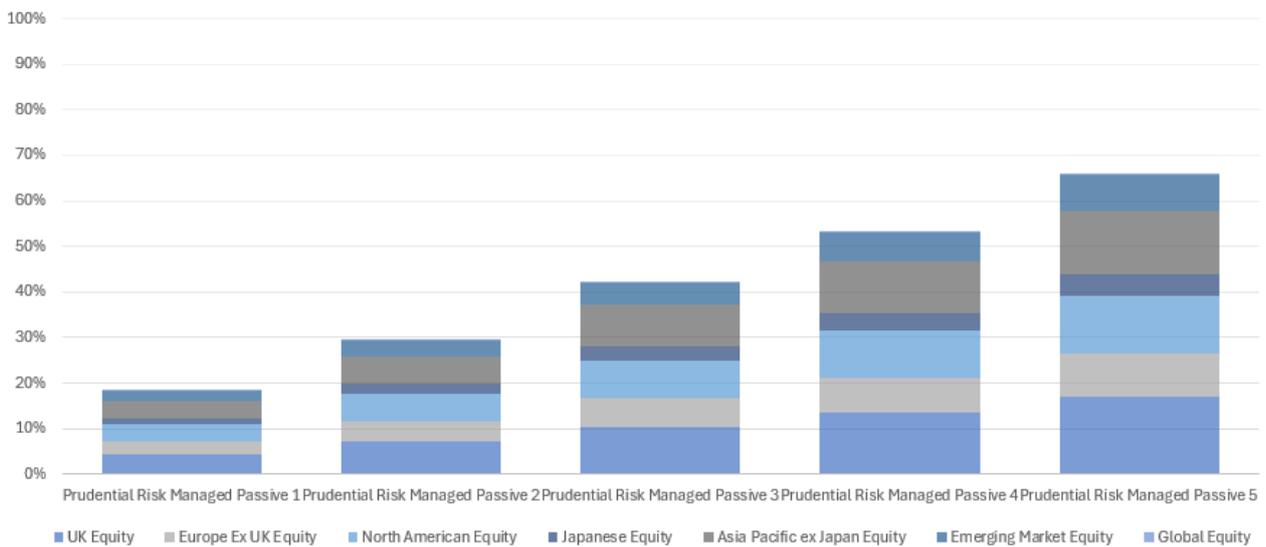
Figure 4:a Equity Risk Allocations

In terms of market cap breakdown, the allocations are predominantly in Large Cap (10% - 34%). Please note that 'All Cap' refers to positions which could not be split by market capitalisation.
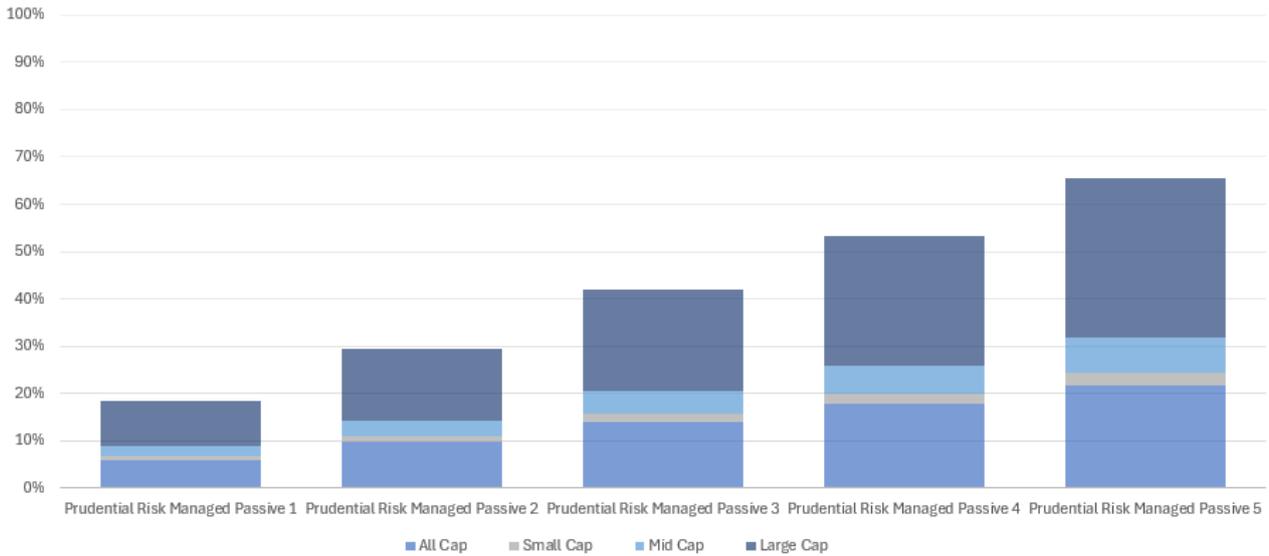
Figure 5a: Market Cap breakdown of Equities

Through the range, the fixed income allocation decreases as the risk profile of the solutions increase, as seen in Figure 2a above. The chart below shows that investment grade corporate bonds account for most of the exposure (47% - 14%) across the range. Followed by Investment grade sovereign (18% - 7%).
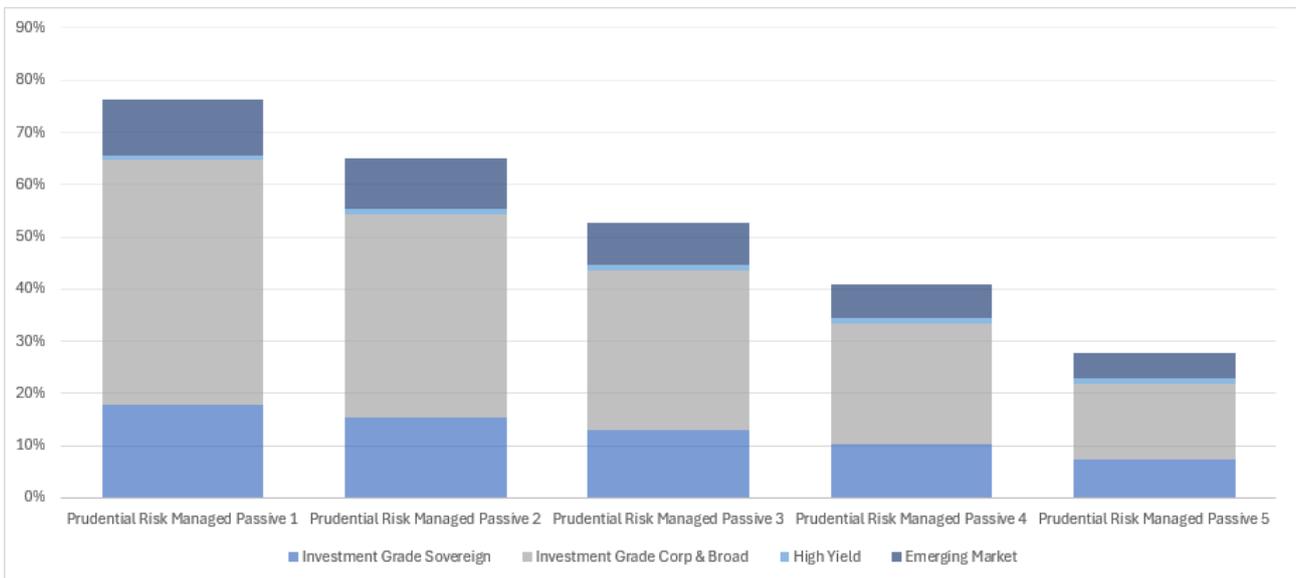
Figure 6a: Fixed Income Allocations

4.2   Analysis – Risk Managed Active Range

The figure below shows the ex-ante volatility and ex-ante return of the solutions with respect to Dynamic Planner's frontier. The grid lines show the boundaries of each risk profile defined by Dynamic Planner. For example, risk profile 1 corresponds to volatility of 0-2.1%, risk profile 2: 2.1-4.2%, and so on. The graph below shows that each solution increases in risk, with assigned profiles being between DP4 and DP6. However, it is noteworthy that the positions within the respective bands are not equidistant. This indicates that although the overall risk profile increases with each solution, the relative level of risk within each band varies.
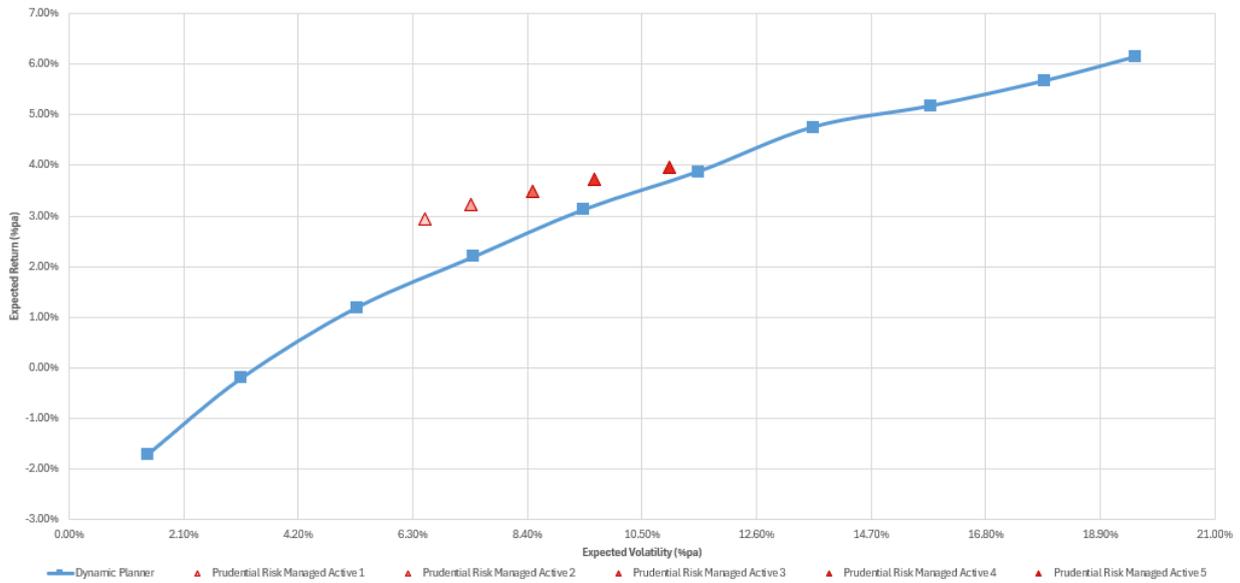
Figure 1b: Solution vis-à-vis the Dynamic Planner frontier

All charts in this section show a breakdown of the holdings for the fund in a risk-adjusted basis for September 2025.

Figure 2 shows the allocations to the broad asset classes for each solution. Over the range, the equity exposure increases approximately 12% per solution from Active 1 (lowest risk) to Active 5 (highest risk). With the increase in equity exposure there is a corresponding decrease in fixed income between successive solutions, creating a difference in ex-ante volatility of an average of 1.12% and in turn a difference in risk profile of 0.53 on average, which partially explains the volatility spacing seen in figure 1b. Exposure to alternatives also increases throughout the range from 7% to 14%.
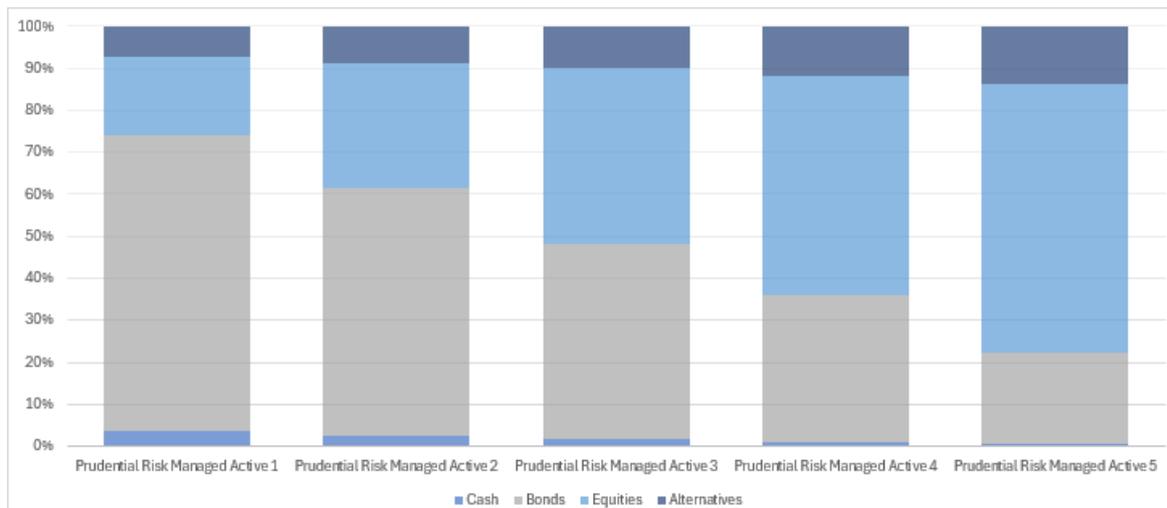
Figure 2b: Broad Asset Allocations

The contributions to risk from the broad asset classes are shown in Figure 3b. These are not distributed in the same way as the asset class weights: equities being the riskiest asset class of the four has the highest contribution to risk for the majority of the portfolios.
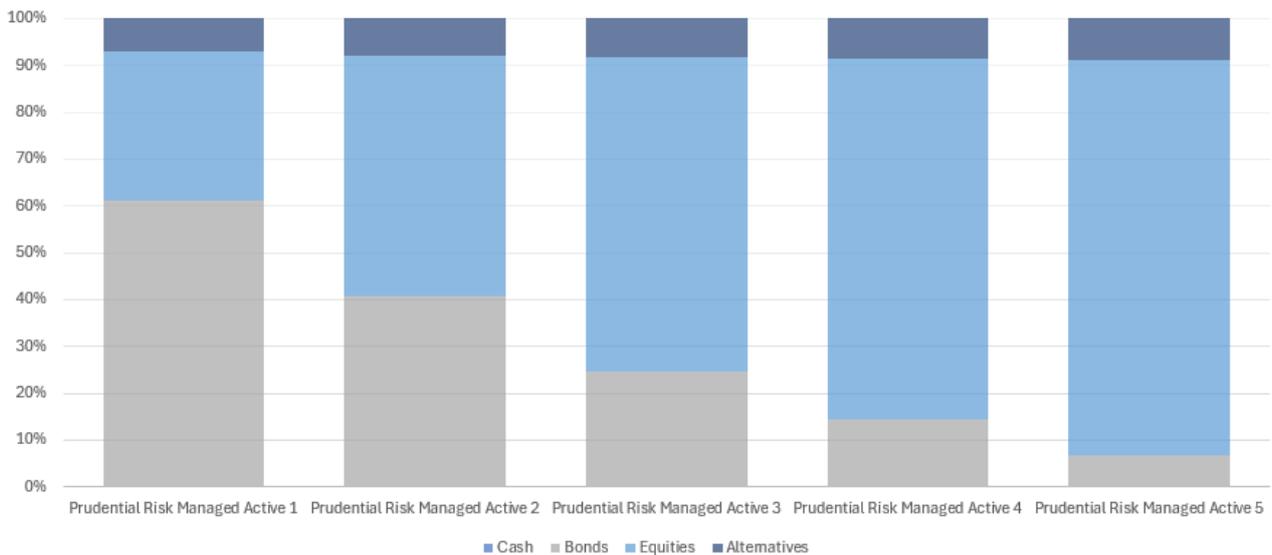
Figure 3b: Risk Contribution from Broad Asset Classes

The regional breakdown of the equity exposures is shown in the chart below. The majority of the exposure across the range is in UK (4% - 18%). The higher risk regions, Asia Pacific ex Japan and Emerging Markets make up 5% in Active 1, increasing to 20% for the Active 5 portfolio, constituting to around a third of the equity exposure for that fund.
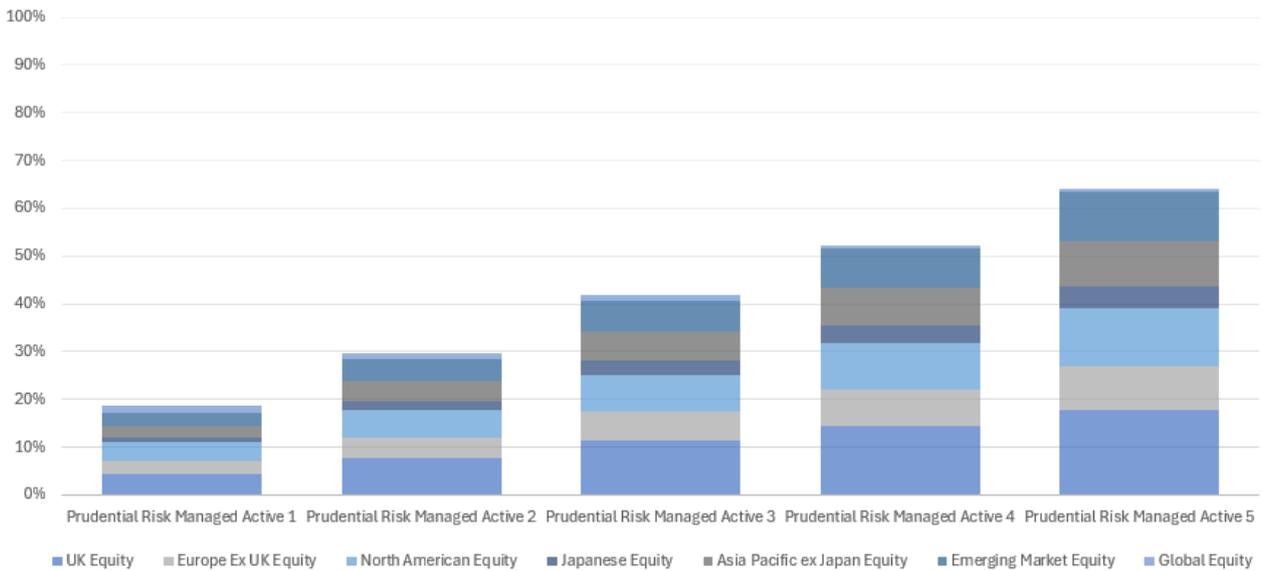

Figure 4b: Equity Risk Allocations

In terms of market cap breakdown, Large Cap (8%-30%) has the greatest allocation, closely followed by All cap (7%-21%). Please note that 'All Cap' refers to positions which could not be split by market capitalisation.
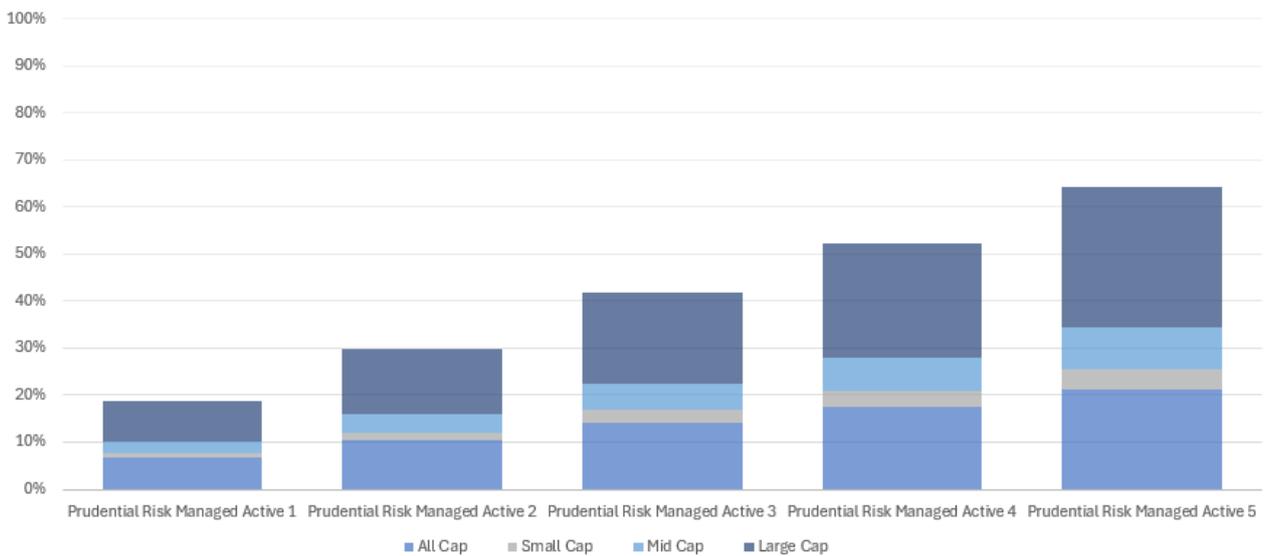
Figure 5b: Market Cap breakdown of Equities

Through the range, the fixed income allocation decreases as the risk profile of the solutions increase, as seen in Figure 2b above. The chart below shows that; investment grade Corporates account for most of the exposure (37%-7%). Followed by Emerging Market bonds (19%-7%).
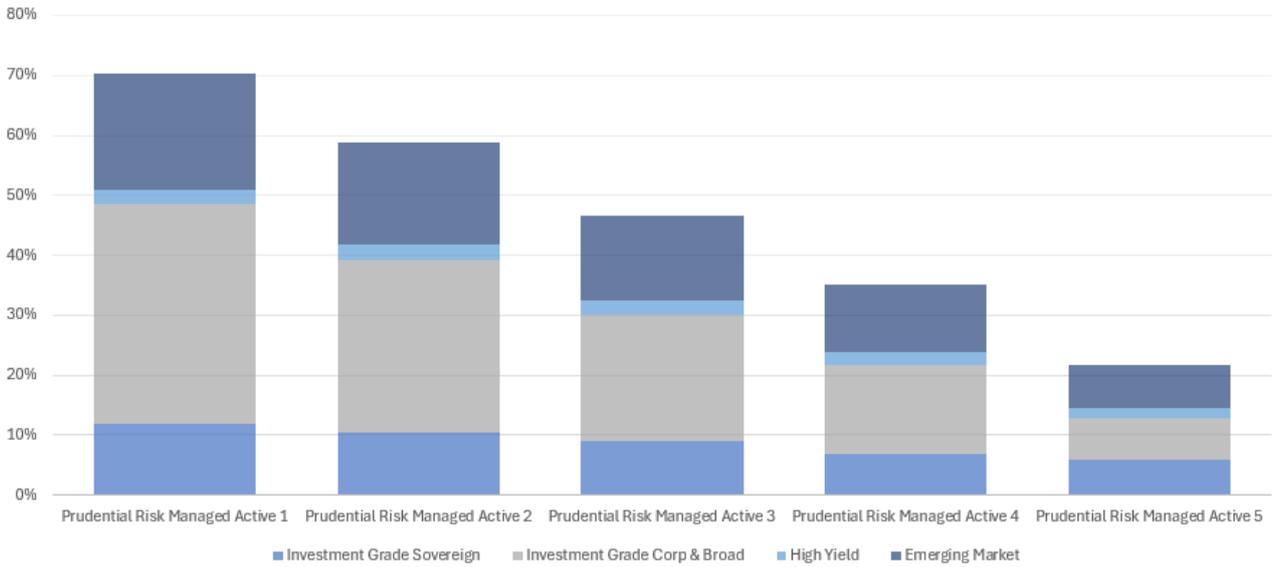
Figure 6b: Fixed Income Allocations

5 Summary

In Table 2a and 2b below, we summarise the risk profiles of the solutions based on the different measures set out above.

Fund	Calculated Risk Profile	Assigned Risk Profile
Risk Managed Passive 1	3	3
Risk Managed Passive 2	4	4
Risk Managed Passive 3	4	4
Risk Managed Passive 4	5	5
Risk Managed Passive 5	6	6

Table 2a: Summary of risk profile – Passive range

Fund	Calculated Risk Profile	Assigned Risk Profile
Risk Managed Active 1	4	4
Risk Managed Active 2	4	4
Risk Managed Active 3	5	5
Risk Managed Active 4	5	5
Risk Managed Active 5	6	6

Table 2b: Summary of risk profile – Active range

- Based on the analysis above, we are comfortable with the profiles assigned to the solutions.
- We will continue to assess the suitability of the assigned profiles in our quarterly reviews (QRP).

Appendix A: Investment assumptions

This appendix sets out the method used to generate the planning assumptions used on the DYNAMIC PLANNER platform.

The estimate of returns for equities, property and corporate bonds are calculated as a premium over gilts and then expressed as real returns (i.e. returns in excess of inflation). In addition to analysing historical index data, Dynamic Planner also use the following market data to arrive at expected return assumptions:

- Yields on UK Gilts; conventional and index-linked,
- UK corporate bond yields,
- Yields on global bonds,
- Equity earnings and dividend yields,
- Economic growth forecasts.

Details of the Dynamic Planner estimation methodology can be made available on request.

Appendix B: Risk profile boundaries

The following table sets out the lower and upper volatility boundary for each risk profile used in the implementation of the Dynamic Planner application.

Risk Profile	Volatility of asset allocation	Lower boundary	Upper boundary
1	1.45%	0.0%	2.1%
2	3.30%	2.1%	4.2%
3	5.34%	4.2%	6.3%
4	7.35%	6.3%	8.4%
5	9.53%	8.4%	10.5%
6	11.64%	10.5%	12.6%
7	13.69%	12.6%	14.7%
8	15.87%	14.7%	16.8%
9	17.80%	16.8%	18.9%
10	19.73%	18.9%	21.0%

Table 3: Dynamic Planner Risk Profile boundaries

Source of information
Hedge Fund Research, World Bank, MSCI Inc, Intercontinental Exchange Data Indices LLC, Henley Business School, Bloomberg LLC, Strategic Frontier Management

www.dynamicplanner.com