This is for UK advisers – feel free to show it to your clients.

Pru
part of M&G plc

Investment Update

PruFund Cautious

May 2025

Contents

Introduction

Welcome to this month's PruFund Cautious report, giving you the latest updates on the fund. PruFund is one of the most diverse multi-asset funds in Europe, with PruFund Cautious introduced in 2009.

PruFunds are fully invested in the £128 billion Prudential With-Profits Fund and overseen by the M&G Treasury and Investment Office (T&IO). It has access to a multitude of investment options, including private and real assets, which are beyond many mainstream, less diverse, funds on the market.

The PruFund range has around **£64 billion** invested in it by around **500,000** customers, advised by **5,200** advice firms (around 3,200 have £1m+ invested).

The size and scale available to PruFunds along with the expert strategic management of the T&IO offers global diversification in up to 40 different sub asset classes in numerous locations across the globe. This scale and reach allows significant exposure to real assets such as direct real estate and infrastructure.

In this report you will find information on recent investment market activity, where the funds invests, how much is invested and how the fund has performed.

The views expressed here are subject to change without notice. Neither T&IO, any of its associates, any director, or employee accepts any liability for any loss arising directly or independently from any use of this document. The value of your investment can go down as well as up so you might get less back than you put in.

Key talking point this month

Inflation and Tariffs: a global perspective

In May, market headlines continued to be dominated by ongoing US tariff uncertainty. Despite the announcement of a 90-day pause on tariffs in April, we saw a number of key tariff-related developments as countries looked to negotiate with the US.

Timeline of key tariff related events

May 8 – The first deal of the trade war sees US cuts to tariffs on British car and steel exports but keeps 10% American levies on other exports.

May 12 – The US and China agree to lower tariffs for the next 90 days, the US lowering tariffs on Chinese goods from 145% to 30%, while China reduces duties on US imports from 125% to 10%.

May 25 – Donald Trump agrees to delay a threatened 50% tariffs on the EU and extend trade negotiations until July 9, after a conversation with European Commission president.

May 28 – A US trade court rules that Donald Trump's global tariffs are illegal using the legislation he cited. The appeals court have granted a pause on the ruling until the challenges are heard.

May 30 – Donald Trump states the US will double steel and aluminium import tariffs from 25% to 50% globally, with the new levels taking effect from 4 June.

Are tariffs causing inflation or deflation?

Tariffs are having opposite effects on inflation on the US and the rest of the globe:

- **United States:** Tariffs act like taxes on imported goods, which can reduce consumer demand. However, they also disrupt supply chains and weaken the US dollar, raising production costs. This combination tends to push inflation higher.
- **Global Impact:** Outside the US, tariffs generally reduce inflation. Less global trade lowers demand, which has already started to bring down commodity prices. At the same time, stronger currencies relative to the US dollar help reduce inflation in other countries.

Following the 90-day pause announcement, most equity markets have bounced back and we continue to assess ongoing developments. The US government has made formal demands for new trade offers to be received from trading partners by 4 June and we expect further developments next month.

The 'Big Beautiful Bill' President Trump formed in his manifesto passed through Congress, but still requires Senate approval. Investors have started to focus on how much extra government spending the White House has planned for this term. There is certainly much more to come, but the magnitude of announcements, speed of change in the narrative and potential size of the implications are doing little to dampen uncertainty.

Markets

Equity markets

Developed equity markets rose in May, as President Trump secured several trade deals and tariff concerns eased slightly.

The S&P 500 rose 6.2% while the MSCI World Index was up 5.0%. Emerging market equities continued their positive momentum, helped by a cheaper US Dollar and were led by Taiwan and Korea due to their role in the global tech supply chain. China equity returns lagged as domestic demand remained weak, despite benefitting from tariff relaxation. Indian markets underperformed after two months of strong returns, impacted by escalated tensions between India and Pakistan.

Key movers in equities

US equities increased for the first time in four months – as markets rebounded from the fallout of President Trump's 'liberation day' tariffs, erasing their 2025 losses. The de-escalation of tariffs between the US and China was a large reason for this. Members of the 'Magnificent Seven' tech stocks led the charge in what was US stocks biggest monthly rally since late 2023, with the S&P 500 now in positive territory year to date. Sector performance saw industrials, consumer cyclical and technology lead gains, with the largest fall seen in healthcare.

UK equities rose, the FTSE 100 up 3.1% and the FTSE All Share up 4.1% as markets were boosted by news of the UK-US trade deal – reducing steel and car import tariffs, and a UK-EU deal covering a defence and security pact as both regions agreed to improve relations following Brexit. Sector performance across the board improved and was led by Technology, Industrials, Consumer Cyclical and Financial Services sectors.

Japanese equity performance improved, the Nikkei 225 rose 5.3% in reaction to trade negotiations between the US and China and positive full year results from large cap companies. The Yen depreciated approximately +1.7% vs the US dollar, positively impacting export volumes, while Japan has cited progress as talks continue on securing a trade deal with the US.

> Developed equity markets rose in May

> The S&P 500 is the US stock market tracking the performance of the 500 largest US companies.

> The FTSE 100 is the UK stock market tracking the performance of the 100 largest UK companies.

> The Nikkei 225 is the Japanese stock market tracking the performance of the 225 largest companies.

Fixed Income

UK government bond prices fell, with the UK 10-year Gilt yield closing at 4.67% from 4.45% (bond yields and prices move in opposite directions). Yields being driven by the unexpected increase in inflation, delayed rate cuts from the Bank of England (BoE) and increased government borrowing.

US 10-year Treasury prices reduced too, with US 10-year treasury yields up **to 4.41% from 4.17%**. Policy uncertainty continued to drive yields. The 'Big Beautiful Bill' passing through Congress prompting concern over increased government spending. While a debt downgrade from Moody's (one of world's largest credit rating agencies) downgraded US sovereign bonds, due to inaction in addressing rising debt levels and interest payments.

Investment grade credit spreads remain historically small and could stay there for some time to come.

Real Estate

Real Estate markets are stabilising in the current rate cutting cycle.

Capital values are now stable with a recovery phase underway in many global markets. Increased optimism and easing interest rates are setting the scene for a rise in buying, selling and lending opportunities.

We continue to see value in real estate with lower entry prices and strengthening rental growth offering the prospect of attractive potential returns.

UK

Industrial and residential sectors have been positive so far this year, house prices rose by 0.5% in May. The secondary office sector remains under pressure, while prime, well-located offices however remain successful in attracting occupiers. Recent data suggests that both deal volumes and real estate values are recovering.

North America

The market has shown resilience in recent months and is nearing a point of stabilisation, with only offices likely to see further decline. Vacancy rates remain elevated compared to other developed markets, reflecting ongoing post-pandemic adjustments. Residential sales remain subdued due to high house prices, but expected interest rate cuts in the second half of 2025 should help boost buyer confidence and market activity.

Europe

Downward pressure on valuations has subsided, with yields now showing two quarters of stability and positive investor sentiment is causing the transactional market to continue picking up. Strong rental growth has continued. High quality office assets are generally performing well, and residential rents are continuing to rise ahead of trend. With a forecast drop off in supply across sectors expected in 2025, vacancy rates should largely remain low across the board and support rental growth.

Asia

The outlook appears positive given the region's better growth prospects. The spread between direct and listed real estate is far narrower than other regions, effectively meaning investor sentiment is better. **Investment volumes saw a notable increase in Q1 2025, rising by 5-10% year-on-year**, as investors became more optimistic around the economic outlook and began entering the market.

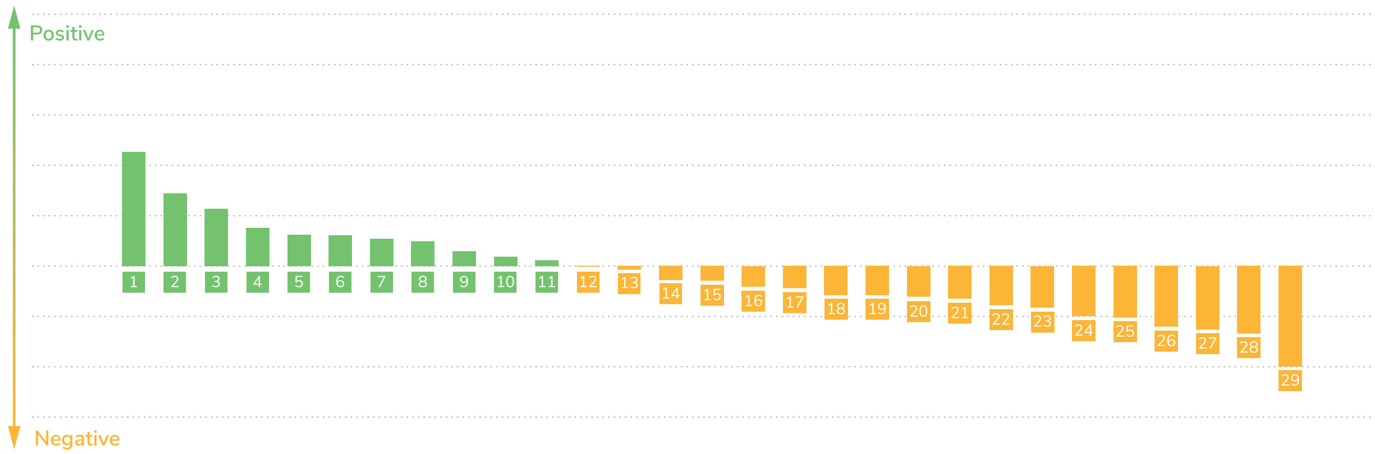
Our real estate teams remain cautiously optimistic and the outlook for rates remains a key driver of market sentiment, with the view they have peaked supporting valuations.

> "We're seeing signs of stabilisation

Performance by Asset Class

The bar graph below is designed to give some insight in to how PruFund Cautious assets have performed. There are clear constraints around providing detailed 'unsmoothed' performance but we hope the graphic below at least gives some insight in to the drivers and detractors of absolute returns for the period in review.

Year to date returns per asset class as at 30 April 2025



1 Europe ex UK Equity
2 TAA Mandate
3 Europe Real Estate
4 Middle East & Africa Equity
5 UK Real Estate
6 UK Equity
7 Europe incl UK Bonds
8 US Bonds
9 Cash
10 Global High Yield
11 UK Government Bonds
12 Asia Bonds
13 Private Credit
14 China Equity
15 Japan Equity
16 Global Emerging Equity
17 Convertible Bonds
18 Commodities
19 Emerging Market Debt
20 Africa Bonds
21 Asia ex Japan Equity
22 Infrastructure
23 Private High Yield
24 Other Factors
25 North America Real Estate
26 India Equity
27 Asia Real Estate
28 Private Equity
29 North America Equity

Source of performance data: M&G Performance teams.

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

Asset allocations are regularly reviewed and may vary from time to time, but will always be consistent with the fund objective. Returns in GBP and do not reflect any currency hedging within overseas Fixed Income.

> A mixed picture at the end of April with many assets classes, particularly US equities affected by negative views on that economy following President Trump's tariff announcements.

Economic Data and Inflation

Economic Activity

The Purchasing Managers' Index (PMI) is an index of the direction of economic trends in the manufacturing and service sectors. A PMI reading can range between 0 and 100. If the index reading is higher than 50 this indicates economic expansion, while a reading lower than 50 indicates economic contraction.

The **UK's final Composite PMI reading rose to 50.3** from 48.5 as a result of a rise in services output. **Services PMI's picked up to 50.9** from 49.0 returning to expansion, demand within the sector still struggled, as total new work dropped for the fourth time in five months, while employment has dropped for eight straight months amid continued global economic uncertainty. Manufacturing PMI's final reading 46.4 edged up from 45.4, although a decline in output, new orders and new export business continued in response to turbulent trading conditions and weak global demand.

The final **US Composite number rose to 52.1** vs. 51.2, services increased to 53.7 from 50.8, driven by a rise in client spending, especially from domestic customers. However foreign demand continued to decline for the second month, indicating tariffs and unpredictable policies are impacting businesses. Input cost prices rising the most since June 2023. Manufacturing PMIs improved to 52.3 from 50.2 as new orders hit a 15-month high, although input costs increased sharply and manufacturer selling prices saw their largest monthly increase since September 2022. May's US employment data beat expectations adding 139,000 jobs and follows on from 177,000 new jobs in April. Unemployment rates held steady at 4.2% in May.

European final Composite PMI's decreased to 49.5 from 50.4. Final manufacturing PMI's edged up from 49.0 to 49.4. Despite remaining in contractionary territory, output increased for a third consecutive month at the joint-quickest pace since March 2022. Services activity reduced to 49.7 from 50.1. It marks the first contraction in the services sector in six months, as both new business and export orders contracted. Eurozone unemployment reduced to 6.2% from 6.3%.

The commentary reflects the general views of individual fund managers and should not be taken as a recommendation or advice as to how any specific market is likely to perform

The Purchasing Managers' Index (PMI) is an index of the prevailing direction of economic trends in the manufacturing and service sectors.

> The UK's final Composite Purchasing Managers Index (PMI) rose to 50.3

> In Europe final Composite PMI decreased to 49.5

> US employment unchanged at 4.2%

In China the Caixin Manufacturing PMI's unexpectedly reduced to 48.3 from 50.4, missing forecasts and marking the first sector contraction in eight months – output shrank at its fastest pace since November 2022 and new orders fell to their lowest level since 2022. At the same time foreign sales fell to July 2023 lows following continued uncertainty in the trade environment. Services PMIs were in line with market forecasts increasing to 51.1 from 50.7 as new business activity grew at a faster rate, but new export orders fell for the first time in 2025 as Trump tariffs dampened demand. China's economic growth showed promising signs in quarter 1 increasing 5.4%. However European companies recently ranked a domestic slowdown in the world's second largest economy as a bigger challenge for them than the trade war. China's domestic demand remains weaker despite recent government stimulus packages.

Monetary policy

The Bank of England (BOE) cut interest rates, while the US Federal Reserve (Fed) held rates this month. The European Central Bank (ECB) didn't review rates in May.

The BoE cut rates this month to 4.25%. Governor Bailey, stated "Interest rates are not autopilot – they cannot be" adding "the past few weeks have shown how unpredictable the global economy can be. That's why we need to stick to a gradual and careful approach to further rate cuts". The BoE said underlying UK Gross Domestic Product (GDP) growth had slowed since mid-2024, forecasting that the economy will expand by 1% this year. That being said, the UK's 0.7% growth in Q1 2025 shows it was the fastest-growing economy in the G7 (Canada, Japan, France, Germany, Italy, UK and US).

The Fed held interest rates in May for a third consecutive meeting, with rates remaining at 4.25%-4.50%. Federal chair Jay Powell reiterated that the central bank was in no "hurry" to change rates as it assesses the effects of tariffs. Stating the "right thing to do is await further clarity". Trumps trade tariffs have challenged both aspects of the central banks mandate – to maximise employment and tame inflation. Markets price the likelihood the Fed will hold rates on 18 June at 95%, but most investors expect interest rates to fall to 3.75%-4.00% by the end of 2025.

"

BoE cut rates to 4.25%

Fed held rates for a third consecutive month

ECB didn't review rates in May

The **ECB cut interest rates last month, the third time this year**. The deposit rate fell to 2.25% and refinancing rate to 2.40%. The ECB stated the "net impact" of the tariff war on inflation "will only become clearer over the course of time" noting it will have some impact on growth in the Eurozone. Markets price the ECB to cut rates by a further 0.25% cut in June, as a stronger Euro vs the Dollar combined with lower energy prices and increase in Chinese imports, could lead to lower inflation in the Euro area.

Inflation

Inflation figures were mixed this month.

UK inflation rose from 2.6% to 3.5%, a 15-month high and above forecasts. Higher energy costs after regulators raised the household price cap, as well as a jump in water bills drove the higher rate this month. Core Consumer Price Inflation (CPI), which strips out volatile food and energy prices, increased to 3.8% from 3.4%.

In the US, inflation eased more than expected to 2.3%, from 2.4% in April, due to lower energy, transportation and food costs. Core CPI inflation remained at a four year low of 2.8%, with the month on month rate rising to 0.2%.

Eurozone inflation remained at 2.2% – above expectations. France's inflation rate held steady at 0.8%, while German inflation reduced for a second consecutive month from 2.2% to 2.1%.

China remained in deflationary territory this month. CPI dropped by – 0.1% for a second consecutive month, marking the third straight month of deflation due to the ongoing trade dispute. Deflationary pressures remain heightened from weak domestic demand and the ongoing real estate crisis.

The Consumer Price Index (CPI) measures the overall change in consumer prices based on a representative basket of goods and services over time.

“

UK inflation rose to 3.5%

Eurozone inflation remained at 2.2%

China remained in deflationary territory

Where does PruFund invest globally?

We've recently launched a new document highlighting the different private market investments (investments not listed on public stock exchanges) that sit within the PruFund range of funds across the globe.

Take a look at the different investments in PruFund across each region; from Prime Real Estate, to large scale infrastructure or investment into unique businesses: **Where does PruFund invest across the globe?**

What does this mean for clients?

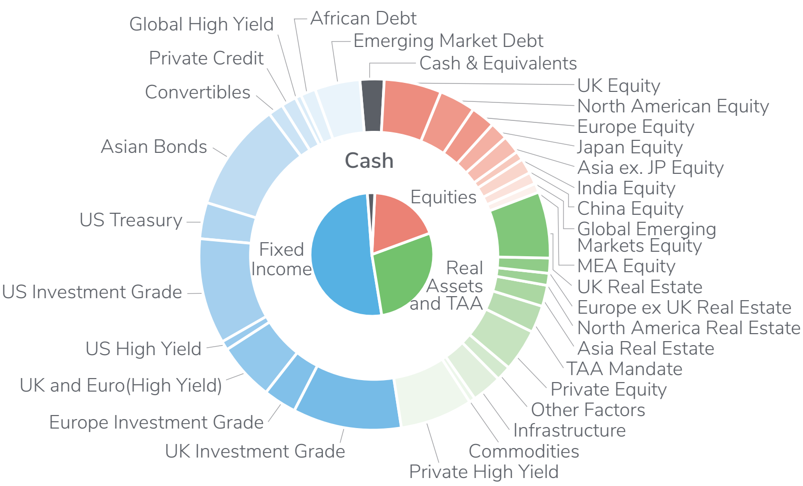
This document highlights the strong level of diversification that underpins the PruFund range. Underlying investments are situated globally across a broad range of asset classes, providing access to investments not easily accessible to most, due to the size and scale of our assets under management.

PruFund Cautious Asset Allocation and Peer Comparison

We have produced the pie charts below to provide an insight into the current asset class exposures for PruFund Cautious. At the same time we thought it would be helpful to give some context to this by showing the aggregate asset allocation of the 20 largest funds in the IA mixed-0-35 sector. Specific percentage exposures are shown on the next page.

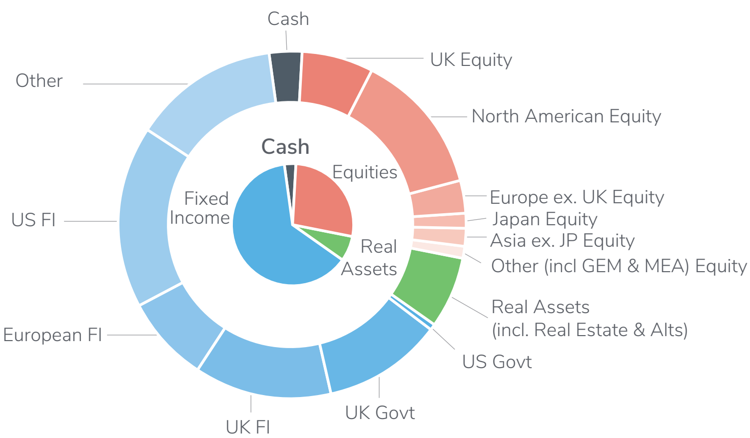
PruFund Cautious

Source: Prudential Actuarial.
Date: at end December 2024.



Average Peer Allocation

Source: M&G Treasury & Investment Office.
Date: at end December 2024.



Equities
Similar weight to peers but higher diversification. Lower exposure to US but higher exposure to Asian equities

Fixed income
Lower weight and more emphasis on higher real yield regions and private credit

Real assets
Diversified across asset classes and regions. Real Estate remains a key diversifying asset.

Asset allocations are regularly reviewed, updated in this report quarterly and may vary from time to time, but will always be consistent with the fund objective.

Source: M&G Treasury & Investment Office peer asset allocation data from Financial Express. Data not available for two of the peers. Allocation data sourced from Financial Express data and individual fund factsheets where latest data available. Granularity of the data varies significantly between different funds and where relevant, proxies used to estimate the allocation between different geographies. Peers are made up of the top 20 funds by Assets Under Management (AUM) from the IA Mixed 0-35% shares sector.

PruFund Cautious Holdings

The data shown provides a representation of the top ten holdings in the main With-Profits pool of assets and hence is broadly reflective of what a client investing in PruFund Cautious holds. Holdings are regularly reviewed by the M&G Treasury and Investment Office (T&IO) and may vary from time to time, but will always be consistent with the fund's objective.

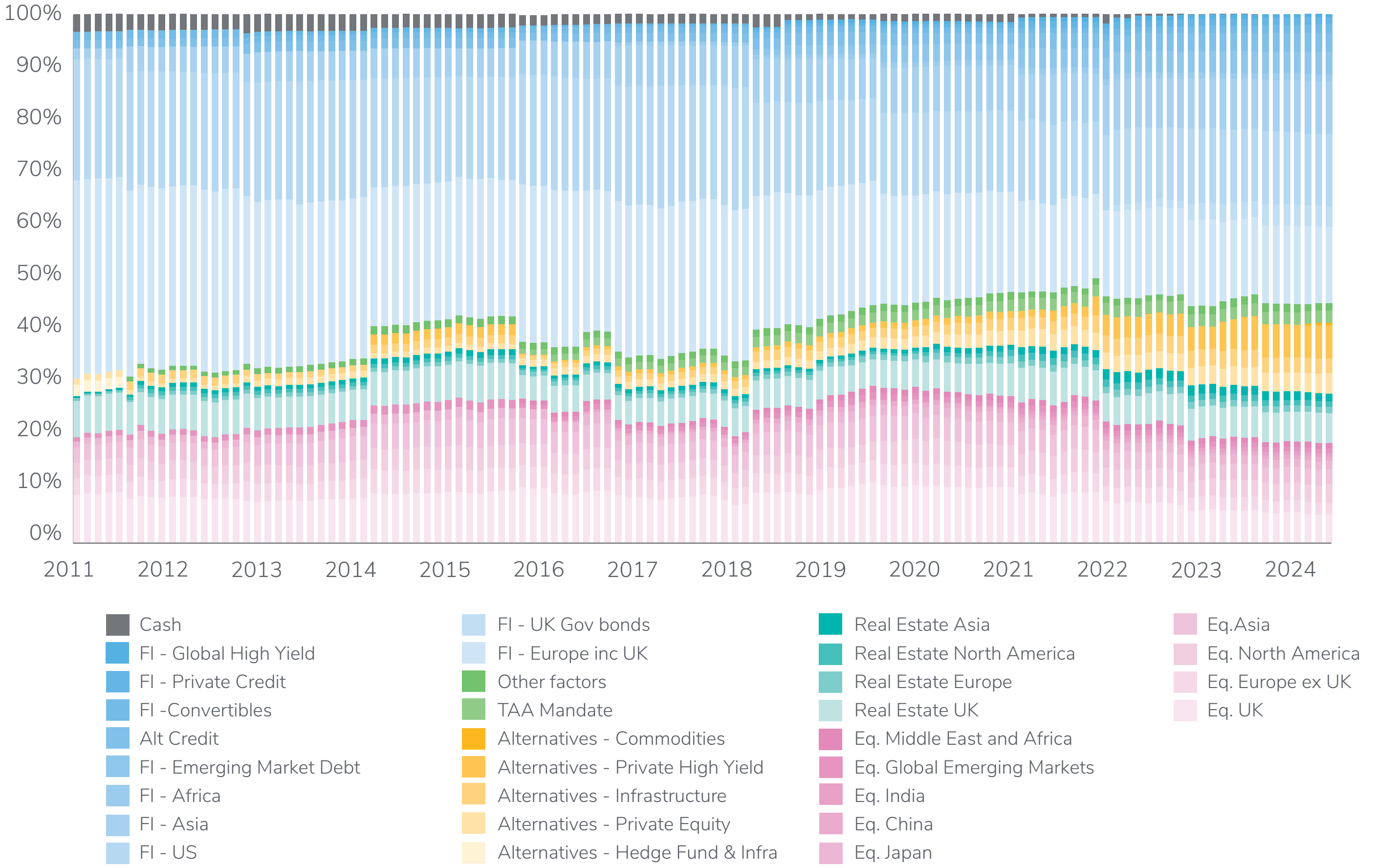
	Strategic Asset Allocation
UK Equity	5.40%
North American Equity	3.30%
European Equity	2.30%
Japanese Equity	1.50%
Asia ex. Japan Equity	1.90%
India Equity	0.80%
China Equity	1.50%
Middle East and Africa Equity	1.20%
Global Emerging Markets Equity	0.90%
Total Equity	**18.80%**
UK Real Estate	6.10%
Europe ex. UK Real Estate	1.20%
North America Real Estate	1.20%
Asia Real Estate	1.90%
Total Real Estate	**10.40%**
Cash	**1.70%**
TAA Mandate	**2.50%**
Private Equity	3.80%
Other Factors	1.30%

	Strategic Asset Allocation
Infrastructure	2.80%
Commodities	0.40%
Private High Yield	5.50%
Total Real Assets and Alternatives	**13.80%**
UK (Investment Grade)	10.10%
Europe (Investment Grade)	3.20%
UK and Euro (High Yield)	5.40%
US High Yield	0.80%
US (Investment Grade and High Yield)	9.90%
US Treasury	3.40%
Asian Bonds	9.80%
Convertibles	1.60%
Private Credit	2.30%
Global High Yield	0.70%
African Debt	1.50%
Emerging Market Debt	4.10%
Total Fixed Income	**52.80%**

Source: Prudential Actuarial March 2025.

Long Term Investment Strategy

Evolution of Strategic Asset Allocation (SAA)



Source: M&G Treasury and Investment Office.
Date: at end December 2024.

The sand chart shows how strategic asset allocation has evolved over time for the With-Profits Fund.

PruFund Cautious sits within this pool of assets and will have subtle asset allocation nuances and though not exactly the same, the chart provides a close representation.

Portfolio positions are reviewed at least annually and can evolve as our views on capital markets do. Positions are generally adjusted incrementally. As long-term investors T&IO views will rarely deviate too dramatically, so you will see the gradual shift in individual asset class positions. We see this as a strength of our philosophy, clearly if too many poor investment decisions were made, too many adjustments may have been required.

The sand chart shines a light on level of diversification, as evidenced by the number of asset classes in portfolios. T&IO has a long track record of adding new asset classes to multi asset portfolios, although individual allocations are sometimes fairly modest. In totality, the exposure to areas like real estate, alternatives and specialist areas of the fixed income markets (e.g, Asian bonds, Private High Yield, African bonds) are meaningful and differentiate PruFund portfolios.

The large exposure to real estate has been a long-term source of stable risk-adjusted returns and is another differentiator over other retail focused products.

Finally it is important to remember that any new asset classes are added for specific reasons. The strategists will have worked with teams across M&G plc, to understand the drivers of the returns, the diversification benefits and the relevant risk/credit premia. New investments are there to enhance portfolios not just add another line to the SAA tables.

Fund performance (Retirement Account)

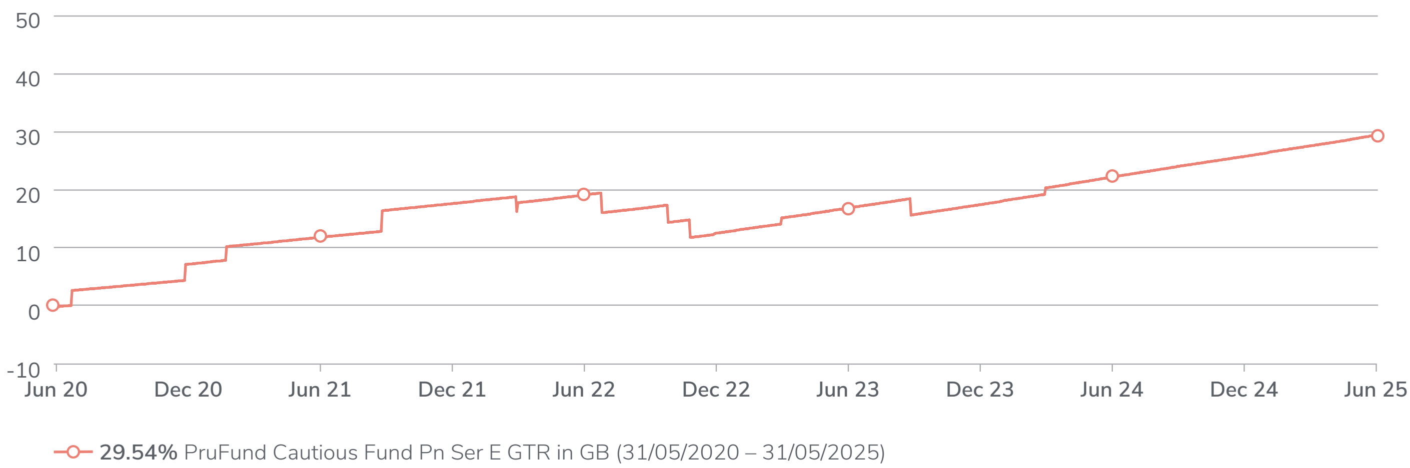
Performance

	31/05/2020 to 31/05/2021	31/05/2021 to 31/05/2022	30/04/2022 to 31/05/2023	31/05/2023 to 31/05/2024	31/05/2024 to 31/05/2025
Fund	11.94%	6.52%	-1.90%	4.60%	5.87%

Annualised performance

	1 Year to 31/05/2025	3 Years to 31/05/2025	5 Years to 31/05/2025
Fund	5.87%	2.80%	5.31%

Performance since 31 May 2020 (as at 31 May 2025)



Source of performance data: FE fundinfo.

To find out more on the funds objectives, risk profile and performance, **view the PruFund fund factsheets for our range of pension funds**.

We can't predict the future, past performance isn't a guide to future performance. The figures shown are intended only to demonstrate performance history of the fund, after allowing for the impact of fund charges and further costs, but take no account of product charges. Charges and further costs may vary in the future and may be higher than they are now. Fund performance is based upon the movement of the daily price and is shown as total return in GBP with gross income reinvested.

The value of your investment can go down as well as up so you might get back less than you put in. For the PruFund range of funds, what you receive will depend on the value of the underlying investments, the Expected Growth Rates as set by the Prudential Directors, our charges and the smoothing process.

Fund performance (Prudential ISA)

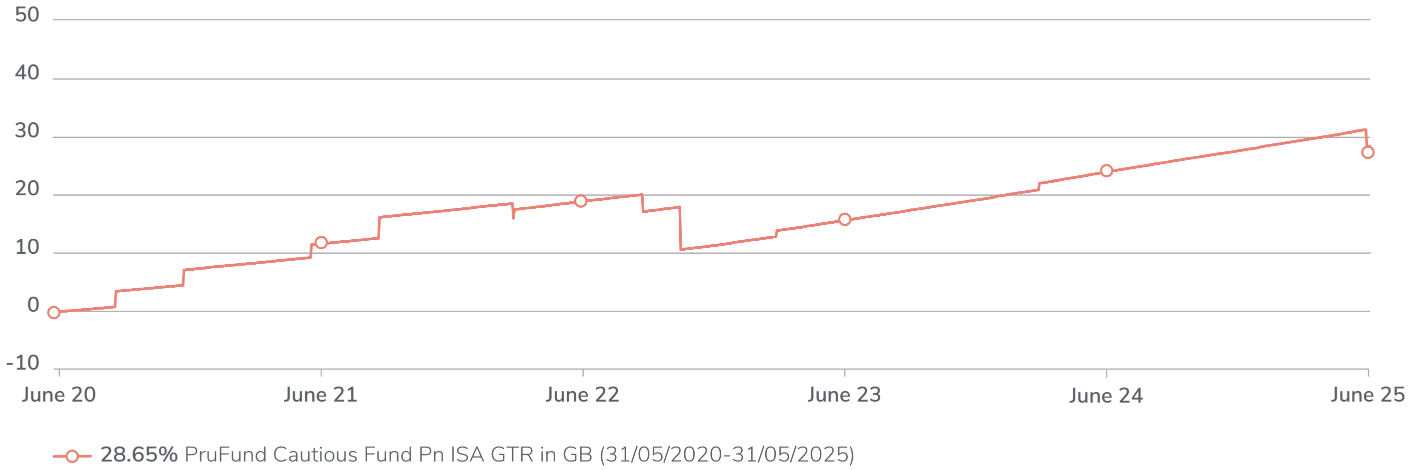
Performance

	31/05/2020 to 31/05/2021	31/05/2021 to 31/05/2022	31/05/2022 to 31/05/2023	31/05/2023 to 31/05/2024	31/05/2024 to 31/05/2025
Fund	11.73%	6.60%	-2.78%	7.28%	3.56%

Annualised performance

	1 Year to 31/05/2025	3 Years to 31/05/2025	5 Years to 31/05/2025
Fund	3.56%	2.60%	5.17%

Performance since 31 May 2020 (as at 31 May 2025)



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Fund performance (Prudential Investment Plan)

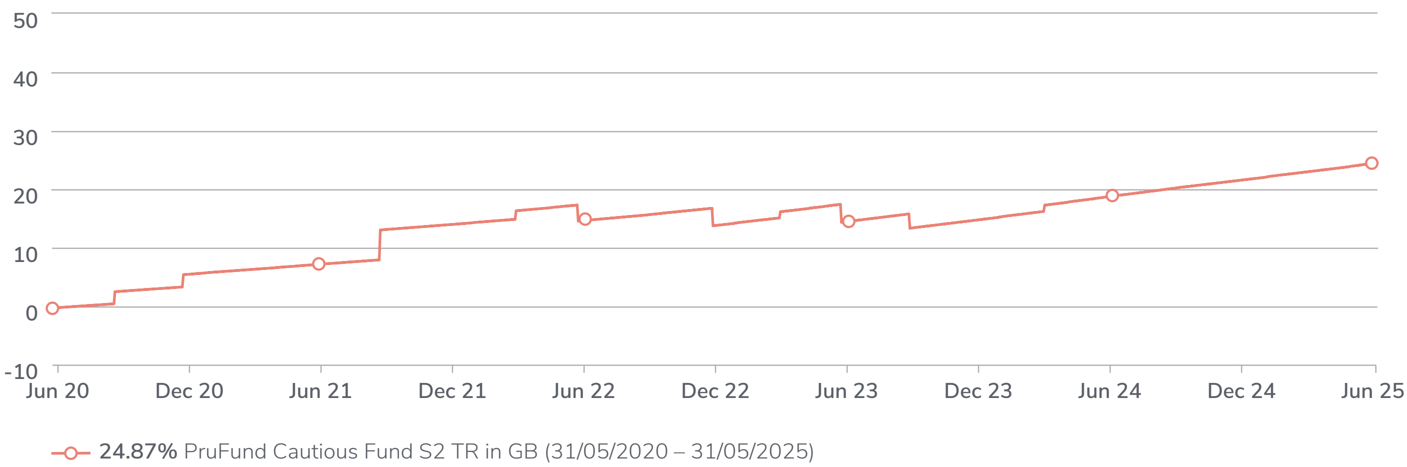
Performance

	31/05/2020 to 31/05/2021	31/05/2021 to 31/05/2022	31/05/2022 to 31/05/2023	31/05/2023 to 31/05/2024	31/05/2024 to 31/05/2025
Fund	7.44%	7.00%	-0.16%	3.81%	4.79%

Annualised performance

	1 Year to 31/05/2025	3 Years to 31/05/2025	5 Years to 31/05/2025
Fund	4.79%	2.79%	4.54%

Performance since 31 May 2020 (as at 31 May 2025)



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Fund performance (Trustee Investment Plan)

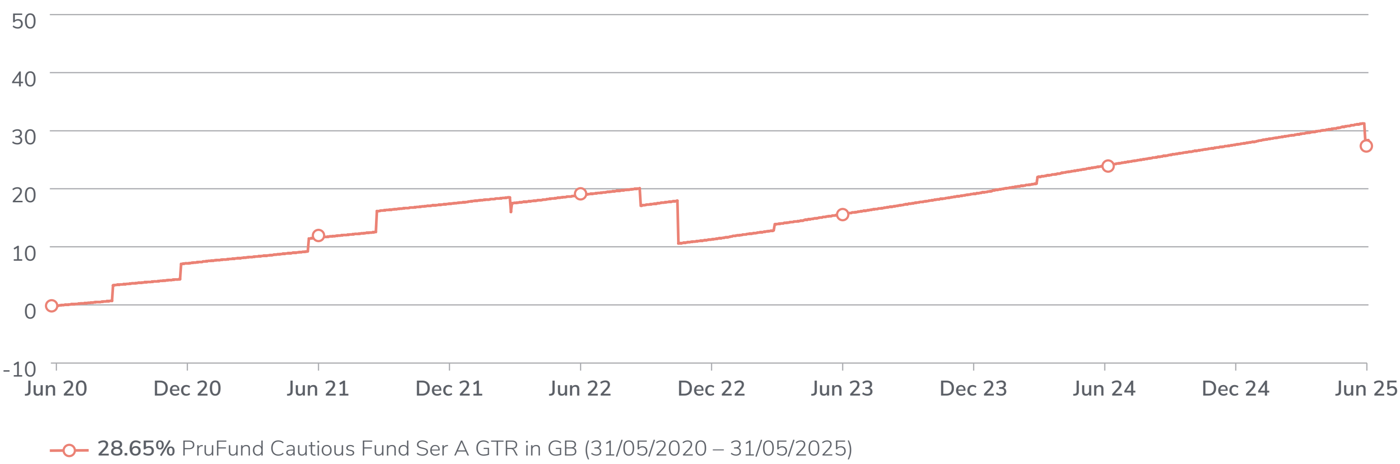
Performance

	31/05/2020 to 31/05/2021	31/05/2021 to 31/05/2022	31/05/2022 to 31/05/2023	31/05/2023 to 31/05/2024	31/05/2024 to 31/05/2025
Fund	11.73%	6.60%	-2.78%	7.28%	3.56%

Annualised performance

	1 Year to 31/05/2025	3 Years to 31/05/2025	5 Years to 31/05/2025
Fund	3.56%	2.60%	5.17%

Performance since 31 May 2020 (as at 31 May 2025)



Source of performance data: FE fundinfo.

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Fund performance (International Portfolio Bond)

Performance

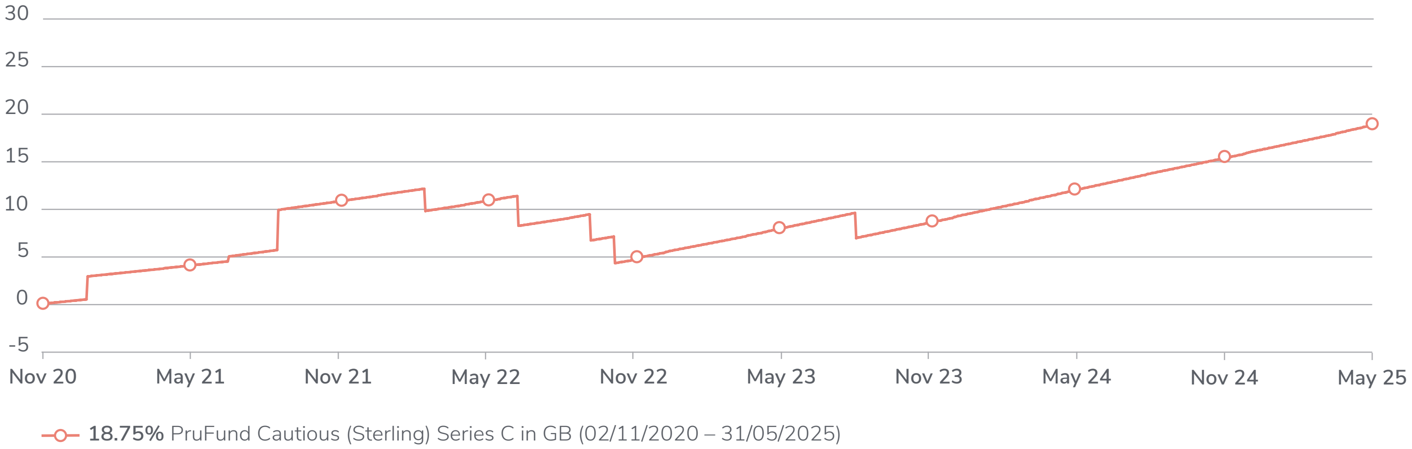
	31/05/2020 to 31/05/2021	31/05/2021 to 31/05/2022	31/05/2022 to 31/05/2023	31/05/2023 to 31/05/2024	31/05/2024 to 31/05/2025
Fund	N/A	6.56%	-2.72%	3.70%	5.98%

Annualised performance

	1 Year to 31/05/2025	3 Years to 31/05/2025	5 Years to 31/05/2025
Fund	5.98%	2.25%	N/A

Performance not available for the period 31.05.2020 – 31.05.2021 because the PruFund Cautious (Sterling) Series C fund did not launch until 02.11.2020.

Performance since 02 November 2020 (as at 31 May 2025)



Source of performance data: FE fundinfo.

To find out more on the funds objectives, risk profile and performance, **view the PruFund fund factsheets for our range of international funds.**

We can't predict the future, past performance isn't a guide to future performance. The figures shown are intended only to demonstrate performance history of the fund, after allowing for the impact of fund charges and further costs, but take no account of product charges. Charges and further costs may vary in the future and may be higher than they are now. Fund performance is based upon the movement of the daily price and is shown as total return in GBP with gross income reinvested.

The value of your investment can go down as well as up so you might get back less than you put in. For the PruFund range of funds, what you receive will depend on the value of the underlying investments, the Expected Growth Rates as set by the Prudential Directors, our charges and the smoothing process.

Top 10 holdings

The tables below show the total percentage of each particular asset class's top 10 holdings in order of largest holding.

Equities

Source: M&G Treasury and Investment Office.
Date: at 31 May 2025.

UK Equities	1.56%
Astrazeneca plc	0.30%
HSBC Holdings plc	0.26%
Unilever plc	0.20%
Rolls-Royce Holdings plc	0.13%
Barcalys plc	0.13%
RELX plc	0.12%
National Grid plc	0.11%
London Stock Exchange Group plc	0.11%
Reckitt Benckiser Group plc	0.10%
BAE Systems plc	0.10%

North American (inc Canada) Equities	0.51%
Microsoft Corporation	0.08%
Apple Inc.	0.07%
Amazon.com Inc.	0.07%
Nvidia Corporation	0.06%
Alphabet Inc.	0.06%
JPMorgan Chase & Co	0.05%
Bank of America Corp	0.03%
Meta Platforms Inc.	0.03%
Goldman Sachs Group Inc.	0.03%
AT&T Inc.	0.03%

European Equities excluding UK	1.15%
M&G European Sustain Paris Aligned Fund	0.24%
Shell plc	0.19%
BP plc	0.13%
GSK plc	0.13%
Shelbourne Bidco Limited	0.14%
Siemens AG	0.08%
Amcor plc	0.07%
Coca-Cola HBC AG	0.06%
TotalEnergies SE	0.06%
Alllianz SE	0.05%

Asia & GEM Equities. Ex Japan, China & India	1.00%
Taiwan Semiconductor Manufacturing Company Ltd.	0.30%
AIA Group Ltd.	0.14%
Samsung Electronics Co Ltd.	0.13%
Rio Tinto plc	0.08%
Sun Hung Kai Properties Ltd.	0.07%
Telkom Indonesia (Persero) TBK PT	0.07%
SK Hynix Inc.	0.06%
United Overseas Bank Ltd.	0.05%
Genting Singapore Ltd.	0.05%
Pacific Basin Shipping Ltd.	0.05%

Japan Equities	0.40%
Toyota Motor Corporation	0.07%
Mitsubishi UFJ Financial Group Inc.	0.05%
Hitachi Ltd.	0.04%
Sony Group Corp	0.04%
Nippon Telegraph and Telephone Corporation	0.04%
Seven & I Holdings Co Ltd.	0.04%
Mitsui & Co Ltd.	0.03%
Toyota Industries Corporation	0.03%
Recruit Holdings Co Ltd.	0.03%
Orix Corporation	0.03%

Africa Equities	0.32%
Naspers Ltd.	0.07%
Anglo American plc	0.06%
Endeavour Mining plc	0.03%
Gold Fields Ltd.	0.03%
Firstrand Ltd.	0.03%
Standard Bank Group Ltd.	0.03%
Capitec Bank Holdings Ltd.	0.03%
MTN Group Ltd.	0.02%
Bid Corporation Ltd.	0.01%
Scancom plc	0.01%

China Equities	0.75%
Tencent Holdings Ltd.	0.20%
Alibaba Group Holding Ltd.	0.12%
China Merchants Bank Co Ltd.	0.08%
H World Group Ltd.	0.06%
KE Holdings Inc.	0.05%
BYD Co Ltd.	0.05%
Boc Hong Kong Holdings Ltd.	0.05%
Mixue Group	0.05%
China Construction Bank Corp	0.05%
China Resources Beer Holdings Co Ltd.	0.04%

India Equities	0.51%
Housing Development Finance Corporation Ltd.	0.15%
Infosys Ltd.	0.07%
ICICI Bank Ltd.	0.06%
Reliance Industries Ltd.	0.05%
Axis Bank Ltd.	0.04%
Bharti Airtel Ltd.	0.03%
Mahindra and Mahindra Ltd.	0.03%
Trustroot Internet Private Ltd.	0.03%
Tata Consultancy Services Ltd.	0.03%
Sun Pharmaceutical Industries Ltd.	0.02%

Fixed Income

Source: M&G Treasury and Investment Office.
Date: at 31 May 2025.

US Fixed Income	6.77%
United States Treasury	4.07%
US High Yield	0.62%
Bank of America Corp	0.38%
JPMorgan Chase & Co	0.34%
Goldman Sachs Group Inc.	0.31%
Wells Fargo & Company	0.26%
Morgan Stanley	0.26%
Comcast Corporation	0.20%
Metropolitan Life Global Funding I	0.18%
Citigroup Inc.	0.15%

Asia Fixed Income	6.31%
Korea (Republic of)	1.19%
Indonesia (Republic of)	1.09%
Malaysia (Government)	1.07%
India (Republic of)	1.02%
Philippines (Republic of)	0.60%
Thailand Kingdom of (Government)	0.57%
Singapore (Republic of)	0.34%
China Peoples Republic of (Government)	0.21%
Philippine Government Bond	0.14%
Alibaba Group Holding Ltd.	0.08%

European including UK Fixed Income	2.93%
United Kingdom of Great Britain and Northern Ireland	1.23%
UK Conventional Gilts	0.54%
Lloyds Bank plc	0.19%
KFW	0.18%
HSBC Holdings plc	0.17%
Electricite De France SA	0.16%
BNP Paribas SA	0.14%
Banque Federative Du Credit Mutuel SA	0.11%
Nationwide Building Society	0.11%
BPCE SA	0.10%

Real Estate

Source: M&G Treasury and Investment Office.
Date: at 31 December 2024.

Real Estate (Global)
232/247 Tottenham Court Road – Office
The Arena Mollison Avenue – Industrial
Selly Oak Shopping Park – Supermarket
Lockton House Clarendon Road – Office
Riverside Retail Park – Retail Warehouse
Unit 7000 Magna Park – Distribution Warehouse
Lake View House – Distribution Warehouse
36 Queen Street – Office
Peninsular Retail Park Bugsby Way – Retail Warehouse
Chaco – Residential

Underlying building blocks

Equity building blocks

Equity portfolios continue to evolve and are globally diversified across all the major developed and emerging markets, with Indian, African and Chinese equities added in recent years as direct country allocations as we see them as important emerging/frontier economies. The broad exposure to Asia is a differentiator and represent the second largest equity position.

Holdings are predominantly large cap stocks although specific smaller cap exposure has been added to regions like the US, Europe and Japan. Active management is favoured but will use passive when appropriate.

A balanced approach is taken regarding investment styles (growth, value, etc) to try and benefit from different market conditions.

A large percentage is held in bespoke/customised pools of assets or internal funds where T&IO work with the fund managers to set guidelines, objectives and risk parameters and can also ensure that each fund manager's Environmental, Social and Governance (ESG) beliefs and policies align with our own.

Asset	Fund Name	Investment Style	Internally or Externally managed
UK Equity	M&G UK Absolute Return Fund M&G (ACS) UK Listed Mid Cap Equity Fund M&G (ACS) BlackRock UK All Share Index Fund M&G (ACS) BlackRock UK 200 Index Fund	Active	Internal Internal External External
Europe excluding UK Equity	M&G (Lux) European ex UK Equity Fund M&G (Lux) Pan-European Smaller Companies Fund M&G (Lux) BlackRock Europe ex UK Equity Fund M&G European Sustainable Paris Aligned Fund	Active	Internal Internal External Internal
US Equity	M&G (ACS) BlackRock US Equity Fund M&G (ACS) BlackRock US Equity RAFI Fund M&G (ACS) Granahan US Small Cap Growth Fund M&G (ACS) Earnest Partners US Small Cap Value Fund M&G (ACS) Manulife US Equity Fund M&G (ACS) BlackRock Canada Index Fund M&G (ACS) William Blair US Large Cap Equity Fund M&G (ACS) MFS US Large Cap Equity Fund	Active	External
Japan Equity	M&G (ACS) Japan Equity Fund M&G (ACS) Japan Smaller Companies Fund	Active	Internal
Asia ex. Japan Equity	M&G APAC ex Japan Equity Mandate	Active	Internal
China Equity	M&G (ACS) China Equity Fund M&G (ACS) Matthews Asia China Equity Fund	Active	Internal External
Global Emerging Markets Equity	M&G Funds (1) GSAM Global Emerging Market Equity Fund M&G Funds (1) MFS Global Emerging Markets Equity Fund M&G Funds (1) Lazard Global Emerging Markets Equity Fund	Active	External
Indian Equity	M&G India Equity Mandate Franklin Templeton (ACS) India Equity Fund	Active	Internal External
Middle East and Africa Equity	M&G South Africa Equity Fund M&G Africa Equity Fund Coronation African Frontiers Equity Fund	Active	Internal Internal External

Fixed Income building blocks

Fixed income portfolios are diversified by region and across public and private markets. New asset classes have been added as markets have evolved. Developed market corporate bonds have reduced over time as positions in higher yielding Asian and Emerging Market bonds have increased and investment in Private Credit has slowly grown, leveraging the strength of specialist teams in M&G. This will continue to grow through new and future investments via the M&G Catalyst – Credit Fund, an internal mandate investing in private companies looking to contribute to the sustainable world.

As with other asset classes, a large percentage of assets are held in segregated and bespoke internal vehicles although some pooled vehicles are used, M&G Emerging Market Debt Fund for example. The use of internal mandates and vehicles is advantageous as underlying fund managers work solely with T&IO, there are no other retail or institutional investors, and T&IO can work with the managers to set investment objectives and appropriate risk controls like stock and sector limits.

Asset	Fund Name	Investment Style	Internally or Externally managed
UK (Investment Grade)	M&G UK Investment Grade Mandate	Active	Internal
Europe (Investment Grade)	M&G European Investment Grade Mandate		
UK & Euro (High Yield)	M&G Collateral Fixed Income Mandate		
	M&G European/UK High Yield Mandate		
UK Government	M&G Gilt Mandate	Active	Internal
US (IG & HY)	M&G US Total Return Fixed Income Mandate	Active	Internal
US Treasury	M&G US Short Dated Fixed Income Mandate		
	M&G US Treasuries Mandate		
Asian Fixed Income	M&G (Lux) Asian Bond Allocation Fund*	Active	Internal
	M&G Funds (1) Manulife China Bond Fund		External
Convertibles	M&G Global Convertibles Fund	Active	Internal
Private Credit	M&G Catalyst – Credit Fund	Active	Internal
	Selection of M&G Private Credit Funds		
	Global Micro and SME Finance Fund (responsAbility)		
	M&G Corporate Credit Opportunities Fund		
Global High Yield	M&G Global High Yield Fund	Active	Internal
African Debt	M&G SA Pan-African Fund	Active	Internal
	Ninety One Africa Fixed Income Opportunities Fund		External
Emerging Market Debt	M&G Emerging Markets Bond Fund	Active	Internal
	M&G (1) Lazard Emerging Market Debt Fund		External
	M&G (1) Artisan EMsights Emerging Markets Debt Fund		External

* This is a Fund of Funds wrapper that includes M&G (Lux) Asian Corporate Bond Fund, M&G (Lux) Asian Local Currency Fund and M&G (Lux) Asian Total Return Bond Fund.

Real Estate building blocks

The key differentiators and strengths of the real estate portfolios include the resource and expertise within M&G Real Estate, the global exposure to high quality assets, the use of segregated pools of assets or large-scale institutional funds to best capture opportunities, active management, the ability to invest in development projects and the ongoing work to enhance the 'environmental' credentials of portfolios.

Asset	Fund Name	Investment Style	Internally or Externally managed
UK Real Estate	Prudential Real Estate Limited Partnership (PRELP)	Active	Internal
Europe Real Estate	M&G European Real Estate Fund (Core-Balanced Collective)	Active	Internal
North America Real Estate	Morgan Stanley Prime (Core-Balanced Collective) Directly held Assets	Active	External Internal
Asia Real Estate	M&G Asia Real Estate Fund (Core-Balanced Collective) Sector Specialist Collectives within Prudential Australian Real Estate Trust	Active	Internal

Alternatives building blocks

The alternatives market is vast and complex, straddling private equity, commodities, infrastructure and private high yield, but the M&G teams can capture opportunities wherever they arise, leveraging a network of contacts and expertise across the globe.

Investments are typically in the private markets, which are less liquid than the public markets, but often offer enhanced returns. Each opportunity is assessed in terms of risk and reward and would expect to pick up an illiquidity premium.

Some asset classes bring enhanced returns over traditional markets, for example private equity is expected to deliver 2-3% per annum over listed equity markets. Diversifying strategies like music royalties, offer returns not linked to broader markets. Infrastructure investments are attractive due to the stable long-term income streams that are often inflation-linked. This stable return profile can also be lowly correlated to public markets.

All new managers are ESG assessed pre-investment and continually monitored, and investments will often be held for many years making them ideal for the PruFund range of funds.

Asset	Fund Name	Investment Style	Internally or Externally managed
Private Equity	M&G Private Equity Mandate M&G Crossover Mandate M&G Private Equity Opportunities Fund	Active	Internal
Infrastructure	M&G Real Assets Fund Future of Foods Asia II (responsAbility) Sustainable Food LATAM I (responsAbility) Infracapital Capital Fund IV	Active	Internal
Private High Yield	M&G Catalyst – Capital Fund Selection of M&G Private High Yield Funds M&G Sustainable Loan Fund Asia Climate I (responsAbility)	Active	Internal
Commodities	Wellington Commodities II Fund	Active	External

Other Strategies and Cash building blocks

Asset	Fund Name	Investment Style	Internally or Externally managed
TAA	M&G Episode Strategies	Active	Internal
Other Factors	M&G Diversifying Strategies	Active	Internal

Asset	Fund Name	Investment Style	Internally or Externally managed
Cash	M&G Cash Fund	Active	Internal

Source of underlying holdings data: M&G Treasury and Investment Office as at 31 May 2025.

pru.co.uk

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'M&G Treasury & Investment Office (T&IO)' includes the team formerly known as Prudential Portfolio Management Group (PPMG). Prudential Portfolio Management Group Limited, is registered in England and Wales, registered number 2448335.

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