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

Pru
part of M&G plc

Investment Update

PruFund Cautious

March 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 £129 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 over **450,000** customers, advised by **5,000** advice firms.

The size and scale available to PruFunds along with the expert, tactical and strategic management of the T&IO offers global diversification in 36 different asset classes in numerous locations across the globe. This provides 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. You will notice we have renamed what was previously referenced as 'Property' in this report to 'Real Estate', aligning with M&G Real Estate.

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.

What moved markets in March

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 Purchasing Managers' Index (PMI) reading rose to 51.5** from 50.5 as a result of stronger services production. **Services PMI's rose to 52.5** from 51.0 driven by a rebound in both domestic and overseas sales, marking the strongest growth since August 2024. Manufacturing PMI's final reading of 44.9 fell from 46.9 as the rate of decline in output and new orders accelerated, pushing the sector to its lowest reading in seventeen months. Export levels continued to struggle with weak demand from both domestic and overseas clients.

The final **US Composite number rose to 53.5** vs. 51.6, services rose to 54.3 from 51.0 – a three month high, driven by improved business inflows, strengthening customer demand and better weather conditions. Manufacturing PMIs fell to 50.2 from 52.7, as new orders, production and employment fell. US employment data this month added 228,000 jobs following the addition of 151,000 jobs in February, while unemployment rates ticked up from 4.1% to 4.2% in March – their highest level since November.

European final Composite PMI numbers increased to 50.9. Final manufacturing PMI's increased from 47.6 to 48.6. Despite remaining in contractionary territory, output increased for the first time in two years. Services activity expanded, edging up to 51.0 from 50.7. New business did decline for a second consecutive month, while employment saw a slight increase. Eurozone unemployment edged down to a new low of 6.1%.

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 51.5

> In Europe final Composite PMI increased to 50.9

> US employment data up slightly to 4.2%

In China the Caixin Manufacturing PMI's rose to 51.2 from 50.8, surpassing market forecasts and marking the sixth straight month of expansion – output and new orders accelerated, while foreign sales grew the most in eleven months. The services PMIs surpassed forecasts increasing to 51.9 from 51.4, supported by improving domestic demand and falling output prices.
China's economic growth has shown promising signs so far in 2025. Domestic demand has improved with increased retail sales, while the government's recent thirty-point stimulus package has improved optimism as it targets 5% economic growth again in 2025 amid escalating trade tensions with the US.

Monetary policy

The US Federal Reserve and Bank of England (BoE) held interest rates, while the European Central Bank (ECB) cut rates over the course of the last month given current market uncertainty.

The BoE held rates at 4.50%. BoE Governor Bailey, stated "there's a lot of uncertainty at the moment" and "we still think that interest rates are on a gradually declining path". Expectations are Gross Domestic Product (GDP) growth to be notably weaker in the near term before picking up from the middle of the year. UK GDP fell – 0.1% in January, with 2025 growth projections slightly revised upwards from previous estimates of 0.75% to 1.2%.

The US Federal Reserve held interest rates last month for a second consecutive month, with rates remaining at 4.25%-4.50%. Federal officials repeating that they did "not need to be in a hurry" to change rates given "unusually elevated" uncertainty, as Trumps policies weigh on the US growth outlook. Markets price the Fed to hold rates on 6 May at 81% as most investors expect interest rates to fall to 3.75%-4.00% by the end of 2025.

The ECB cut interest rates for the second time this year. The deposit rate reduced to 2.50% and refinancing rate to 2.65%, ECB President Lagarde cautioned there is "a lot of trade and policy uncertainty" at present. "High uncertainty, both at home and abroad, is holding back investment and competitiveness challenges are weighing on exports. An increase in defence and infrastructure spending could also add to growth". The ECB cut its growth forecast for 2025 (it's sixth successive downgrade for the year) with Euro area growth now projected at 0.9%, following a sluggish 0.7% in 2024.

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BoE held rates at 4.50%

Fed voted to hold interest rates

ECB cut interest rates for the second time this year

Inflation

Inflation figures remain stubborn but decreased this month.

UK inflation fell from a ten-month high of 3.0% to 2.8%, in line with forecasts as clothing price declined for the first time since October 2021. Core Consumer Price Index (CPI) which strips out volatile food and energy prices, dropped to 3.5% from 3.7% this month, while UK unemployment held steady at 4.4% from November – January 2025.

In the US, inflation eased more than expected to 2.8%, from 3.0% in January, due to lower energy, transportation and shelter costs. Core CPI inflation year-on-year (y/y) decreased to 3.1%, with the month-on-month (m/m) rate falling to 0.2%.

In Europe, **Eurozone inflation fell – the first time in six months, below the ECB's 2% target, decreasing to 2.3% from 2.5%** in February. France reported inflation dropped to 0.8% (the lowest since February 2021) from 1.7%, while German inflation was unchanged at 2.3%.

China fell back into deflationary territory last month. CPI dropped to – 0.7% in annual terms, from 0.5%. It marks the first month of deflation since January 2024, amid fading seasonal demand from the Spring festival in late January and the impact of global trade pressures. Deflationary pressures remain heightened from 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.

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> UK inflation fell from a ten-month high

> Eurozone inflation reduced for the first time in six months

> China fell back into deflationary territory

Key talking points this month

US economic outlook

The US economic outlook has deteriorated since the start of President Trump's second term. The impact of Trumps 'blunt force' use of trade tariffs and firing of federal employees has so far had a negative effect.

China is less willing to absorb tariffs after years of diverting trade pressure back to US consumers. Furthermore, their use of retaliatory tariffs will directly harm US exporters. The tariffs have disrupted global supply chains and trade relationships leading to increased costs for businesses worldwide. The impact of this US-led uncertainty extends to global growth too, with the Organisation for Economic Co-Operation and Development (OECD) revising global growth down from 3.3% to 3.1% in 2025. Since the start of Trumps second term, the release of China's DeepSeek Artificial Intelligence (AI) model combined with an 'undiplomatic' approach to the EU's AI regulation has disrupted the US technology market, as evidenced by a collective drop of around $2.7 trillion in value of the 'Magnificent Seven' stocks (Alphabet, Amazon, Apple, Meta, Microsoft, Nvidia and Tesla). These developments highlight the growing influence of international players in the technology industry and has questioned the extent of the country's lead as an AI superpower.

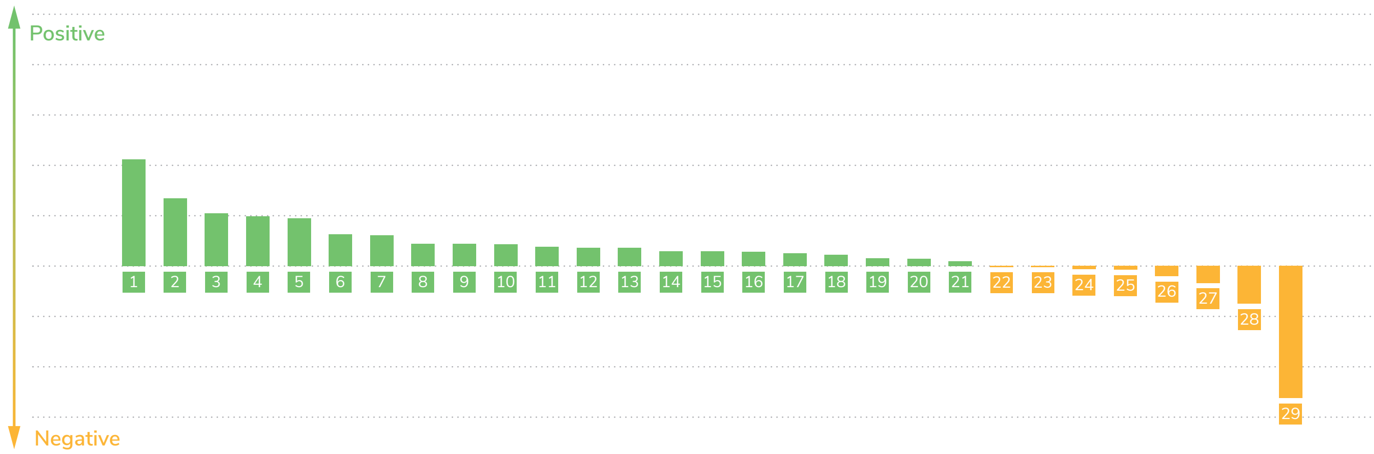
The aggressive stance towards Europe has resulted in the unintended consequences of uniting the European Union to spend more and work proactively to defend their values, this is expected to continue to benefit this region.

In an increasingly divided global economy, geographic diversification remains key. Furthermore, the importance and increased role of technology on society and the required infrastructure to support it is expected to continue to shape the global investment landscape.

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 28 February 2025



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

> Most major equity and bond markets started 2025 in positive territory. China equities improved in recent months although weakness remains in the real estate sector

Asset Classes in Focus

Equity markets

Most developed equity markets fell in March, as investors continued to shift from US equities into China and Europe amid tariff fears and technology stock valuations.

At a regional level, the S&P 500 fell – 5.6% while the MSCI World Index was down – 4.2%. Emerging market equities continued to outperform developed market peers, led by Chile and South Korea. China equities continued their positive momentum, following the governments introduction of a thirty-point package which helped boost consumer spending and domestic demand, while Indian markets finished in positive territory for the first time in six months due to increased foreign investment and attractive large-cap stock valuations.

Key movers in equities

US equities declined again – over growth concerns and trade tariff developments, with Trump implementing further tariffs on Canada, Mexico and China. AI stocks continued to face setbacks over worries on the earnings of US mega-cap technology companies and their high valuations. Sector performance was muted, as only utilities rose, while healthcare, technology and consumer cyclical sectors were weakest.

UK equities fell, the FTSE 100 decreasing 2.0% from record highs and the FTSE All Share down 2.8% as markets were hindered by concerns for growth and global market volatility. UK retail sales marked a sixth consecutive month of decline, while investors moved away from tech stocks into more defensive sectors. During the month, sector performance painted a similar picture to the US and was led by utilities, while consumer cyclical, healthcare and technology sectors lagged.

Japanese equities declined the Nikkei 225 falling 4.1% over the month following 25% US tariffs on Japanese auto imports, a rising yen, and fears of a global economic slowdown. The Yen appreciated a further +1.9% vs the US dollar, leading to a slight decrease in export volumes, however as a whole Japan's export sector remained robust.

> UK equities declined again

> 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 edged down, with the UK ten-year Gilt yield closing at 4.69% from 4.48% (bond yields and prices move in opposite directions). Stubborn inflation, low economic growth and the prospect of higher taxes remain a concern. The announcement that the UK government would increase borrowing in the Spring Budget created upward pressure on yields over the month.

US ten-year Treasury yields closed flat over the month at 4.23% from 4.24%. Policy uncertainty continued to drive yields, with concerns over President Trump's tariff policies and their potential impact on inflation and economic growth.

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

Real Estate

We are seeing signs of stabilisation as real estate markets welcome the current rate cutting cycle.

With capital values now stable and 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, lower entry prices, coupled with strengthening rental growth, create attractive potential returns.

UK

Industrial and residential sectors have started the year on a positive note, house prices increased again by 0.7% in March. The bulk of erosion in capital values have now likely been recorded. The office sector remains under pressure with secondary office assets at risk. Prime, well-located offices however remain successful in attracting occupiers. Recent data suggests that both deal volumes and real estate values are recovering quicker than the rest of Europe.

Our real estate teams remain cautiously optimistic but the outlook for rates remains a key driver of market sentiment, with the view they have peaked easing downward pressure on valuations.

North America

North America has demonstrated resilience in recent months and appears to be approaching the bottom of the current cycle, with only offices likely to see further decline. Vacancy rates post-Covid remain stubbornly higher than in other developed regions. Residential sales have continued to struggle amid rising house prices. Anticipated reductions in interest rates are expected to support improvements in sentiment and activity levels in 2025.

Europe

Downward pressure on valuations has subsided, with yields now showing two quarters of stability, while positive investor sentiment is causing the transactional market to pick up. Strong rental growth has continued to limit value falls. 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 all sectors expected in 2025, vacancy rates should largely remain low across the board and support prospects for rental growth.

Asia

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

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>
> We're seeing signs of stabilisation

M&G Catalyst update

M&G Catalyst has recently co-invested €240 million into AMBOSS, a leading resource for medical education and clinical decision-making in Germany and the US.

This financing round supports AMBOSS's exploration of additional international markets and the expansion of its offering to nurses and other health care professionals. AMBOSS is a global medical knowledge platform with currently more than 1 million professional users across 180 countries. Its international team has grown to over 500 employees from more than 50 countries, including scientists, software engineers and 150+ physicians. With an emphasis on precise, high-quality content, innovative AI-technology and a user-centered approach.

Head of Europe, Middle East and Africa (EMEA) Investments – M&G Catalyst, Zachary Webb commented: "We are delighted to support AMBOSS's mission to digitally empower doctors worldwide. The business is set for continued growth in DACH (Germany, Austria, Switzerland), the US and further global expansion, as well as expansion of their offerings to nurses and other health care professionals. Their combination of clinical expertise with AI and technology will help to improve health outcomes and address shortages of skilled labour, by making education more accessible and leveraging the capability of our existing health care workforce."

What does this mean for clients?

At a significant period in modern history and during the energy transition, Catalyst invests in private companies that are increasingly unable to grow due to a major funding gap that now exists globally. As one of the largest asset managers worldwide, M&G takes its role in filling this gap very seriously and launched Catalyst to demonstrate its commitment to this mission. This means a portion of clients' money invested in PruFund is used for investment in companies with strong growth potential, that are not readily accessible to other investors, all while aiming to address some of the world's environmental and societal challenges.

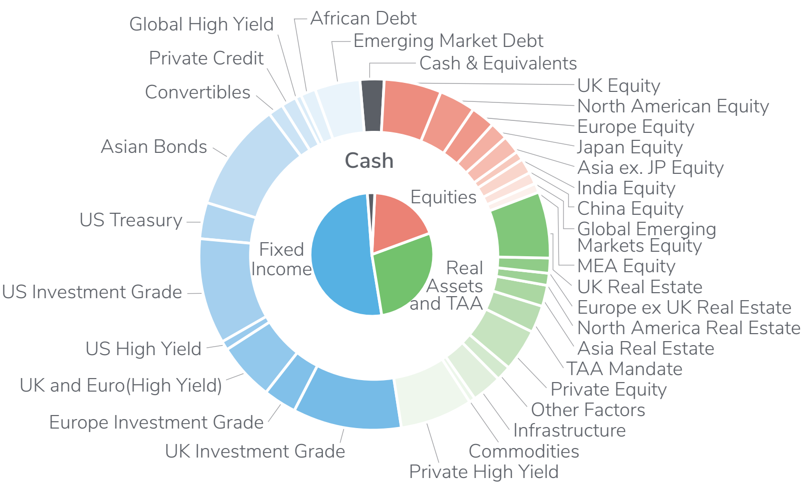
The Catalyst investment strategy sits within the Private Markets business at M&G. Drawing on this expertise and track record in private assets, Catalyst is a global, flexible investment strategy investing in companies with innovative solutions to some of the world's biggest social and environmental challenges. M&G's £74 billion Private Markets business has over two decades of experience.

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.

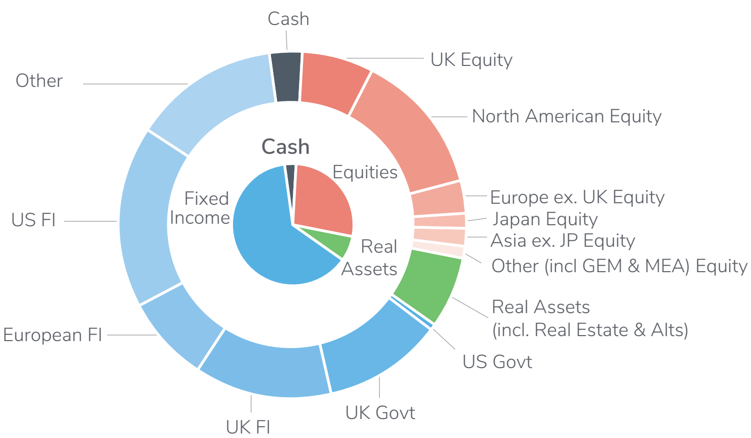
PruFund Cautious

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 high 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.

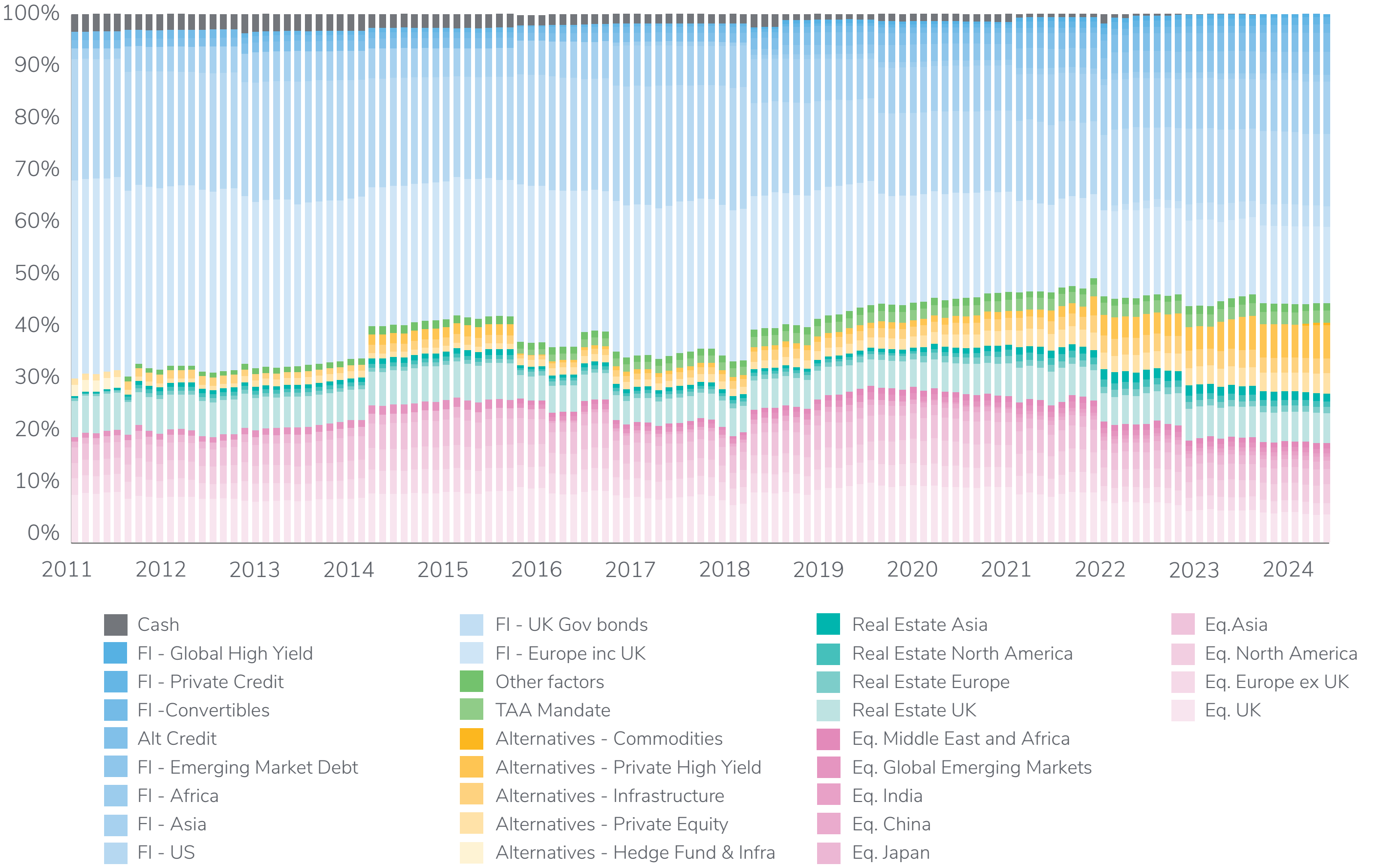
	Strategic Asset Allocation
UK Equity	5.40%
North American Equity	3.60%
European Equity	2.30%
Japanese Equity	1.50%
Asia ex. Japan Equity	2.00%
India Equity	0.80%
China Equity	1.40%
Middle East and Africa Equity	1.10%
Global Emerging Markets Equity	0.90%
Total Equity	**19.00%**
UK Real Estate	6.10%
Europe ex. UK Real Estate	1.20%
North America Real Estate	1.20%
Asia Real Estate	1.90%
Total Real Estate	**10.40%**
Cash	**2.00%**
TAA Mandate	**2.40%**
Private Equity	3.80%
Other Factors	1.30%

	Strategic Asset Allocation
Infrastructure	3.00%
Commodities	0.40%
Private High Yield	6.50%
Total Real Assets and Alternatives	**15.00%**
UK (Investment Grade)	10.00%
Europe (Investment Grade)	3.10%
UK and Euro (High Yield)	5.40%
US High Yield	0.70%
US (Investment Grade and High Yield)	9.60%
US Treasury	3.20%
Asian Bonds	10.00%
Convertibles	1.60%
Private Credit	1.30%
Global High Yield	0.70%
African Debt	1.50%
Emerging Market Debt	4.10%
Total Fixed Income	**51.20%**

Source: Prudential Actuarial January 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 strong 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 (Onshore Bond)

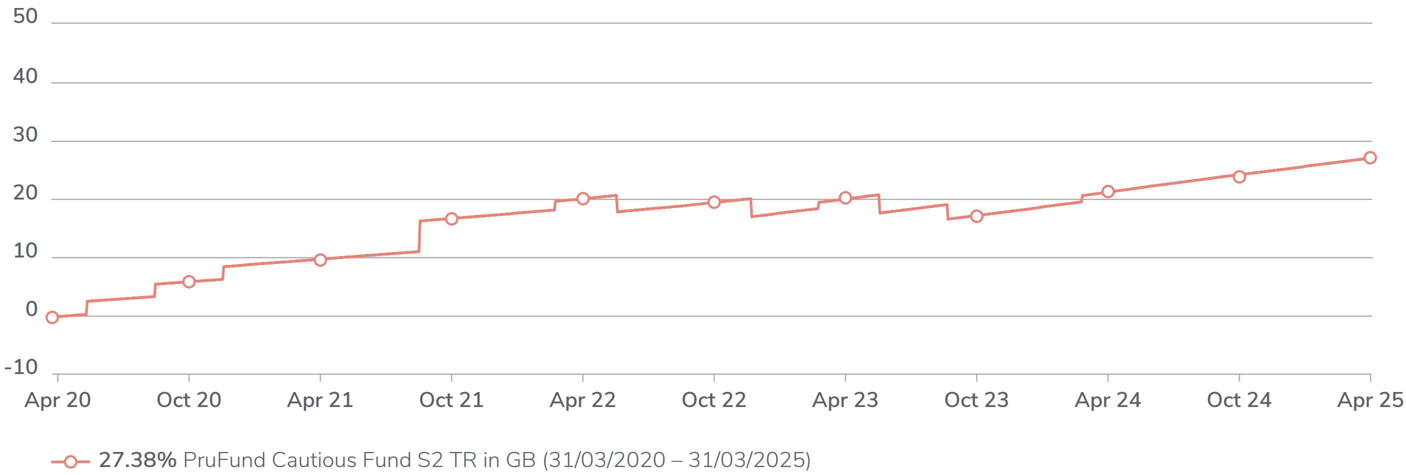
Performance

	31/03/2020 to 31/03/2021	31/03/2021 to 31/03/2022	31/03/2022 to 31/03/2023	31/03/2023 to 31/03/2024	31/03/2024 to 31/03/2025
Fund	9.88%	9.47%	-0.06%	0.99%	4.92%

Annualised performance

	1 Year to 31/03/2025	3 Years to 31/03/2025	5 Years to 31/03/2025
Fund	4.92%	1.93%	4.96%

Performance since 31 March 2020 (as at 31 March 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 life funds.**

We can't predict the future, past performance isn't a guide to future performance. The figures are intended only to demonstrate performance history of the fund over the period shown. The PruFund Funds include a representative fund charge of 0.65% pa and any further costs. They take no account of product or advice charges. The application of charges and any further costs will impact the overall performance. Please also note that our charges and any further costs may vary in the future and may be higher than they are now.

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.

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 March 2025.

UK Equity	1.40%
AstraZeneca plc	
HSBC Holdings plc	
Unilever plc	
RELX plc	
Rolls-Royce Holdings plc	
Barclays plc	
London Stock Exchange Group plc	
National Grid plc	
Reckitt Benckiser Group plc	
Diageo plc	

North American (incl. Canada) Equity	0.46%
Apple Inc.	
Microsoft Corporation	
Amazon.com Inc.	
Alphabet Inc.	
Nvidia Corporation	
JPMorgan Chase & Co	
Bank of America Corp	
Meta Platforms Inc.	
Berkshire Hathaway Inc.	
Pfizer Inc.	

European Equity excluding UK	1.07%
Shell plc	
M&G European Sustainable Paris Aligned Fund	
Shelbourne Bidco Limited	
BP plc	
GSK plc	
Amcor plc	
Siemens AG	
TotalEnergies SE	
Roche Holding AG	
Coca-Cola HBC AG	

Asia & GEM Equity ex. Japan, China & India	0.90%
Taiwan Semiconductor Manufacturing Company Ltd.	
Samsung Electronics Co Ltd.	
AIA Group Ltd.	
Rio Tinto plc	
Sun Hung Kai Properties Ltd.	
Telkom Indonesia (Persero) TBK PT	
United Overseas Bank Ltd.	
Kasikornbank PCL	
Genting Singapore Ltd.	
DBS Group Holdings Ltd.	

Japan Equity	0.40%
Toyota Motor Corporation	
Sony Group Corp	
Mitsubishi UFJ Financial Group Inc.	
Mitsui & Co Ltd.	
Hitachi Ltd.	
Seven & I Holdings Co Ltd.	
Orix Corporation	
Nippon Telegraph and Telephone Corporation	
Toyota Industries Corporation	
East Japan Railway Company	

Africa Equity	0.42%
Naspers Ltd.	
Anglo American plc	
Gold Fields Ltd.	
Firstrand Ltd.	
Standard Bank Group Ltd.	
Capitec Bank Holdings Ltd.	
MTN Group Ltd.	
Endeavour Mining plc	
Harmony Gold Mining Company Ltd.	
Nedbank Group Ltd.	

China Equity	0.80%
Tencent Holdings Ltd.	
Alibaba Group Holding Ltd.	
China Merchants Bank Co Ltd.	
JD.COM Inc.	
BYD Co Ltd.	
Boc Hong Kong Holdings Ltd.	
KE Holdings Inc.	
H World Group Ltd.	
China Construction Bank Corp	
China Resources Beer Holdings Co Ltd	

India Equity	0.49%
Housing Development Finance Corporation Ltd.	
Infosys Ltd.	
ICICI Bank Ltd.	
Reliance Industries Ltd.	
Axis Bank Ltd.	
Bharti Airtel Ltd.	
Trustroot Internet Private Ltd.	
TATA Consultancy Services Ltd.	
Mahindra and Mahindra Ltd.	
Sun Pharmaceutical Industries Ltd.	

Fixed Income

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

US Fixed Income	**7.33%**
United States Treasury	
US High Yield	
Bank of America Corp	
Goldman Sachs Group Inc.	
JPMorgan Chase & Co	
Wells Fargo and Company	
Morgan Stanley	
Comcast Corporation	
Citigroup Inc.	
Metropolitan Life Global Funding I	

European including UK Fixed Income	**3.43%**
United Kingdom of Great Britain & Northern Ireland	
UK Conventional Gilts	
M&G Sustainable Loan Fund	
HSBC Holdings plc	
BNP Paribas SA	
Lloyds Bank plc	
KFW	
Electricite De France SA	
Nationwide Building Society	
Santander UK Group Holdings plc	

Asian Fixed Income	**6.18%**
Korea (Republic of)	
Indonesia (Republic of)	
Malaysia (Government)	
India (Republic of)	
Philippines (Republic of)	
Thailand Kingdom of (Government)	
Singapore (Republic of)	
China Peoples Republic of (Government)	
Philippine Government Bond	
Celestial Dynasty Ltd.	

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) Europe (Investment Grade) UK & Euro (High Yield)	M&G UK Investment Grade Mandate M&G European Investment Grade Mandate M&G Collateral Fixed Income Mandate M&G European/UK High Yield Mandate	Active	Internal
UK Government	M&G Gilt Mandate	Active	Internal
US (IG & HY) US Treasury	M&G US Total Return Fixed Income Mandate M&G US Short Dated Fixed Income Mandate M&G US Treasuries Mandate	Active	Internal
Asian Fixed Income	M&G (Lux) Asian Bond Allocation Fund* M&G Funds (1) Manulife China Bond Fund	Active	Internal External
Convertibles	M&G Global Convertibles Fund	Active	Internal
Private Credit	M&G Catalyst – Credit Fund Selection of M&G Private Credit Funds Global Micro and SME Finance Fund (responsAbility) M&G Corporate Credit Opportunities Fund	Active	Internal
Global High Yield	M&G Global High Yield Fund	Active	Internal
African Debt	M&G SA Pan-African Fund Ninety One Africa Fixed Income Opportunities Fund	Active	Internal External
Emerging Market Debt	M&G Emerging Markets Bond Fund M&G (1) Lazard Emerging Market Debt Fund M&G (1) Artisan EMsights Emerging Markets Debt Fund	Active	Internal External 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, hedge funds, 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 equity 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 March 2025.

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