

PruFund monthly update: January 2025

This report is for customers invested in the PruFund range of funds only and covers the latest updates for the PruFund range of funds including: The diversification of the funds, market context over the past month and January's PruFund UPA announcement.

PruFund and diversification

M&G Treasury & Investment Office (T&IO) continue to see value in ensuring PruFunds are well diversified across different asset classes and regions, with exposure to a range of investments across Equities, Fixed Income, Real Estate and Real Assets. This coverage gives access to returns from many different investments, asset classes that have an element of 'inflation linkage' and investments that lean towards solving the problems of the future. Global diversification remains one of the best ways to make portfolios more resilient.

The links below give you an easy-read overview of the different asset classes:

[↓ Equities \(Shares\)](#) [↓ Fixed Income \(Bonds\)](#) [↓ Real Estate \(Property\)](#) [↓ Real Assets \(Alternatives\)](#)

Within **Equities** we hold a similar overall value to peers, but spread across more funds, with less exposure in the US but more in Asian and Emerging Market Equities.

We have a lower allocation in **Fixed Income** compared to peers but we have more emphasis on high-yield regions and private credit. However, our exposure to Gilts and Treasuries (Government Bonds) has increased in recent years.

Real Assets are diversified across asset classes and regions with Real Estate remaining a key diversifying asset.

Whilst T&IO are constantly monitoring markets and looking at ways to develop portfolios, no meaningful changes have been made since the last update.

A breakdown of where PruFund Growth, Cautious and Risk Managed PruFunds are currently invested can be found below:

[↓ PruFund Growth](#) [↓ PruFund Cautious](#) [↓ Risk Managed PruFunds](#)

Most asset classes within PruFunds **saw positive returns** over the past month, with Equities & Fixed Income the best performers in January. Equity returns were led by Europe ex. UK and North America segments. Commodities were the best performer within Alternatives. Fixed Income saw the highest returns from Convertible Bonds, while within Real Estate UK and North America contributed the most to overall returns.

Market Context from the M&G Treasury & Investment Office

- There's **continued evidence of stubborn inflation** across global markets, with increases in the US (2.9% from 2.7%) and Eurozone (2.4% from 2.2%) over the past month. UK inflation edged lower (2.5% from 2.6%). **Interest rates are now easing** with additional cuts made by the US Federal Reserve (0.25%) and European Central Bank over the past month (0.25%). Further cuts may be seen throughout 2025 with central bank projections indicating rates remain on a downward trajectory.
- Other **longer-term themes remain** that are affecting market sentiment, such as **heightened geopolitical tensions** in the Middle East and Europe, uncertainty in China regarding government support and the potential impacts of a Trump presidency on foreign policy and trade.

Latest PruFund UPA update: January 2025

All PruFund announcements occur on the 25th (or next working day). Expected Growth Rate (EGR) announcements occur quarterly in February, May, August and November. Unit Price Adjustment (UPA) announcements occur on a monthly basis outside of these dates but only relate to the PruFund range of funds available via:

- International Portfolio Bond (Series C)
- Retirement Account (Series E)
- M&G Wealth Platform (Series F)

At the latest month end we have announced that **no UPAs have been applied** to the PruFund range of funds.

A summary of historic EGR and UPA information is available [here](#), as well as a step-by-step guide to the

[↓ PruFund smoothing process](#).

Long-term outlook for PruFund

The M&G Treasury & Investment Office continue to monitor markets and identify potential risks and opportunities surrounding stimulus measures and investor sentiment, ensuring PruFunds are well placed to continue to deliver for customers over the medium to long-term. PruFund is designed to be a medium to long-term investment (5 to 10 years or more) and over this time period PruFund has delivered consistent returns comparative to other multi-asset funds.

The value of your investments can go down as well as up and you could get back less than you paid in. Past performance is not a reliable indicator of future performance.