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Pru
part of M&G plc

Investment Update

Risk Managed PruFund range

Q1 2025

Contents

Introduction

Welcome to this quarter's Risk Managed PruFund range report, giving you the latest updates on the fund. PruFund is one of the most diverse multi-asset funds in Europe, with Risk Managed range introduced in 2019.

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 willl 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 this quarter

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 IN Q1 2025, recording 51.5 in March** from January's 50.4, **driven by a result of stronger services production. Services PMI's rose to 52.5** in March from 50.8 in January, following a rebound in both domestic and overseas sales, marking the strongest sector growth since August 2024. Manufacturing PMI's final reading of 44.9 fell from 48.3, as output declined for the sixth consecutive month, with continued weak demand from both domestic and overseas clients – business sentiment is at its lowest level since November 2022.

The US economy is expected to have shrunk by 1.8% in Q1 2025 in annual terms, according to the Federal Reserve bank of Atlanta, as trade and tariff policies caused a significant drop in consumer confidence which weakened consumer spending. **The final Composite number rose to 53.5 from 52.4**, as services remained in strong growth territory 54.3 (March) from 52.8 (January). Manufacturing PMIs however were lower at 50.2 compared to 50.9 as new orders, backlog orders and employment contracted. **US employment data has been strong** exceeding expectations in recent months with **228,000 jobs added in March**. Unemployment rates increased from 4.1% to 4.2% over the quarter.

In **Europe final Composite PMI numbers climbed to 50.9 from 50.2**. Final manufacturing PMI's rose to 48.6 from 46.6, as manufacturing output increased for the first time in two years. Services edged down to 51.0 from 51.3 in Q1, as the regions output continues to grow. Despite a slight decline in new business levels, optimism for the sector remains subdued. Eurozone unemployment reduced to new historic lows of 6.1%.

In China Caixin Manufacturing PMIs rose to 51.2 from 49.1, marking the sixth straight month of growth in factory activity. Services PMIs moved to 51.9 from 51.0 as new orders expanded the most in three months, driven by higher levels of domestic demand and new export orders. China's economy grew by 5.2% in Q1 and by 5.0% in 2024, meeting the government's 5% target. This year has so far shown promising signs. Domestic demand has improved with increased retail sales, while the government's new thirty-point stimulus package has improved optimism as it targets 5% economic growth again in 2025 amid escalating trade tensions with the US.

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

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The US economy is expected to have shrunk by 1.8% in Q1 2025

In Europe final Composite PMI numbers climbed to 50.9

China's economy grew by 5.2% in Q1 2025

Monetary policy

The Bank of England (BoE) reduced rates in Q1, lowering to 4.50% from 4.75%. BoE Governor Bailey, highlighted heightened global economic uncertainty has led the BoE to take a gradual and careful approach and are cautious to cut interest rates as inflation could reach 3.75% in Q3 2025 – well above the 2% target. Markets currently price around a 10% chance of a cut in May 2025. Economic data remains mixed, wage growth is strong (rising 5.9% year-on-year) while unemployment has held steady and still at its highest level since May 2024.

The US Federal Reserve held interest rates in Q1, the benchmark rate remained at 4.25%-4.50%. The Fed stated they did "not need to be in a hurry" to cut 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 end the year between 3.75-4.00%.

The European Central Bank (ECB) cut interest rates twice across January and March, lowering the deposit rate **by 0.50% to 2.50% and refinancing rate to 2.65%**. With this their sixth cut since June 2024, the central bank have signalled a possible slowdown in cuts to borrowing costs, noting that "high uncertainty, both at home and abroad is holding back investment and competitiveness challenges are weighing on exports". Additional cuts will continue to be determined by data releases, with the ECB expected to hold rates at their next meeting in April.

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BoE reduced rates in Q1

Fed held interest rates in Q1

ECB cut interest rates twice over the quarter

Inflation

Inflation figures remain stubborn but decreased this quarter.

UK inflation was down to 2.8% from 3.0%. Core Consumer Price Index (CPI), which strips out volatile food and energy prices, reduced from a four-month of 3.7% to 3.5% over Q1. UK unemployment increased to 4.4% from November – January, the highest level since May 2024. Weak Gross Domestic Product (GDP) was reported for Q4 2024 (+0.1%), and this has continued into 2025 with GDP at – 0.1% in January and 0.2% in February.

US inflation fell to 2.8%, from 3.0% over the quarter. Core CPI inflation year-on-year eased to its lowest since April 2021 at 3.1%, the month-on-month rate reduced to 0.2%. Housing costs remain the primary driver of inflation. Consumer confidence plunged over Q1 to lows not seen since November 2022 over uncertainty for the economy and higher inflation, due to President Trump's trade policies.

In Europe, **Eurozone inflation fell back close to the ECB's 2% target, from 2.5% to 2.2%**. Energy prices reduced while services inflation slowed to an almost three-year low. France reported that inflation dropped from 1.7% to 0.8%, while German inflation reduced to 2.2% over Q1.

China's inflation rate fluctuated this quarter. CPI fell to – 0.7% in annual terms, exceeding the predicted – 0.5%. It marks the first month of deflation since January 2024 due to fading seasonal demand from the Spring festival in late January and lower food prices. This highlights continued deflation risks, despite recent government efforts to boost consumption, household spending remains cautious.

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 down to 2.8% from 3.0%

> Eurozone inflation fell back closer to the ECB's 2% target

> China's inflation rate fluctuated in Q1

Key talking points this month

Commodities

We are always looking to further diversify portfolios and include asset classes that we believe will add value over the long-term. In recent years we have entered a new economic environment with potentially more geopolitical shocks, volatile markets and increased inflation risks.

Commodities have therefore been added to portfolios due to their:

- **Inflation linkage:** Can provide a positive offset to other parts of the portfolio during heightened inflation
- **Low correlation:** With traditional asset classes

Diversification: The asset class is highly diverse, with a number of sub-asset classes. PruFund gains its exposure via four key sectors:

Energy (e.g. Natural Gas)
Agriculture and Livestock (e.g. Corn, Coffee, Wheat)
Industrial Metals (e.g. Copper, Lead, Nickel)
Precious Metals (e.g. Gold, Silver, Platinum)

The way the exposure is gained, is via futures, rather than holding any physical assets, or investing in companies that have exposure to the above sectors.

This 0.4% allocation within PruFund Growth and PruFund Cautious was introduced in November 2024. Wellington Management Company was chosen as the underlying investment manager.

Performance by Asset Class

The bar graph below is designed to give some insight in to how Risk Managed PruFund range 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

Source of performance data: M&G Performance teams.

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

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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

Equity markets were mixed over the quarter. Central banks continued to cut rates, but large tariff uncertainty was caused by President Trump, the FTSE World Index returned 0.50% (in sterling). In a less positive quarter for US equities, expectations that Trump's policies will lift inflation and potentially push the US towards recession, created weaker sentiment towards the region. European equities rose in Q1, outperforming other major stock markets with the political environment stabilising in Germany and France. Germany benefitted from new 1 trillion stimulus package and lower than expected impact from US tariffs. Overall emerging market stocks outperformed global equities with India and Brazil among the stronger performing markets. Chinese equities performed well, reflecting the increased investor optimism and stronger economic data, while they remained attractive from a valuation standpoint. Turkey and Argentina were two of the weaker emerging markets due to high inflation, political instability and debt issues.

Key movers in equities

US equities fell over the quarter, as investors fret that Trumps tariffs on trading partners will slow economic growth. The S&P 500 recorded a quarterly fall of 4.6% (its worst quarter since 2022). Utilities and financial services were the stand-out sectors. In contrast, consumer cyclical, communications and technology posted negative returns. Investors' enthusiasm for US stocks has weakened over increased competition for artificial intelligence, high valuations for US companies and the country's uncertain economic outlook, with investors rotating into European and Asian markets.

Q1 saw UK equities start 2025 with modest gains, following better than expected UK economic growth, solid company earnings and the BoE's decision to hold rates. At a sector level, Financials, Communication Services and Utilities led the way, with Healthcare the weakest area, due to high operating costs and staff shortages. Large-cap stocks outpaced their smaller counterparts. The FTSE 100 delivered a gain of 2.3% in Q1.

Japanese equities had a mixed Q1, the Topix total return increased 2.5%, while the Nikkei 225 declined 0.8%. The Japanese yen remains comparatively weak to other developed markets, with the Bank of Japan (BoJ), raising interest rates to 0.50% over the quarter. Wage growth, taking into account inflation, has been positive with March's spring wage negotiations creating further positive momentum. Japanese firms agree to raise wages by more than 5% on average this year. News of a merger between carmakers Nissan and Honda, saw talks break down in February, but talks continue between both companies with hopes it will help their competitiveness against the fast-growing Chinese electric vehicle manufacturers.

> US equities fell over the quarter

> 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 bonds rose, with the UK ten-year gilt yield falling to 4.7% from 4.9% at the start of January (bond yields and prices move in opposite directions). During the quarter, the UK chancellor Rachel Reeves announced spending cuts and lower than expected debt issuance that was supportive for bond yields. However, overarching concerns linger over rising debt and geopolitical uncertainty. Short-term government bonds outperformed longer-dated versions.

US 10-year treasury yields finished the quarter with a yield of 4.2%, down from 4.6% three months earlier, as investors flocked to safer assets like treasury bonds in the uncertain political and economic environment.

Government bonds performed better than corporate bonds while riskier high yield bonds were subject to significant market fluctuations

Real Estate

We are starting to see signs of stabilisation as Real Estate markets welcome the current rate cutting cycle.

With capital values now having stabilised 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, which create attractive potential returns.

UK

Recent UK direct real estate data show capital values for UK commercial property increased by 0.9% in the three months to end-March.

Industrial and residential sectors have started the year on a positive note, with the bulk of erosion in capital values now likely to have 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 the outlook for rates remains a key driver of market sentiment, with the view they have peaked easing downward pressure on valuations.

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 European real estate valuations has subsided, with yields now showing two quarters of stability and positive investor sentiment is causing the transactional market to pick 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 all sectors expected into 2025, vacancy rates should largely remain low across the board and support prospects for rental growth.

Asia

The outlook for Asia 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, which effectively means investor sentiment is better. **Investment volumes saw a notable increase in Q1 2025, rising by 5-10% year-on-year**, as investors are more optimistic around the economic outlook and entering the market.

> UK direct real estate capital values increased 0.9% over the three months in Q1

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 has 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.

Fund performance (Retirement Account)

Performance

	31/03/2024 to 31/03/2025	31/03/2023 to 31/03/2024	31/12/2022 to 31/03/2023	31/03/2021 to 31/03/2022	31/03/2020 to 31/03/2021
Risk Managed PruFund 1	5.51%	2.23%	-2.77%	8.92%	10.52%
Risk Managed PruFund 2	5.90%	1.77%	-1.69%	9.44%	14.97%
Risk Managed PruFund 3	6.43%	3.98%	0.60%	11.56%	15.34%
Risk Managed PruFund 4	6.74%	2.02%	2.84%	13.35%	15.85%
Risk Managed PruFund 5	7.06%	4.63%	3.96%	15.30%	16.58%

Annualised performance

	3 Years	5 Years	Since launch*
Risk Managed PruFund 1	1.60%	4.77%	3.81%
Risk Managed PruFund 2	1.94%	5.92%	4.18%
Risk Managed PruFund 3	3.64%	7.45%	5.16%
Risk Managed PruFund 4	3.84%	8.01%	5.92%
Risk Managed PruFund 5	5.20%	9.37%	6.77%

* since launch 21.01.2019

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

	31/03/2024 to 31/03/2025	31/03/2023 to 31/03/2024	31/12/2022 to 31/03/2023	31/03/2021 to 31/03/2022	31/03/2020 to 31/03/2021
Risk Managed PruFund 1	6.30%	4.82%	-3.45%	9.69%	12.01%
Risk Managed PruFund 2	6.74%	1.59%	1.86%	12.35%	13.46%
Risk Managed PruFund 3	7.21%	1.57%	4.26%	15.47%	12.90%
Risk Managed PruFund 4	7.61%	0.87%	7.39%	14.92%	12.33%
Risk Managed PruFund 5	7.94%	2.34%	7.73%	17.19%	14.50%

Annualised performance

	3 Years	5 Years	Since launch*
Risk Managed PruFund 1	2.46%	5.74%	4.38%
Risk Managed PruFund 2	3.37%	7.08%	5.21%
Risk Managed PruFund 3	4.32%	8.15%	5.92%
Risk Managed PruFund 4	5.24%	8.51%	6.39%
Risk Managed PruFund 5	5.97%	9.81%	7.29%

* since launch 28.05.2019

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 ISA 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 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.

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Fund performance (Prudential Investment Plan)

Performance

	31/03/2024 to 31/03/2025	31/03/2023 to 31/03/2024	31/12/2022 to 31/03/2023	31/03/2021 to 31/03/2022	31/03/2020 to 31/03/2021
Risk Managed PruFund 1	5.21%	1.20%	0.53%	7.57%	3.54%
Risk Managed PruFund 2	5.61%	4.40%	-1.11%	10.34%	4.04%
Risk Managed PruFund 3	5.91%	3.21%	3.25%	10.91%	4.34%
Risk Managed PruFund 4	6.37%	0.98%	6.35%	16.37%	8.71%
Risk Managed PruFund 5	6.78%	2.15%	6.75%	15.83%	13.02%

Annualised performance

	3 Years	5 Years	Since launch*
Risk Managed PruFund 1	2.29%	3.58%	4.72%
Risk Managed PruFund 2	2.92%	4.59%	5.51%
Risk Managed PruFund 3	4.11%	5.48%	6.33%
Risk Managed PruFund 4	4.53%	7.64%	7.07%
Risk Managed PruFund 5	5.20%	8.79%	6.58%

* Since Risk Managed PruFund 5 launch 21.01.2019
* Since Risk Managed PruFund 1-4 launch 25.11.2011
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.

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Fund performance (Trustee Investment Plan)

Performance

	31/03/2024 to 31/03/2025	31/03/2023 to 31/03/2024	31/12/2022 to 31/03/2023	31/03/2021 to 31/03/2022	31/03/2020 to 31/03/2021
Risk Managed PruFund 1	6.30%	4.82%	-3.45%	9.69%	12.01%
Risk Managed PruFund 2	6.74%	1.59%	1.86%	12.35%	13.46%
Risk Managed PruFund 3	7.21%	1.57%	4.26%	15.47%	12.90%
Risk Managed PruFund 4	7.61%	0.87%	7.39%	14.92%	12.33%
Risk Managed PruFund 5	N/A	N/A	N/A	N/A	N/A

Annualised performance

	3 Years	5 Years	Since launch*
Risk Managed PruFund 1	2.46%	5.74%	5.55%
Risk Managed PruFund 2	3.37%	7.08%	6.48%
Risk Managed PruFund 3	4.32%	8.15%	7.29%
Risk Managed PruFund 4	5.24%	8.51%	8.18%
Risk Managed PruFund 5	N/A	N/A	N/A

* since launch 25.11.2011

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.**

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Fund performance (International Portfolio Bond)

Performance

	31/03/2024 to 31/03/2025	31/03/2023 to 31/03/2024	31/12/2022 to 31/03/2023	31/03/2021 to 31/03/2022	31/03/2020 to 31/03/2021
Risk Managed PruFund 1	5.62%	1.45%	-3.60%	8.35%	N/A
Risk Managed PruFund 2	6.02%	0.99%	-2.52%	9.22%	N/A
Risk Managed PruFund 3	6.52%	3.21%	-0.29%	9.72%	N/A
Risk Managed PruFund 4	6.88%	1.22%	1.97%	11.76%	N/A
Risk Managed PruFund 5	7.18%	3.85%	3.06%	12.55%	N/A

Annualised performance

	3 Years	5 Years	Since launch*
Risk Managed PruFund 1	1.09%	N/A	2.85%
Risk Managed PruFund 2	1.43%	N/A	3.88%
Risk Managed PruFund 3	3.11%	N/A	5.84%
Risk Managed PruFund 4	3.33%	N/A	6.81%
Risk Managed PruFund 5	4.67%	N/A	8.63%

* since launch 02.11.2020

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.**

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Risk Managed PruFunds Holdings

The data shown provides information on the Risk Managed PruFunds 1-5 asset allocation position to the end of January 2025. 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.

Asset	**Strategic Asset Allocation**				
	RMPF1	RMPF2	RMPF3	RMPF4	RMPF5
UK Equity	3.40%	6.40%	9.40%	12.40%	16.10%
North American Equity	2.20%	4.10%	6.10%	8.00%	10.50%
European Equity	1.40%	2.60%	3.80%	5.10%	6.60%
Japanese Equity	1.00%	1.80%	2.60%	3.50%	4.50%
Asia ex. Japan Equity	1.40%	2.70%	3.90%	5.20%	6.70%
India Equity	0.50%	0.90%	1.30%	1.70%	2.30%
China Equity	0.90%	1.60%	2.30%	3.10%	4.00%
Middle East and Africa Equity	0.70%	1.20%	1.90%	2.40%	3.20%
Global Emerging Markets Equity	0.50%	1.00%	1.50%	1.90%	2.50%
Total Equity	**12.00%**	**22.30%**	**32.80%**	**43.30%**	**56.40%**
UK Real Estate	5.80%	6.70%	7.50%	7.80%	8.20%
Europe ex. UK Real Estate	1.00%	1.20%	1.30%	1.40%	1.40%
North American Real Estate	1.00%	1.20%	1.30%	1.40%	1.50%
Asia Real Estate	1.20%	1.40%	1.60%	1.60%	1.70%
Total Real Estate	**9.00%**	**10.50%**	**11.70%**	**12.20%**	**12.80%**
Cash	**4.20%**	**3.20%**	**2.40%**	**1.70%**	**1.00%**
TAA Mandate	**2.20%**	**2.30%**	**2.50%**	**2.80%**	**3.00%**
Private Equity	4.30%	4.50%	4.60%	4.70%	4.70%
Other Factors	1.00%	1.00%	1.10%	1.10%	1.10%
Infrastructure	2.50%	2.50%	2.60%	2.70%	2.70%
Private High Yield	3.90%	4.00%	4.00%	4.10%	4.10%
Commodities	0.30%	0.30%	0.40%	0.40%	0.40%
Total Real Assets and Alternatives	**12.00%**	**12.30%**	**12.70%**	**13.00%**	**13.00%**

Asset	Strategic Asset Allocation				
	RMPF1	RMPF2	RMPF3	RMPF4	RMPF5
UK (Investment Grade)	11.30%	9.20%	7.10%	5.10%	2.60%
Europe (Investment Grade)	3.60%	2.90%	2.20%	1.60%	0.80%
UK and Euro (High Yield)	6.10%	4.90%	3.80%	2.70%	1.40%
US High Yield	0.90%	0.70%	0.60%	0.40%	0.20%
US (Investment Grade and High Yield)	11.90%	9.70%	7.40%	5.30%	2.70%
US Treasury	4.00%	3.30%	2.50%	1.80%	0.90%
Asian Bonds	12.10%	9.90%	7.60%	5.40%	2.70%
Convertibles	1.80%	1.50%	1.10%	0.80%	0.40%
Private Credit	0.70%	0.60%	0.50%	0.30%	0.20%
Global High Yield	0.80%	0.70%	0.50%	0.40%	0.20%
African Debt	2.60%	2.10%	1.60%	1.10%	0.60%
Emerging Market Debt	4.80%	3.90%	3.00%	2.10%	1.10%
Total Fixed Income	**60.60%**	**49.40%**	**37.90%**	**27.00%**	**13.80%**

Source: Prudential Actuarial January 2025.

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

The below figures are from the asset pool (Prudential With-Profits Fund) that the Risk Managed PruFunds sit within and hence the % for each individual Risk Managed PruFund will differ slightly to what is shown.

Equities

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

UK Equity	2.65%
AstraZeneca plc	
HSBC Holdings plc	
Unilever plc	
RELX plc	
Rollys-Royce Holdings plc	
Barclays plc	
London Stock Exchange Group plc	
National Grid plc	
Reckitt Benckiser Group plc	
Diageo plc	

North American (inc Canada) Equity	0.91%
Amazon.com Inc.	
Apple Inc.	
Microsoft Corporation	
Nvidia Corporation	
JPMorgan Chase & Co	
Alphabet Inc.	
Cigna Group	
Meta Platforms Inc.	
Exxon Mobil Corp	
Pfizer Inc.	

European Equity excluding UK	1.90%
M&G European Sustained Paris Aligned Fund	
Shell plc	
BP plc	
GSK plc	
Siemens AG	
Amcor plc	
TotalEnergies SE	
Allianz SE	
Coca-Cola HBC AG	
Roche Holding AG	

Asia & GEM Equity ex. Japan, China & India	1.89%
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.	
Genting Singapore Ltd.	
Kasikornbank PCL	
DBS Group Holdings Ltd.	

Japan Equity	0.87%
Toyota Motor Corporation	
Sony Group Corp	
Mitsubishi UFJ Financial Group Inc.	
Mitsui & Co Ltd.	
Hitachi Ltd.	
Seven & I Holdings Co Ltd.	
Nippon Telegraph and Telephone Corporation	
Orix Corporation	
Toyota Industries Corporation	
East Japan Railway Company	

Africa Equity	0.84%
Naspers Ltd.	
Anglo American plc	
Gold Fields Ltd.	
Firstrand Ltd.	
Standard Bank Group Ltd.	
Capitec Bank Holdings Ltd.	
MTN Group Ltd.	
Harmony Gold Mining Company Ltd.	
Nedbank Group Ltd.	
Endeavour Mining plc	

China Equity	1.49%
Tencent Holdings Ltd.	
Alibaba Group Holding Ltd.	
China Merchants Bank Co Ltd.	
Boc Hong Kong Holdings Ltd.	
BYD Co Ltd.	
KE Holdings Inc.	
H World Group Ltd.	
China Resources Beer Holdings Co Ltd.	
JD.COM Inc.	
China Construction Bank Corp	

India Equity	0.96%
Housing Development Finance Corporation Ltd.	
Infosys Ltd.	
ICICI Bank Ltd.	
Reliance Industries Ltd.	
Axis Bank Ltd.	
Bharti Airtel Ltd.	
Trustroot Internet Private Limited	
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	4.84%
United States Treasury	
US High Yield	
Bank of America Corp	
JPMorgan Chase & Co	
Goldman Sachs Group Inc.	
Wells Fargo and Company	
Morgan Stanley	
Comcast Corporation	
Citigroup Inc.	
Metropolitan Life Global Funding I	

European including UK Fixed Income	2.32%
United Kingdom of Great Britain & Northern Ireland	
UK Conventional Gilts	
HSBC Holdings plc	
KFW	
BNP Paribas SA	
Electricite De France SA	
Santander UK Group Holdings plc	
Banque Federative Du Credit Mutuel SA	
Nationwide Building Society	
BPCE SA	

Asian Fixed Income	3.66%
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	
Alibaba Group Holding Ltd.	

Real Estate

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

Real Estate (Global)
40 Leadenhall Street – Office
Investment into Residential Fund – Residential
The London Fruit & Wool Exchange
Avon Hse 360/366 Oxford St – Retail
Institutional Property Fund
Heathrow Corporate Park – Distribution Warehouse
The Haymarket (Development) – Office
138-142 Holborn – Office
Investment into AGLP – Industrial
St Edward Homes Partnership – 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 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) Indian Equity Fund	Active	Internal External
Middle East and Africa Equity	M&G South Africa Equity Fund M&G Africa Equity Fund Coronation African Frontiers 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 Bond 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

PruFund Growth invests into over 200 real estate assets globally. The majority are directly held assets or joint ventures, although some exposures are via collectives/indirect funds, which themselves invest in 100s of underlying properties.

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 Mandate	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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