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## **STRONG PERFORMANCE BOOSTS RETURNS FOR SAVERS IN M&G PLC WITH-PROFITS FUND**

### **More than two million customers expected to share £2 billion bonus**

**London 26 February 2020** – M&G plc<sup>1</sup> today announced that the £88billion With-Profits Fund<sup>2</sup> (the Fund) of the Prudential Assurance Company, a wholly-owned subsidiary, returned 11.5% over the 12 months to the end of 2019. On the basis of that performance, coupled with the financial strength of the overall fund built up over many decades, more than two million savers are set to benefit from an expected £2billion bonus.

This £2billion is made up of the annual with-profits bonus declaration, plus an extra distribution to eligible customers. *(For full details of the 2020 With-Profits Bonus Declaration, please visit our website <https://www.pru.co.uk/existing-customers/bonus-declaration>).*

### **Another decade of strong performance**

In the ten years to the end of 2019, the Fund produced a cumulative gross return of 115.5% before tax and charges. This compares with a 104.0% return from the FTSE 100 Index<sup>3</sup> over the same period, not allowing for any management fees.

### **What this means for different types of with-profits customers**

- A single premium of £10,000 invested in PAC With-Profits Bond (Flexible Investment Plan) in 2009 will be worth £17,250 in 2020, representing an annualised return of 5.6%.
- A PAC personal pension customer who has contributed £200 (gross) a month for 10 years (£24,000 in total) and is retiring on 1 May 2020 will have a fund value of £31,267

### **What is the With-Profits Fund?**

The overall fund aims to offer customers returns that balance the extreme highs and lows of short-term investment performance, through investing in a global portfolio of mixed assets and applying 'smoothing' to pay-outs from year-to-year.

**What is smoothing?**

Smoothing some of the extreme highs and lows of short-term investment performance provides a more stable return. This is done by holding back some of the investment returns in good years with the aim of using this to support bonus rates in the years where the investment returns are lower.

Smoothing offers some protection against bad market conditions. It will not stop the value of a savings plan reducing if investment returns have been low.

**What the Fund is invested in – the asset mix as at 31 December 2019**



**David Macmillan, Chief Customer and Distribution Officer at M&G plc, said:**

“The strong returns of the last year, and in previous years, are benefiting customers. Customers will typically see a double digit percentage increase in the value of their policies.

“Over the ten years to the end of 2019, the Fund’s investment return compares very favourably against other investment measures, such as the FTSE 100 index, with less volatility.

“Many of the products which benefit from this bonus distribution are no longer on sale, but the rapid growth of PruFund, which has attracted almost £50 billion of assets since its launch 15 years ago, shows the continued and strong demand for savings propositions which smooth out the extremes of market volatility to offer steady, reliable returns.”

**-ENDS-**



## Media

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## Notes to editors

1. M&G plc is a leading savings and investments business which was formed in 2017 through the merger of Prudential plc's UK and Europe savings and insurance operation and M&G, its wholly-owned international investment manager. In March 2018, Prudential plc announced its intention to demerge the company with a premium listing on the London Stock Exchange. The demerger became effective on 21 October 2019, when M&G's shares were admitted to trading on the London Stock Exchange. As an independent company, M&G plc has a single corporate identity and continues with two customer-facing brands; Prudential for savings and insurance customers in the UK and Europe and for asset management in South Africa and M&G Investments for asset management clients globally.
2. M&G plc's With-Profits Fund has total assets under management of £145bn, as at 31 December 2019. The main asset pool, which is relevant to the largest book of with-profits customers, is valued at £87.6bn and earned 11.5% over the 12 months to the end of 2019.
3. Source: London Stock Exchange Group plc and its group undertakings (collectively, the "LSE Group"). © LSE Group 2018. FTSE Russell is a trading name of certain of the LSE Group companies. e.g., "FTSE®" "Russell®", "FTSE Russell®", "MTS®", "FTSE4Good®", "ICB®", "Mergent®", "The Yield Book®," are a trade mark(s) of the relevant LSE Group companies and are used by any other LSE Group company under license. "TMX®" is a trade mark of TSX, Inc. and used by the LSE Group under license. All rights in the FTSE Russell indexes or data vest in the relevant LSE Group company which owns the index or the data. Neither LSE Group nor its licensors accept any liability for any errors or omissions in the indexes or data and no party may rely on any indexes or data contained in this communication. No further distribution of data from the LSE Group is permitted without the relevant LSE Group company's express written consent. The LSE Group does not promote, sponsor or endorse the content of this communication.