



26 July 2021

## Welcoming PruFund Planet – the latest member of the PruFund Family

- The UK's only range of multi-asset, risk-rated, smoothed funds offering positive environmental and societal outcomes

M&G plc today announces the launch of PruFund Planet, a people and planet-focused version of its market-leading smoothed investment solution for UK retail investors.

PruFund Planet comprises a range of five funds (PruFund Planet 1-5) that seek to manage risks, pursue opportunities and invest in high-impact solutions to the world's pressing environmental, social and governance (ESG) challenges. It is expected to deliver similar long-term growth to the existing PruFund range at the same cost-to-customer.

Developed using an allocation of £500 million from the £145 billion With-Profits Fund<sup>1</sup>, PruFund Planet enables financial advisers to select an investment strategy for their pension clients looking for lower-volatility and competitive market returns and a desire to make a difference to the planet. It has the flexibility to invest across private and public markets, and all major asset classes and geographic regions.

PruFund Planet combines M&G's asset allocation capabilities with leading proprietary and third-party investment managers in areas as diverse as impact bonds, healthcare and wellbeing, clean technology and systematic equity.

Investment strategies within PruFund Planet are assessed and set in relation to three types of outcome:

- Risk Focused – managing ESG risks and seeking to minimise negative outcomes via exclusions
- Opportunity Focused – pursuing ESG opportunities and contributing to positive outcomes for broad stakeholders
- Solutions Focused – targeting specific societal/environmental issues for underserved groups or stakeholders

As with the existing PruFunds, which have grown to over £56 billion AUM<sup>2</sup> on the back of consistent performance<sup>3</sup>, investors in PruFund Planet will receive 'smoothed' returns over the medium to long-term, reducing the impact of short-term volatility.

**David Macmillan, Chief Customer & Distribution Officer at M&G plc said:** "With environmental and social issues hitting the headlines every day, our latest *Power of Advice* research<sup>4</sup> shows that



almost half of advisers said their clients would like to consider ESG/sustainable investing more, but need support in going about it.

“That’s where PruFund Planet comes in. Not only does it meets a real and growing need for advisers whose clients, particularly in retirement, are increasingly looking for a smoothed investment journey, it seeks to make a positive difference to the planet without sacrificing expected investment returns.

“PruFund revolutionised the with-profits market when it launched 17 years ago and now with £56 billion of assets under management it’s a product that has caught the imagination of advisers and clients alike.”

It is initially available through M&G’s Retirement Account for financial advisers, with ISA and bond versions available next year.

More information about PruFund Planet is available on [pruadviser.co.uk](https://pruadviser.co.uk) and [pru.co.uk](https://pru.co.uk).

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**Notes to Editors:**

1. As at 31 December 2020
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3. The PruFund Growth Fund (pension) has delivered 6.44% annualised growth (gross) over 10 years (includes 0.65% fund management charge) to end June 2021.
4. *The Power of Advice* research report is available on [pruadviser.co.uk](https://pruadviser.co.uk)

**About PruFund**

An advised-only multi-asset fund, PruFund aims to grow client’s money over the medium to long term (5-10 years or more) while protecting them from some of the short-term market volatility of direct investment. As well as giving customers peace of mind it can also give them a more reliable income stream, particularly during retirement. PruFund funds are invested in the Prudential With-profits fund, the size of which offers diversification over a wide range of asset class and location.

The PruFund range has £56 billion assets under management and over 455,000 customers (as of 31 December 2020).



PruFund employs a smoothing process. It is specifically designed to smooth extreme short term stock market volatility by setting Expected Growth Rates (EGR) for each PruFund fund. Reviewed quarterly, EGRs reflect our view on how we think the funds will perform over the long term and gives advisers a guideline they can use for planning and cashflow modelling. The EGRs help smooth investment returns.

In the event of actual performance diverging significantly from the EGRs, Unit Price Adjustments (UPAs) are employed to amend returns up or down accordingly. While this means the fund does not experience the full highs of the markets, it also means it avoids the extreme lows.

We may decide to reset the smoothed price of a PruFund fund on a particular day to protect our With-Profits Fund.

If we decide to reset the smoothed price of the affected fund would be adjusted to be the same value as the unsmoothed price on the at working day. That adjusted smoothed price will then continue to grow in line with the Expected Growth Rate from the working day after this reset of the smoothed price. This is referred to as a Unit Price Reset in our literature.

There may be occasions where we have to suspend the smoothing process for one or more of the PruFund funds for a period of consecutive days to protect our With-Profits Fund. When this happens the smoothed price for the affected fund(s) is set to the unsmoothed price for each day until we reinstate the smoothing process.

There are many different versions of PruFund covering the major product lines of Onshore and Offshore Bonds, ISAs and Pensions. The two most popular funds within PruFund are Growth and Cautious.

### **About the Prudential With-Profits Fund**

The £143 billion Prudential With-Profits Fund is the largest and one of the financially strongest with-profits funds in the UK.

The size and strength of the Fund allows it to invest in a very wide range of assets and individual companies. It is invested in a diversified portfolio of UK and overseas shares, bonds, property and cash and has been awarded the highest rating (5/5) for financial strength from AKG Financial Analytics Ltd, who are specialists in providing independent with-profits ratings (as at December 2020).

The Prudential With-Profits Fund offers investors the prospect of competitive long-term real returns while smoothing the peaks and troughs of day-to-day market movements.



## About M&G plc

M&G plc is an international savings and investments business, managing money for both individual savers and institutional investors in 28 markets. As at 31 December 2020, we had £367 billion of assets under management and administration, around 5 million retail customers and more than 800 institutional clients.

With a heritage dating back more than 170 years, M&G plc has a long history of innovation in savings and investments, combining asset management and insurance expertise to offer a wide range of solutions. We serve our savings and insurance customers under the Prudential brand in the UK and Europe and for asset management in South Africa, and under the M&G Investments brand for asset management clients globally.

M&G has committed to achieve net zero carbon emissions on its total book of assets under management and administration by 2050 and committed to reduce operational carbon emissions as a corporate entity to net zero by 2030.