



27 February 2024

Prudential With-Profits Fund delivers a total £3.5 billion boost for customers

- *Includes a unit price increase of 0.9% for market-leading PruFund fund range*

M&G plc has today announced that the £126 billion With-Profits Fund¹ (the Fund) of the Prudential Assurance Company, a wholly-owned subsidiary, is set to share £3.5 billion with more than two million savers.

The Fund is the largest fund of its kind in the UK. The main asset pool within the Fund returned 4.3% over the 12 months to the end of 2023, and the Fund's strong overall performance, coupled with its financial strength built up over many years, will see it pay £3 billion to traditional and accumulating with-profits policyholders through the annual with-profits bonus declaration. This includes their share of £1 billion of additional money² that has built up in the Fund over many years. This means that for eligible traditional and accumulating with-profits customers, we have increased the unsmoothed value of their plans by 1.25%, which is reflected in final bonuses from this year.

As our market-leading PruFund fund range is also written in our With-Profits Fund, we have shared some of this additional money with these customers³ by increasing their unit prices by 0.9%, effective on 27 February 2024.

A decade of strong performance

In the ten years to the end of 2023, the Fund produced a cumulative gross return of 79.8% before tax and charges. This compares with a 37.0% return from the 'ABI UK – Mixed Investment 20% - 60% Shares Sector Average – Pension Funds'⁴ over the same period, demonstrating the long-term benefits of investing in our financially-strong and well-diversified With-Profits Fund.

Clive Bolton, Chief Executive Officer, M&G Life, said: "We are pleased to share these bonuses and additional money with our customers, which are driven by the strong performance of the Fund, despite a fragile geo-political landscape and challenging market backdrop.

"The strength of the Prudential With-Profits Fund, of which £53.5 billion⁵ is our market-leading PruFund fund range, is that it is a truly diverse multi-asset fund and provides access to a wide range of assets, including private markets. Performance was driven by our fixed income and regional equity portfolios and our cautious, long-term investment approach continues to provide good customer outcomes, while our smoothing mechanism protects their savings against the full effects of short-term market volatility.



“The Fund continues to invest in the real economy and innovative companies that are seeking to have a positive impact on the world around us, while also generating sustainable long-term financial returns.”

Funding the real economy and innovative private companies

The Fund invests in a globally-diversified portfolio of assets⁶, enabling it to capture returns from a wide range of underlying investments. The Fund has heritage in supporting the real economy through infrastructure and real estate investment. More recently, it has invested in innovative private companies that are shaping the world around us. Notable investments include:

- **40 Leadenhall office development:** In 2019, the Fund invested in a development which is set to be the largest office development to complete in the City of London this year. Designed to be green in use, not just in design, it will be among the UK’s first buildings to achieve one of the highest accreditations for sustainability. It is over 70 percent let ahead of practical completion – well ahead of expectations.
- **Impact investment strategies to feed our growing population:** The Fund has made a £200 million commitment into two impact investment strategies by responsAbility, a Swiss-based leader in impact investing across emerging markets, which is part of the M&G Group. The capital is invested in Asia and Latin America to improve the production and availability of healthy food worldwide, as well as rural livelihoods, while strengthening the agricultural value chain by building resilience to climate change.

In 2021, the With-Profits Fund allocated £5 billion to M&G’s purpose-led flexible private markets strategy, Catalyst, which invests in innovative solutions to some of the world’s biggest environmental and social challenges. In 2023, Catalyst deployed £684 million of capital, including to private companies requiring growth equity.

Investments made by Catalyst since 2021 include:

- **Northern Gritstone:** M&G is a cornerstone investor in Northern Gritstone, an investment business focused on university spin-outs, helping academics commercialise ground-breaking scientific ideas, creating new businesses and high-skilled jobs.
- **Harbinger Health** – a US-based biotechnology company pioneering new technologies to fundamentally change cancer screening and detection. The company’s goal is to lead the way to a future where cancer screening is routine, affordable and accessible to everyone, and is expected to launch its first product – a laboratory developed test for the detection of early cancer – in 2025.
- **Pragmatic** – a UK-based company that is a world leader in semiconductor innovation. Pragmatic has revolutionised and fully automated the semiconductor manufacturing process



and by replacing silicon can create high quality, ultra-low cost chips with flexible form factor at faster production times. It has production facilities in the North of England.

- **Envisics** – a UK-based technology company that is a pioneer and global leader in Augmented Reality Head-Up Displays (AR HUDs). The Envisics AR HUD improves situational awareness, offers intuitive delivery of information, greater personalization, connecting the driver in the new world of mobility while also freeing up the valuable interior real estate of the vehicle.

What the bonus payments means for different types of With-Profits customers⁷

- A single premium of £10,000 invested in the PAC With-Profits Bond (Flexible Investment Plan) in 2014 will be worth £15,684 in 2024, representing an annualised return of 4.6%.
- 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 2024 will have a fund value of £31,004, representing an annualised return of 5.0%.

-ENDS-

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Notes to Editors:

1. M&G plc's With-Profits Fund had total assets under management of £126 billion, as at 30 June 2023. The main asset pool, which is relevant to the largest book of with-profits customers within this Fund, had total assets under management of £90 billion, as at 30 June 2023, and earned 4.3% over the 12 months to the end of 2023.

2. Further details are available at: <https://pru.co.uk/aboutadditionalmoney>

3. Onshore investments only

4. 'ABI UK – Mixed Investment 20%-60% Shares Sector Average – Pension Funds' – The Association of British Insurers has a classification system whereby the performance of similar investment-linked funds are grouped together to give an average performance figure. This is known as the sector average. It's important to note that some, if not all, of the funds in this sector average will already have fund management charges deducted from their performance.

5. As at 30 June 2023.

6. Asset mix of the Prudential With-Profits Fund as at 31 December 2023:

Asset	%
UK Equities (listed)	11.8
Overseas Equities (listed)	26.9



Property	13.4
Alternative Assets	12.5
Fixed Interest	30.4
Cash & Receivables	5.0
Total	100.0

7. Full details of the 2024 With-Profits Bonus Declaration, are available at <https://www.pru.co.uk/existing-customers/bonus-declaration>.

What is the With-Profits Fund?

The Fund aims to offer customers returns that balance the highs and lows of short-term investment performance, through investing in a global portfolio of mixed assets and through the payment of bonuses, which help to 'smooth' pay-outs from year-to-year.

The Fund also includes the company's hugely successful PruFund fund range.

What is smoothing?

We apply smoothing in setting bonus rates with the aim of balancing some of the highs and lows of short-term investment performance in order to provide 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 consistently poor.

About M&G plc

M&G plc is a leading international savings and investments business, managing money for around 5 million retail clients and more than 800 institutional clients in 26 markets. As at 30 June 2023, we had £332.8 billion of assets under management and administration.

With a heritage dating back more than 175 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 retail and savings clients under the M&G Wealth and Prudential brands in the UK and Europe, and under the M&G Investments brand for asset management clients globally.