



For immediate release: Tuesday 20 February 2018

PRUDENTIAL WITH-PROFITS RETAINS ITS RECORD OF DELIVERING STRONG RETURNS FOR CUSTOMERS

- Prudential's consistent, long-term approach to the management of its With-Profits Fund continued to benefit policyholders during 2017.
- An estimated £2.1 billion was added to Prudential with-profits policy values in 2017 (split £0.4 billion Annual Bonus and £1.7 billion Final Bonus).
- Policyholders will typically see year-on-year increases of between 7 per cent and 10 per cent in their accumulating with-profits policy values following the 2018 Bonus Declaration.
- **Strong annualised post-tax returns for policyholders over the lifetime of their policy:**

Prudential With-Profits Flexible Investment Plan (20 year, £10,000 single premium)	5.1 per cent *
Prudential With-Profits Flexible Investment Plan (15 year, £10,000 single premium)	6.1 per cent *
Prudential With-Profits Flexible Investment Plan (10 year, £10,000 single premium)	5.3 per cent *
Prudential With-Profits Individual Pension (20 year term, £200 pm RP)	5.7 per cent *
Prudential With-Profits Savings Endowment (25 year term, £50 pm RP)	5.3 per cent *
Scottish Amicable With-Profits Savings Endowment (25 year term, £50 pm RP)	5.3 per cent *

(* Net of tax where relevant and charges. Endowment examples based on male aged 29 at start of contract.)
- A typical Prudential mortgage endowment maturing in 2018 will have increased in value by 8.8 per cent in its final year.
- An estimated £21 billion has been added to Prudential with-profits policy values over the last 10 years.
- Prudential's With-Profits Fund has delivered a cumulative investment return of 89.6 per cent over 10 years, compared with the FTSE 100 index (cumulative total) return of 73.8 per cent over the same period.
- With-profits with Prudential continues to be an attractive medium to long-term investment when compared with many other alternative investment options.

Clare Bousfield, Chief Executive, Prudential UK, said: "Our With-Profits fund has had another successful year's performance in 2017, yet again reinforcing the benefits to cautious investors of continuing to invest in our well-managed, financially strong and globally-diversified fund.

"The good news is that the vast majority of our with-profits policyholders have seen the value of their plans increase over the last 12 months. Our consistent long-term approach to managing the Fund means that we've been able to maintain annual bonus rates at the same levels as last year while increasing final bonus rates for most customers."

Prudential has announced that it has added an estimated £2.1 billion to with-profits policy values in 2017, highlighting the returns available to cautious investors from a financially strong and well-managed with-profits fund.

Prudential's With-Profits Fund has delivered a gross cumulative investment return of 89.6 per cent¹ over 10 years, compared with the FTSE 100 (total return) index gross return of 73.8 per cent over the same period.

Policyholders will typically see year-on-year increases of between 7 per cent and 10 per cent in their accumulating with-profits policy values, underlining the consistency of the fund management approach.

In the current low interest rate environment, with the Bank of England base rate at 0.5 per cent, Prudential continues to offer solid annual bonus rates for personal pensions, bonds and conventional with-profits products:

- Flexible Investment Plan (optimum return fund) 1.50 per cent
- Personal pensions 1.50 per cent
- Corporate pensions (unitised group with-profits) 1.75 per cent

Maturing Policy Values Increased

Many policies maturing in 2018 have increased in value compared with their surrender value 12 months ago (with regular premium products this increase takes into account the cost of an additional year's premiums), proving that Prudential's with-profits investments continue to provide reliable medium to long-term growth prospects for investors.

Prudential Bonus Tables: sample 1 May 2018 maturity values vs 1 May 2017 surrender values.

Contract	Policy duration in 2018 (2017)	Premium	Surrender Value 2017~	Maturity Value 2018	% Increase*
Prudential With-Profits Bond (Flexible Investment Plan)	10 years (9 years)	£10,000 Single premium	£15,529	£16,684 [^]	7.4%
Prudential Personal Pension (10 year term)	10 years (9 years)	£200 per month	£28,042	£32,616	7.4%
Prudential Personal Pension (20 year term)	20 years (19 years)	£200 per month	£78,627	£88,166	8.9%
Prudential Mortgage Endowment (25 year term)	25 years (24 years)	£50 per month	£26,465	£29,407	8.8%
Scottish Amicable Mortgage Endowment (unitised) (25 year term)	25 years (24 years)	£50 per month	£27,197	£30,365 [#]	9.3%

~ Before any surrender charge or MVR that may apply.

* After allowing for premiums paid during the year. Endowment examples based on male aged 29 at start of contract.

[^] Prudential With-Profits Bond is a single premium product. It does not have a maturity date. The figure quoted is a surrender value at 10 year duration.

[#] Unitised with-profits after tax and charges.

Ned Cazalet, leading industry commentator, observes that: “Over two decades, Prudential has consistently emerged from our on-going rigorous rating analysis as being one of the handful of companies likely to deliver superior with-profits performance to long term savers. The Pru’s average underlying gross underlying investment return was an outstanding 9% per over the past 15 years, adding real value for its customers over a period when markets have had many ups and downs, which the company has been able to smooth out thanks to its very strong financial position.”

What does this mean in practice for customers?

The strong, long-term investment performance achieved by the With-Profits Fund has enabled Prudential to continue providing customers with good annualised returns compared with many other investment options.

Bonds:

20 year Prudential With-Profits Bond (Flexible Investment Plan) performance relative to alternative investment products based on a single premium of £10,000:

Investment Product	Total Payout	Annualised Return
Prudential With-Profits Bond	£27,239	5.1%
Morningstar 90 Day Notice (UK Savings £25,000+) Net	£14,172	1.8%
Average mixed investment 20% - 60% shares unit trust*	£27,504	5.2%
Average mixed investment 20% - 60% shares unit-linked life fund**	£23,490	4.4%

15 year Prudential With-Profits Bond performance (Flexible Investment Plan) relative to alternative investment products

based on a single premium of £10,000:

Investment Product	Total Payout	Annualised Return
Prudential With-Profits Bond	£24,402	6.1%
Morningstar 90 Day Notice (UK Savings £25,000+) Net	£11,983	1.2%
Average mixed investment 20% - 60% shares unit trust*	£26,595	6.7%
Average mixed investment 20% - 60% shares unit-linked life fund**	£23,821	6.0%

10 year Prudential With-Profits Bond (Flexible Investment Plan) performance relative to alternative investment products

based on a single premium of £10,000:

Investment Product	Total Payout	Annualised Return
Prudential With-Profits Bond	£16,684	5.3%
Morningstar 90 Day Notice (UK Savings £25,000+) Net	£10,558	0.5%
Average mixed investment 20% - 60% shares unit trust*	£17,367	5.7%
Average mixed investment 20% - 60% shares unit-linked life fund**	£16,100	4.9%

Pensions:

A Prudential personal pension customer who has contributed £200 a month for 20 years and is retiring on 1 May 2018 will have a fund value of £88,166.

20 year Personal Pension performance relative to alternative investment products:

Investment Product	Total Payout	Annualised Return
Prudential With-Profits Individual Pension (20 year term, £200 per month regular premiums)	£88,166	5.7%
Scottish Amicable Personal Pension (20 year term, £200 per month regular premiums)	£94,963	6.3%
Morningstar 90 Day Notice (UK Savings £25,000+) Gross	£55,111	1.4%
Average mixed investment 20% - 60% shares unit trust*	£92,799	6.2%
Average mixed investment 20% - 60% shares unit-linked pension fund**	£86,402	5.5%

(For tables above, please refer to Notes 2-6 below)

*IMA Mixed investment 20% - 60% shares unit trust

**ABI Mixed investment 20% - 60% shares UK pension/life fund

Strength of Prudential's With-Profits Fund

Prudential's With-Profits Fund is the largest in the UK and its financial strength has enabled Prudential to add approximately £21 billion to policy values for its with-profits customers over the last 10 years.

Underlying Investment Performance:

Fund/Index	10 year
Prudential With-Profits Fund (gross cumulative return) – Pension Funds	89.6%
FTSE All-Share index (total return)	84.6%
FTSE 100 index (total return)	73.8%
ABI UK – Mixed Investment 20% - 60% Shares Sector Average – Pension Funds	66.1%
IPD UK All Property Monthly	67.6%
Morningstar 90 Day Notice (UK Savings £25,000+) Gross	8.1%

Source: Prudential, Financial Express. All figures to 31 December 2017. The With-Profits performance is gross of tax, charges and the effects of smoothing.

The Prudential With-Profits Fund net cumulative return – Life Funds over 10 years was 76.5 per cent. Over the same period the ABI UK – Mixed Investment 20%-60% Shares Sector Average – Life return was 51.3 per cent.

Jonathan Daniels, Chief Investment Officer, Prudential UK, said: “Our With-Profits Fund performed well in 2017. It was a good year for most asset classes as consumer confidence and company profits in many of the world's major economies were positive.

“We believe interest rates will remain low by historical standards, although we expect some rises in UK and US interest rates during 2018. We'll continue to closely monitor the progress of Brexit negotiations and seek to ensure the Fund remains as globally diversified as possible to help withstand any negative outcomes for the UK economy.”

Strong With-Profits Sales Growth

Continued strong with-profits sales growth, through our PruFund range of funds, reflects the strength of Prudential UK's with-profits offering and the ongoing demand for our proposition, with customers attracted by the potential benefit of a smoothed return to help manage market volatility.

Market Value Reductions

Up to £25,000 can currently be withdrawn in any 12 month period without a Market Value Reduction (MVR) applying, from those policies that have been held for more than five years and have an MVR-free withdrawal limit. Where applicable, MVRs are calculated on a case-by-case basis. Prudential's approach to MVRs remains unchanged although this is reviewed regularly to take account of changing market conditions.

-ENDS-

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Notes to Editors:

Underlying Investment performance 2017:

Fund/Index	2017 Performance
Prudential With-Profits Fund (before tax) – Pension Funds	10.3%
FTSE All -Share index (total return)	13.1%
FTSE 100 index (total return)	11.9%
ABI UK – Mixed Investment 20% - 60% Shares Sector Average – Pension Funds	6.2%
IPD UK All Property Monthly (total return)	11.0%
Morningstar 90 Day Notice (UK Savings £25,000+) Gross	0.4%

Source: Prudential, FE Analytics. All figures to 31 December 2017.

The Prudential With-Profits Fund net return – Life Funds in 2016 was 9.1 per cent. Over the same period the ABI UK – Mixed Investment 20%-60% Shares Sector Average – Life return was 5.6 per cent.

Asset Mix of the Prudential With-Profits Fund:

Assets	Percentage as at 31/12/2017	Percentage as at 31/12/2016
UK Equity (Listed)	18.2	16.1
Overseas Equity (Listed)	33.8	31.3
Property	14.1	15.2
Alternative Assets	5.5	6.6
Fixed Interest/Corporate Bonds	26.3	26.4
Cash & Receivables	2.1	4.4
Total	100	100

Financial Performance and Policy Value Notes:

1. Gross cumulative return before charges and smoothing.
2. Comparison between Prudential products and other returns are for periods to 1 May 2018 and are after charges.
3. 90 Day Notice account, unit trust values and unit-linked life and pension fund values use actual returns from 1 May in the relevant year through to 31 December 2017 and are then projected to 1 May 2018 using the most recent returns for the 90 Day Notice accounts and 3.4 per cent per annum (2.9 per cent net) for unit trust and unit-linked fund values.
4. Morningstar UK Savings £25,000 investment is a representation of a 90 day notice account. Rates assumed are gross of tax for the Individual Pension and net of tax for Prudence Bond. The unit trust returns are based on an average for the "IMA Mixed investment 20% - 60% shares" sector. The unit-linked life fund returns are based on the average returns in the ABI "Mixed investment 20% - 60% shares UK Life" category. The unit-linked pension fund returns are based on the average in the ABI "Mixed investment 20% - 60% shares UK Pension" category.
5. A with-profits investment is not like a bank or building society deposit account. A with-profits policy may return less than has been invested, in particular in the early years, whereas a bank or building society deposit account would return the entire customer's capital. Investors should consider keeping any money which might be needed in the short-term in a bank or building society deposit account which is generally secure and readily accessible.
6. Past performance is not a reliable indicator of future performance.
7. Full details of all annual and final bonus rates are available on request.
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About M&G Prudential

Prudential UK is part of M&G Prudential, the UK and European savings and investment business of Prudential plc and was formed in August 2017 from the merger of M&G Investments and Prudential's UK and European businesses. Managing £337 billion of assets with more than 7 million customers, it brings together two of the most trusted brands in the UK financial services sector.