



23 February 2023

M&G plc With-Profits Fund helps protect clients from investment market turbulence in 2022

M&G plc today announces that around 2 million With Profits savers are set to benefit from an expected total bonus of £3 billion. This includes their share of £1 billion of additional surplus which we are distributing to eligible clients¹.

The £90.4 billion With-Profits Fund² of the Prudential Assurance Company, a wholly-owned subsidiary, returned -1.5% over the 12 months to the end of 2022. Despite the challenging market conditions over 2022, the Fund provided a good level of protection to clients.

When setting bonuses, Prudential aims to smooth some of the extreme highs and lows of investment performance by holding back some returns in good years to support bonus rates in years where returns are lower.

A history of strong performance

In what was a highly unusual year for global investment markets, the Fund returned -1.5% in the 12 months to the end of 2022 before taxes and charges. This compares with a -10.4% return from the ABI UK – Mixed Investment 20% - 60% Shares Sector Average – Pension Funds³ over the same period. And over the 10 years to the end of 2022, returns on the same basis were 90.2% for our With-Profits Fund and 39.8% for the ABI UK – Mixed investments. These results demonstrate the short and longer-term benefits of investing in our financially strong and well diversified With-Profits Fund.

What this means for different types of With-Profits clients

- A single premium of £10,000 invested in PAC With-Profits Bond (Flexible Investment Plan) in 2013 will be worth £16,137 in 2023, representing an annualised return of 4.9%.
- A PAC personal pension clients who has contributed £200 (gross) a month for 10 years (£24,000 in total) and is retiring on 1 May 2023 will have a fund value of £31,575, representing an annualised return of 5.4%.

What is the With-Profits Fund?

The Fund aims to offer clients returns that balance the extreme 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 range.

What is smoothing?

We apply smoothing in setting bonus rates with the aim of balancing some of the extreme 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.

What the Fund is invested in - the asset mix as at 31 December 2022

Asset	%
UK Equities (listed)	16.0
Overseas Equities (listed)	29.8
Property	14.1
Alternative Assets	12.1
Fixed Interest	22.7
Cash & Receivables	5.3
Total	100.0

Clare Bousfield, Retail & Savings CEO at M&G plc, said: "In a turbulent and challenging year for global investment markets, the With-Profits Fund provided a good level of protection to our clients, highlighting the benefits of investing in a diversified and financially strong with-profits fund.

"Our prudent, long-term investment approach continues to provide positive returns to clients while protecting them from short-term volatility, such as we witnessed in 2022.

"Our With-Profits Fund is one of the largest and financially strongest in the UK, giving us the flexibility to invest in a wide range of assets and individual companies. With our commitment to helping people manage and grow their savings and investments responsibly, we're investing up to £5 billion from the With-Profits Fund into privately-owned businesses which are tackling some of the world's biggest social and environmental challenges.

"We will continue to invest responsibly, and monitor markets to take advantage of investment opportunities while keeping the fund well-diversified around the world."



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Notes to Editors:

1. For full details of the 2023 With-Profits Bonus Declaration, please visit our website <https://www.pru.co.uk/existing-customers/bonus-declaration>
2. M&G plc's With-Profits Fund has total assets under management of £133 billion, as at 30 June 2022. The main asset pool, which is relevant to the largest book of with-profits clients, is valued at £90 billion and earned -1.5% over the 12 months to the end of 2022.
3. ABI UK – Mixed Investment 20%-60% Shares – 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.

About M&G plc

M&G plc is an international savings and investments business, managing money for around 5 million retail clients and more than 800 institutional clients in 28 markets. As at 30 June 2022, we had £348.9 billion of assets under management and administration. Our purpose is to help people manage and grow their savings and investments, responsibly.

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 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.