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M&G's With-Profits Fund investment performance awards customers with over £2 billion in bonuses

M&G plc has today announced that its subsidiary, the Prudential Assurance Company's £129 billion With-Profits Fund¹ (the Fund), is set to share approximately £2.3 billion in bonuses with around two million traditional with-profits customers through its annual bonus declaration.

The Fund is the largest of its kind in the UK and through its ability to invest in a wide range of assets across regions and both public and private markets, it has once again benefitted customers in an environment where many markets saw growth despite uncertain economic conditions. The main asset pool within the Fund returned 7.3% over the 12 months to the end of 2024². As a result of the declaration, customers will typically see the year-on-year value of their plan increase by between 4.0%-8.0%.

What the bonus payments mean for different types of With-Profits customers³

- A single premium of £10,000 invested in our With-Profits Bond (Flexible Investment Plan) in 2015 will be worth £15,834 in 2025, of which £11,754 is made up of the initial investment plus Regular Bonuses and a £4,080 Final Bonus. This represents an annualised return over the 10-year policy term of 4.7%.
- A customer who has contributed £200 (gross) a month for 10 years into a personal pension invested in our With-Profits Fund (£24,000 in total) and is retiring on 1 May 2025, will have a fund value of £31,334, of which £26,418 is made up of premiums paid plus Regular Bonuses and a £4,926 Final Bonus representing an annualised return of 5.2%.

A decade of strong performance

In the ten years to the end of 2024, the Fund produced a cumulative gross return of 78.0%⁴. This compares with a 37.0% return from the 'ABI UK – Mixed Investment 20% - 60% Shares Sector Average – Pension Funds'⁵ 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 of M&G's Life insurance business, said: "We are pleased to share these bonuses with our traditional with-profits customers which are driven by the strong performance of our market leading With-Profits Fund during 2024. Despite ongoing uncertainty due to geopolitics and prolonged higher interest rates, our global diversification continues to serve our customers well - we saw strong performance in our fixed income and regional equity portfolios, along with a rebound in returns from our £8 billion UK real estate portfolio.



“Due to the scale and strength of our With-Profits Fund, of which over £62 billion⁶ is our PruFund fund range, we are able to invest across asset classes, including private markets, whilst using the bonus process to smooth some of the highs and lows of investment. We see compelling opportunities in differentiating private strategies – in value-add and alternative real estate investment, along with direct lending in both the sponsored and the non-sponsored space – that will enhance our private assets portfolio.”

Funding the real economy and increasing exposure to global growth opportunities

The Fund invests in a globally-diversified portfolio of assets⁷ and has a heritage in supporting the real economy through infrastructure and real estate investment. During 2024, the Fund benefitted by accessing the investment capabilities of M&G plc’s active asset management business to:

- develop 40 Leadenhall, the largest office block to complete in the City of London in 2024, which has welcomed its first tenants. Working with M&G Real Estate, 40 Leadenhall exemplifies the Fund’s global real estate strategy of having state-of-the-art office buildings in desirable locations to attract blue-chip companies and meet their occupational needs.
- seek higher returning opportunities for its wider £13 billion global real estate allocation. M&G Investments acquired a majority stake in a leading UK and European value add real estate investment manager, Baumont, with the Fund subsequently investing €200 million into their latest strategy.
- steadily increase its exposure to publicly listed companies in the Asia Pacific region over the past five years by utilising the capabilities of the equity investment team that joined M&G Investments in 2019. Public equity exposures to the region are largely in Japan, China and India, and during 2024, the Fund increased its exposure to Japanese small-cap and Chinese equities.

The PruFund range of funds

Our market-leading PruFund fund range is also powered by our With-Profits Fund. Within this fund range, the PruFund Growth Pension Fund returned 7.8%⁸ over 2024. This includes an annual management charge deduction of 0.76% and a share of some additional money that had built up in the Fund over many years, which we decided to share with all our eligible customers in 2024, and in this fund was reflected by increasing the unit prices by 0.9% (effective on 27 February 2024)⁹.

-ENDS-

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Notes to Editors:

1. The With-Profits Fund had total assets under management of £129 billion, as at 30 June 2024. The main asset pool, which is relevant to the largest book of with-profits customers within this Fund, had total assets under management of £93 billion.
2. Before tax, charges and the effects of smoothing.
3. Full details of the 2025 With-Profits Bonus Declaration, are available at <https://www.pru.co.uk/existing-customers/bonus-declaration>.
4. Before tax, charges and the effects of smoothing.
5. ‘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.
6. As at 30 June 2024.
7. The With-Profits Fund predominantly invests within public markets. Asset mix of the main asset pool within the Fund as at 31 December 2024:

Asset	%
UK Equities (listed)	10.1
Overseas Equities (listed)	26.9
Real Estate	13.2
Alternative Assets	15.0
Fixed Interest	29.8
Cash & Receivables	5.0
Total	100.0

8. PruFund Growth Pension Fund Retirement Account – Series E. As a pension fund there is no tax applied to the return.
9. Further details are available at: pru.co.uk/aboutadditionalmoney

What is the With-Profits Fund?

The With-Profits Fund is a pooled investment fund where customers’ money is used to invest in a global portfolio of assets and they share in the profits that the Fund makes. The Fund invests in a wide range of different asset classes and its managers aim to secure the highest total return for the Fund (after any tax and investment expenses) while maintaining an acceptable level of risk and protecting our customers..

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

What is smoothing?



We apply smoothing in setting Regular Bonus and Final 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 however, it does not fully remove all the exposure to extreme movements in financial markets, or sustained periods of low investment returns.

About M&G plc

M&G plc is a leading international savings and investments business, managing money for around 4.6 million retail clients and more than 900 institutional clients in 38 offices worldwide. As at 30 June 2024, we had £346.1 billion of assets under management and administration. 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 and Prudential brands in the UK and Europe, and under the M&G Investments brand for asset management clients globally.