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M&G PLC WITH-PROFITS FUND DELIVERS STRONG PERFORMANCE AND BOOSTS RETURNS FOR SAVERS

London 24 February 2022 – M&G plc today announced that the £93.7 billion With-Profits Fund¹ (the Fund) of the Prudential Assurance Company, a wholly-owned subsidiary, returned 12.0% over the 12 months to the end of 2021. On the basis of that performance, coupled with the financial strength of the overall fund built up over many decades, more than two million savers are set to benefit from an expected £3 billion bonus.

This £3 billion is made up of the annual with-profits bonus declaration, plus an extra distribution to eligible customers. (For full details of the 2022 With-Profits Bonus Declaration, please visit our website <https://www.pru.co.uk/existing-customers/bonus-declaration>).

A decade of strong performance

In the ten years to the end of 2021, the Fund produced a cumulative gross return of 113.3% before tax and charges. This compares with a 94.0% return from the FTSE 100 Index² over the same period, not allowing for any management fees.

What this means for different types of with-profits customers:

- A single premium of £10,000 invested in PAC With-Profits Bond (Flexible Investment Plan) in 2011 will be worth £17,248 in 2022, representing an annualised return of 5.6%.
- 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 2022 will have a fund value of £33,233.

What is the With-Profits Fund?

The overall fund aims to offer customers returns that balance the extreme highs and lows of short-term investment performance, through investing in a global portfolio of mixed assets and applying 'smoothing' to pay-outs from year-to-year.

What is smoothing?

Smoothing some of the extreme highs and lows of short-term investment performance provides 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 low.



What the Fund is invested in – the asset mix as at 31 December 2021

Asset	%
UK Equities (listed)	18.8
Overseas Equities (listed)	29.4
Property	13.9
Alternative Assets	10.3
Corporate Bonds	22.5
Cash & Receivables	5.1
Total	100

Clare Bousfield, Managing Director of Retail and Savings at M&G plc, said: “Prudential With-Profits investments continue to be an attractive option for investors who want strong returns over the longer-term.

“Our With-Profits customers have benefited from the solid performance and double-digit growth delivered by our globally-diversified With-Profits Fund over the last 12 months, which together with an extra distribution of £1.5 billion to eligible policyholders, is reflected in year-on-year increases in their policy values.

“As we pivot to sustainability, our With-Profits Fund is investing up to £5 billion into privately-owned enterprises working to create a more sustainable world. This, alongside the launch of our PruFund Planet range of funds last year, shows some of the ways we’re meeting increasing customer demand to help them to manage and grow their savings so they can live the life they want, while making the world a little better along the way.”

-ENDS-

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Notes to Editors:

1. M&G plc’s With-Profits Fund has total assets under management of £143bn, as at 30 June 2021. The main asset pool, which is relevant to the largest book of with-profits customers, is valued at £93.7bn and earned 12.0% over the 12 months to the end of 2021.



2. Source: London Stock Exchange Group plc and its group undertakings (collectively, the “LSE Group”). © LSE Group 2018. FTSE Russell is a trading name of certain of the LSE Group companies. e.g., “FTSE®” “Russell®”, “FTSE Russell®”, “MTS®”, “FTSE4Good®”, “ICB®”, “Mergent®”, “The Yield Book®,” are a trade mark(s) of the relevant LSE Group companies and are used by any other LSE Group company under license. “TMX®” is a trade mark of TSX, Inc. and used by the LSE Group under license. All rights in the FTSE Russell indexes or data vest in the relevant LSE Group company which owns the index or the data. Neither LSE Group nor its licensors accept any liability for any errors or omissions in the indexes or data and no party may rely on any indexes or data contained in this communication. No further distribution of data from the LSE Group is permitted without the relevant LSE Group company’s express written consent. The LSE Group does not promote, sponsor or endorse the content of this communication.

About M&G plc

M&G plc is an international savings and investments business, managing money for around 5 million retail customers and more than 800 institutional clients in 28 markets. As at 30 June 2021, we had £370 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 savings and insurance customers under the Prudential brand in the UK and Europe and under the M&G Investments brand for asset management clients globally.