

Prudential Update

23 February 2021

Prudential's 2021 With-Profits Bonus Declaration

Hello,

Our With-Profits Fund delivered a small positive return in 2020 despite a highly unusual year for global investment markets.

The Fund returned 1.7% (gross of tax) over 2020, both before charges and the effects of smoothing¹; Please see information specific to your Plan to find out more.

While the longer term performance of the Fund remains strong, there is still considerable ongoing uncertainty in relation to the future outlook for global economies and the investment markets, which is reflected in this year's bonuses. This means annual bonus rates will be reduced slightly for some products and maintained at the same level as last year for other products.

The final bonus declared this year will be lower than last year for the majority of customers but will continue to be paid.

For more information on the Bonus Declaration, go to pru.co.uk/existing-customers/bonus-declaration

We aim to provide fair pay-outs based on what the Fund has achieved

In 2021, the investment team will continue to take decisions that allow them to manage the Fund prudently. We'll aim to secure the highest total return for the

1 This describes the main asset pool in our With-Profits Sub-Fund, which is relevant to the vast majority of our customers.

Past performance isn't a guide to future performance. The rate of future bonuses may vary and can't be guaranteed.

Our final bonus rates include, where applicable, additional money we shared with some of our With-Profits customers as part of last year's Bonus Declaration. Your final bonus isn't guaranteed. There's a chance we might have to take back this extra money in future, to protect the interests of all customers and the financial strength of our With-Profits Fund. Unless something very unusual was to happen, we wouldn't expect to have to do this.

The Prudential Assurance Company Limited With-Profits Fund is the largest and one of the financially strongest with-profits funds in the UK. The size and strength of our Fund allows us to invest in a very wide range of assets and individual companies.

The Prudential Assurance Company Limited is rated A+ for financial strength by Standard & Poor's, as at December 2020. This is one of the highest ratings currently given to any UK Life Assurance Company.

Fund (after any tax and investment expenses) while maintaining an acceptable level of risk and protecting our customers.

We'll also continue to smooth some of the extreme highs and lows of investment performance.

Jack Daniels, Chief Investment Officer, M&G plc, said:

"Prudential With-Profits investments continue to be an attractive option for investors who want strong returns over the longer-term.

Despite the dramatic fall in asset prices during February and March due to the Coronavirus pandemic, many recovered to produce positive returns in 2020. Some of our UK assets and equity portfolios had a challenging year but the global diversification of the Fund again proved to be beneficial. Our prudent, long-term investment approach continues to provide positive returns to policyholders whilst protecting them from short-term volatility, such as we witnessed in 2020.

Our approach to setting bonuses allows us to continue to manage the Fund to secure the highest total return while maintaining an acceptable level of risk.

The Prudential With-Profits Fund is the largest and one of the financially strongest in the UK. This allows us to be long-term investors in a very wide range of assets and individual companies. We will continue to monitor markets and seek new investment opportunities to further enhance the global diversification of the Fund."

Further information

For more information on Prudential's Bonus Declaration and to get a copy of the bonus rates that apply to your policy, please get in touch with your client manager or contact Corporate.Pension.Enquiries@prudential.co.uk

How our With-Profits Fund is helping create a more sustainable world

We're pleased to announce we've created a new, dedicated investment team, called Catalyst, ready to invest up to £5 billion of our £136 billion With-Profits Fund in innovative opportunities that are tackling environmental and social challenges across the globe.

As you are invested in our With-Profits Fund then you're already invested in many types of assets across the world. The £5 billion investment will help us find many more exciting opportunities for growth while helping to make the world a better place.

You can find out more details at pru.co.uk/catalyst

Alastair Hogg

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