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# Due Diligence Guide

# PruFund Planet

April 2024

Past performance is not a reliable indicator of future performance. The value of an investment can go down as well as up and your client may get back less than they've paid in.

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The PruFund range of funds are multi-asset arrangements and as such should be regarded as a medium to long term investment.

PruFund Planet funds are part of the Prudential With-Profits fund.

PruFund Planet is an insurance fund and as such does not currently qualify for a label under the UK Sustainability Disclosure Requirements legislation. Please note that no approach to ESG investment strategy will result in exclusion of all companies with ESG issues. We do not only invest in 'green' investments and reserve the right to change our approach to ESG investment strategy in response to market conditions, changes in scientific consensus, economic developments, and other material changes.



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# Executive Summary

PruFund Planet is a range of five funds, each applying an ESG investing approach and each with their own risk profile, with similar returns, cost and volatility to existing PruFund ranges. They are globally diversified across equities, fixed income, property and alternatives and predominantly invest in underlying funds that are not present in existing PruFund ranges.

We've leveraged experience across M&G in ESG research and investing, asset allocation, manager selection, portfolio management and smoothing. We use the same team and processes that back the £61bn PruFund range of funds (as at 31 December 2023). The modelling that drives the strategic asset allocation across the portfolios is proprietary and has been developed over nearly 20 years. The scale and experience within M&G Treasury and Investment Office (T&IO), the in-house team of investment experts, allows creation of bespoke funds built around ESG criteria and asset allocation.

# What is PruFund Planet?

PruFund Planet is a range of five funds, each applying an ESG investing approach and each with their own risk profile, with similar returns, cost and volatility to existing PruFund ranges\*.

## What is the target market?

For clients who want to know their savings are managed responsibly with consideration of ESG factors in the investment decision making process, but also want a smoothed investment experience. It is expected that clients would have an investment time horizon of at least 5 to 10 years or more.

Please also view **PruFund target market information** for more details.

## How do we intend to achieve this?

With the flexibility to apply a broad range of ESG investment strategies and with access to a globally diverse range of private and public markets, across multiple asset classes and regions; PruFund Planet looks to manage ESG risks, pursue ESG opportunities and address pressing social or environmental issues. Importantly M&G Treasury & Investment Office (T&IO) believe that achieving financial objectives is compatible with the consideration of ESG factors in investment decision making.

PruFund Planet uses and benefits from the same core foundational processes and skills that support the existing PruFund funds namely:

- An established smoothing process, Expected Growth Rates (EGRs) and Unit Price Adjustments (UPAs)\*
- Strategic asset allocation (SAA) determined by the T&IO Long Term Investment Strategy Team

- Mandate design, manager selection and oversight performed by the T&IO Investment Manager Oversight Team
- Portfolio management conducted by the T&IO Multi Asset Portfolio Management Team (MAPM).

*\* Please note: Whilst similarities exist, there is no guarantee that Expected Growth Rates (EGRs) will be the same as existing PruFund funds nor will the frequency, depth or timing of any Unit Price Adjustments (UPAs) be the same either. PruFund Planet is aiming to generate differentiated investment outcomes to the existing PruFunds. Whilst it features a very similar asset allocation at the broad asset class level, it will predominantly invest in underlying funds that are not present in existing PruFund ranges.*

## Fund names

The five fund names are:

- PruFund Planet 1
- PruFund Planet 2
- PruFund Planet 3
- PruFund Planet 4
- PruFund Planet 5

## PruFund Planet applies a range of ESG investment approaches

Investing has historically emphasised two ends of an investment spectrum – traditional investing to maximise profits; and philanthropy to achieve social and environmental good, at the expense of financial return. PruFund Planet looks to take advantage of the investment opportunities that exist across the spectrum, to invest client money whilst factoring ESG in to investment decision making and aiming to create positive outcomes and competitive financial returns at the same time.

Alongside its financial objectives, the existing PruFund range is focused on responsible investing such as avoidance of harms via exclusions and managing ESG risks.

PruFund Planet's differentiator is that a number of its underlying funds goes further by not only integrating responsible investing, but also investing in ESG solutions and seeking to address social and environmental challenges, whilst aiming to generate competitive financial returns at the same time. These terms are defined in the following diagram.

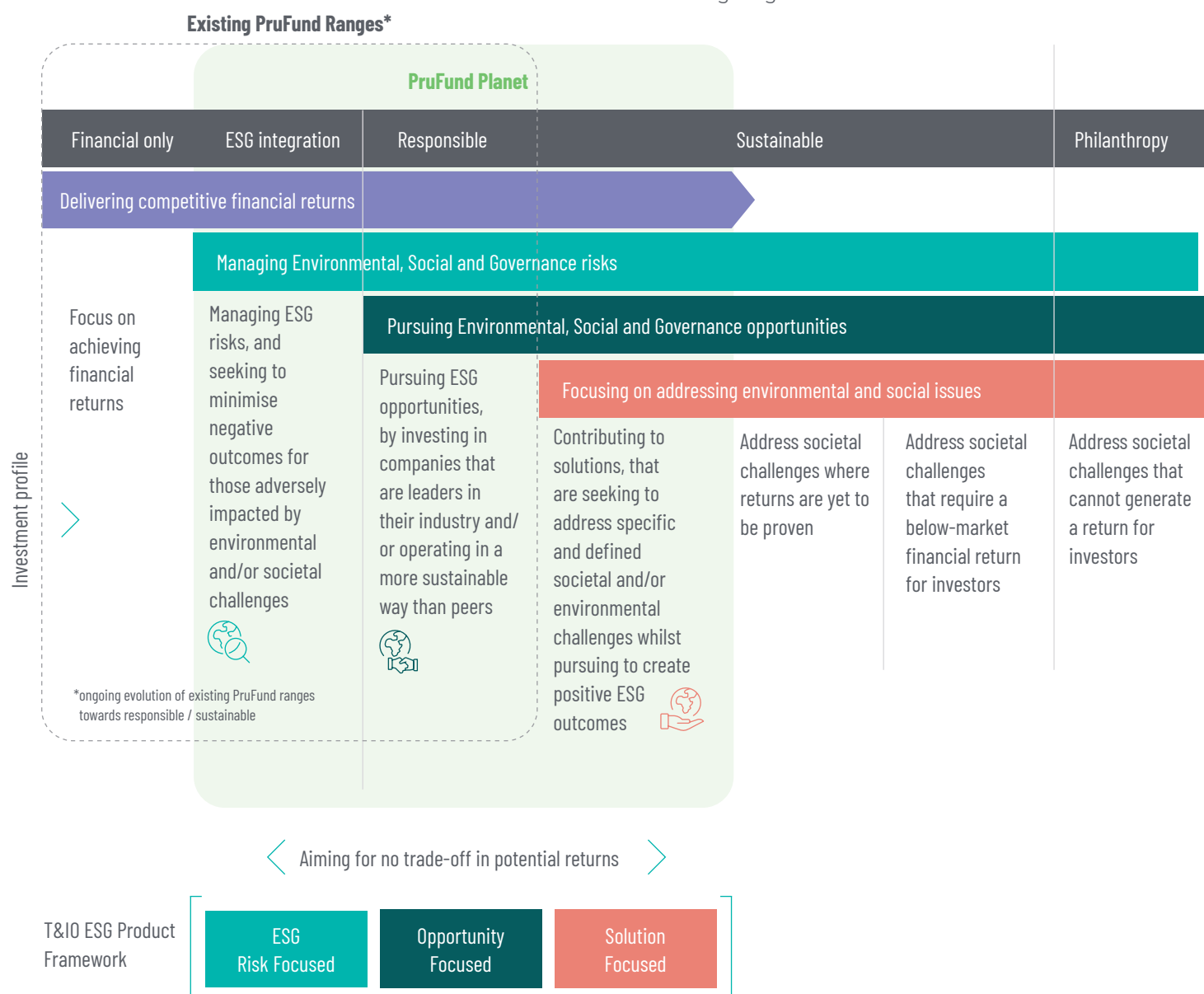


Figure 1.0 How PruFund Planet's ESG investment approaches apply to the investment spectrum

# The T&IO ESG Product Framework

The T&IO ESG Product Framework\* has been developed to classify the underlying funds selected for PruFund Planet, and is used as part of the investment manager selection and ongoing due diligence.

The framework consists of three ESG investment approach categories, ESG Risk focused, Opportunity focused and Solution focused. These approaches are not a hierarchy of ‘doing good’ as each one applies ESG criteria in a different way, illustrated in the diagram below.

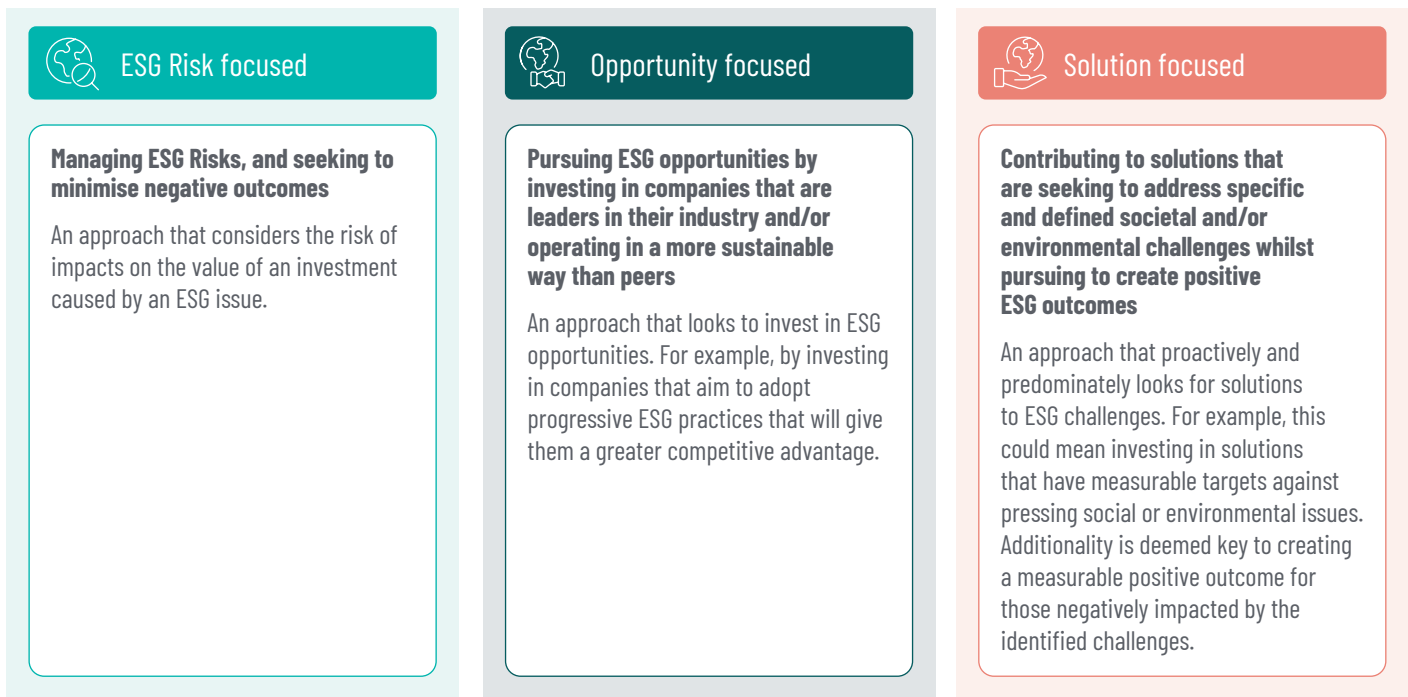


Figure 1.1: T&IO ESG Product Framework

\* More information about the T&IO ESG Product Framework is available on request.

# ESG Investment Approach Classification

## Top-down approach

The T&IO Investment Manager Oversight Team assess and classify each underlying fund within the PruFund Planet range, using the ESG product framework (ESG Risk focused, Opportunity focused, Solution focused). The process for determining which of the three ESG investment approach categories each fund aligns to is shown in the decision tree below, which demonstrates how the fund manager is intending to treat ESG and Impact within their investment process.

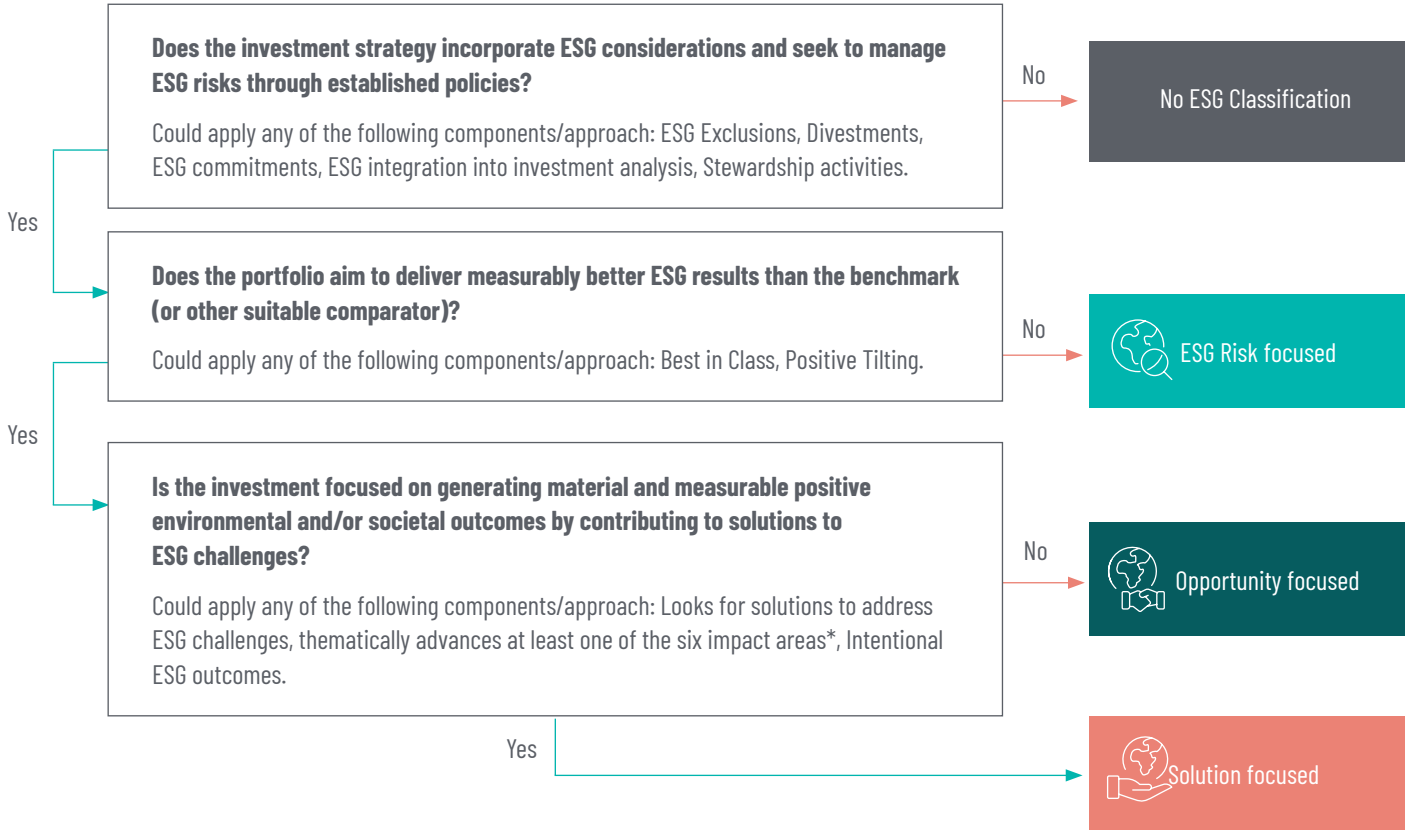


Figure 1.2 Top-down approach for determining the categorisation of an investment. Source: Impact Management Norms (IMN).

\* The six impact areas are: Climate Action, Environmental Solutions, Circular Economy, Social Inclusion, Better Health & Saving Lives, and Better Work & Education



Bottom-up view

As part of ongoing investment due diligence, the T&IO Investment Manager Oversight Team assesses a sample of each Solution focused fund manager’s holdings on an annual basis. The team use the Impact Management Norms (IMN) below to assess fund manager’s holdings against each of the five impact dimension areas.

For Opportunity and ESG Risk focused funds, a separate framework is used. Which ensures that each fund manager is held accountable to the focus and scope of the outcomes that their investment approach suggests, and their approach is sufficient to effectively manage the ESG risks.

The IMN reached global consensus that impact can be measured across five dimensions: What, Who, How much, Contribution and Risk

Impact dimension	Impact questions each dimension seeks to answer
<div><div></div>What</div>	<ul style="list-style-type: none"><li>• What outcome is appearing in the period?</li><li>• Is the outcome positive or negative?</li><li>• How important is the outcomes to the people experiencing them?</li></ul>
<div><div></div>Who</div>	<ul style="list-style-type: none"><li>• What type of stakeholders are experiencing the outcome?</li></ul>
<div><div></div>How much</div>	<ul style="list-style-type: none"><li>• How much of the outcome is occurring in resolving the challenges / issues, across scale, depth and duration?</li></ul>
<div><div></div>Contribution</div>	<ul style="list-style-type: none"><li>• Would this change likely to happen anyway without its participation in the market?</li><li>• How is 'additionality' being measured?</li></ul>
<div><div></div>Risk</div>	<ul style="list-style-type: none"><li>• What is the risk to people and the planet that impact does not occur as expected?</li><li>• What are the possible unintended effects?</li></ul>

Figure 1.3 Bottom-up view assessment for ongoing due diligence. Source: Impact Management Norms

# Underlying fund selection

The diverse range of underlying funds used within PruFund Planet all have their distinct strengths and role to play. Some strategies have been created specifically for PruFund Planet, to enable T&IO to maintain and adjust the SAA appropriately and also to meet the ESG criteria. A selection of the underlying funds are: –

## BlackRock Regional ESG Optimised Equity

M&G Treasury and Investment Office (T&IO) have worked with BlackRock to create six regional building blocks which will allow them to run their regional SAA process aiming for an ESG uplift whilst seeking to reflect the risk and return characteristics of the benchmark without sacrificing financial returns. The strategy will:

- take the T&IO's parent index i.e. the index typically utilised as part of the SAA process
- apply the T&IO ESG exclusion policy
- leverage BlackRock's bespoke ESG scoring methodology.

The strategy uses BlackRock's systematic equity dedicated portfolio management team to build an optimised portfolio that provides better ESG scores while targeting only a c.1% tracking error to the parent index.

The funds therefore generate financial returns that are broadly in line with the parent index but with significant ESG enhancement. They access best-in-class systematic equity management from BlackRock and are bespoke to M&G in that they are built to our ESG policy exclusions and can be updated should there be any changes.

## Core Positive Impact

The **M&G Positive Impact strategy** is a concentrated portfolio of global stocks, making long-term investments in companies that aim to generate a positive social and/or environmental impact alongside a financial return, using a disciplined stock selection process. Both sustainability and impact considerations are fundamental in determining the investment universe and assessing business models, while engagement with companies is a key element of the investment strategy.

M&G's proprietary impact investing framework, characterised by the 'triple I' approach to identifying impactful investments (Impact, Intention, Investment), helps this strategy stand out as focusing on genuine impact.

## Targeted Thematic Impact

A number of high quality managers have been partnered with for their distinct expertise in delivering thematic strategies that target secular trends and add to the overall intentionality of PruFund Planet.

- **RobecoSAM Sustainable Water Fund** is grounded on the conviction that companies tilted towards structural growth trends with sustainable business practices are more successful in the long run; specifically, the strategy invests globally in companies offering products and services that address the challenges related to the quantity, quality and allocation of water.
- **RobecoSAM Gender Equality Impact Fund** is a fundamental, bottom-up and concentrated equity strategy, focused on investing in companies that are leaders in promoting gender diversity and an equitable workplace. In managing the strategy, Robeco looks beyond simply the number of women at board level to assess workplace equality, considering aspects such as equal pay practices, female representation at all levels of the organisation and employee well-being programmes.
- **Wellington Climate Strategies Fund** is a concentrated portfolio of global stocks, making long-term investments in companies that are directly addressing environmental sustainability. The Fund aims to invest in companies with at least 50% of revenues either tied to climate mitigation or adaption and it's fundamental, bottom up investment process focuses on a company's ability to deliver a 'double bottom line' by evaluating its environmental stewardship (sustainability return) and its capital stewardship (investment return).
- **Pictet Global Environmental Opportunities Fund** focuses on identifying innovative and disruptive environmental business models, with the belief that over the long-term, companies with the strongest environmental credentials that also provide solutions to help reverse ecological damage and increase resource efficiency will be most successful.

- **M&G Better Health Solutions Fund** is a concentrated portfolio of global stocks, making long-term investments in companies that deliver solutions that save lives or positively impact the health and well-being of society alongside a financial return, using a disciplined stock selection process. The strategy has a holistic interpretation of 'better health', seeking to invest in solutions across a number of industries and sectors and not just restricted to healthcare.

## Property

- The **M&G European Property Fund (MEP)**, **M&G Asian Property Fund (MAP)** and **M&G Prudential Real Estate Limited Partnership (PRELP)**, are core property exposures that invest in direct property to form an actively managed portfolio of well-diversified real estate assets with attractive income yields, across the UK, Europe and mature Asia Pacific markets respectively.

When investing in Commercial Property, M&G Real Estate takes a long-term, active and responsible approach.

The key drivers within the ESG strategy for property is to deliver environmental excellence through meeting net zero carbon targets, driving environmental improvements and independently certifying performance of assets with the aim of future-proofing the portfolio. It aims to provide social benefit by enabling the assets to deliver positive social outcomes for occupiers, local communities and wider society. Finally, the managers seek to ensure good governance and accountability through the robust implementation of the strategy and through transparent reporting of performance and progress against targets.

- The UK exposure of PRELP is complemented by **M&G's Residential and Shared Ownership funds**, which help people such as those on lower incomes and vital key workers gain access to the housing market, thereby directly helping fulfil a social need.
- In the US the **Morgan Stanley Prime Property Fund** is used, which is a large core-balanced collective fund with diversification across the all major real estate sectors, including: offices, retail and industrials (including self-storage), residential (apartments and student housing), and healthcare.

As an illiquid asset class, getting access to physical property is not always immediately possible. Whilst T&IO look to deploy into the preferred physical property funds (above), they'll ensure that the asset class remains in line with the SAA by investing in suitable liquid opportunities that will provide a similar exposure in the meantime.

## Alternatives

The Alternatives allocation within the portfolio aims to channel capital into sustainable businesses that actively contribute to solutions for global challenges facing the planet and population, whilst aiming to achieve attractive financial returns. Please see below for further details on the underlying Alternative funds.

- **M&G Private Equity Impact Fund (PE Impact)** aims to accelerate the shift to a sustainable world, by providing capital that helps to grow the sustainable companies of tomorrow. PE Impact invests primarily across four thematic areas: Environmental Solutions, Circular Economy Solutions, Social Inclusion and Better Health. Our investments span diverse opportunities across multiple sectors to produce tangible impacts for people and the planet.
- **M&G Real Impact Fund (RIF)** aims to accelerate the shift to a sustainable world by providing capital in private markets to build, upgrade and maintain the real assets we need. The fund partners with specialists who are focused on delivering measurable positive environmental or social impact through their portfolio whilst also seeking to avoid harm. RIF targets investments that contribute to the UN Sustainable Development Goals (SDGs) across three core themes: Energy Transition, Responsible Consumption and Production, and Social and Economic Inclusion
- **M&G Catalyst Capital Fund** is a bespoke mandate that seeks to create a positive impact for people, communities and the planet, alongside aiming to achieve attractive financial returns. Catalyst has a particular focus on investing in businesses or platforms that help communities which are under-served by traditional sources of capital.

- **responsAbility** are an asset manager who aim to generate positive impact through private asset investments. PruFund Planet invests in two Sustainable Food funds:
  - **The Sustainable Food LATAM Fund** will mostly make structured debt investments in fruit & vegetables mid-sized producers, with a sustainable agriculture impact strategy aimed at strengthening value chains with a climate focus.
  - **The Sustainable Food Asia II Fund** aims to promote environmental and development impact by investing in mid-market companies in Asia throughout the food and agricultural value chain that apply sustainable practices. More specifically, the Fund incorporates three impact strategies: improve farmers' livelihoods; promote sustainable agriculture; and strengthen agricultural value chains.

### **Sustainable Tactical Asset Allocation (TAA)**

Managed by the M&G Multi Asset Investment Business Team, the discretionary macro strategy aims to achieve cash-plus returns through tactical asset allocation with an additional focus on ESG and sustainability. This will be implemented via a basket of ESG friendly stocks which will mirror the broader market indices, effectively “tilting” the strategic asset allocation towards either fixed income or equity (or cash) depending on a shorter-term view of global markets.

### **Fixed Income**

- **The M&G Sustainable High Yield Bond Fund, M&G Sustainable Emerging Markets Corporate Bond Fund and M&G Sustainable Loan Fund** go beyond exclusions-based investing; negative screens are applied to remove companies involved in ethically questionable industries and positive screens are applied to ensure the selection of high ranking ESG securities.
- **M&G Catalyst Credit Fund** seeks to create a positive impact for people, communities and the planet, alongside aiming to achieve attractive financial returns. Catalyst has a particular focus on investing in businesses or platforms that help communities which are under-served by traditional sources of capital.
- **M&G Impact Financing Fund (IFF)** invests in private or illiquid fixed income assets that offer positive environmental or social returns as well as financial returns to investors. IFF will provide investors with the opportunity to invest in projects and companies that make a positive contribution to creating sustainable, resilient and inclusive economies and societies.
- **responsAbility Global Micro and SME Finance Fund** invests in Microfinance institutions and financial SMEs across 60 emerging market countries with the intention of reducing the financial services of the large population of unbanked adults in the regions.
- **Columbia Threadneedle UK Social Bond Fund** looks to invest in bonds deemed to be supporting and funding solutions to social issues across the UK; this includes housing, education, financial inclusion and health & social care. Impact is created in a targeted way by focusing on the use of loan proceeds and following this through to measurable outcomes, as well as actively influencing social bond issuance in the market.



Columbia Threadneedle has partnered with the Big Issue Group (BIG) to develop the Fund's Social Assessment Methodology and Social Advisory Committee; this provides valuable insight and input into the investment process and helps the team to further their social agenda. A portion of the fee paid for the fund is given to the Big Issue to contribute towards projects creating a positive difference in society.

- The **Wellington Impact Bond Fund** is driven by fundamental research, this strategy seeks to outperform global fixed income markets by investing in the debt of companies, governments and organisations whose core businesses aim to address some of the world's major social and environmental challenges. The team believes that there is no systematic screening process that can reliably capture impact issuers, and therefore rely on their bottom-up process to identify opportunities meeting their high standards of materiality, additionality and measurability.

A bespoke version of this existing strategy has been built specifically for PruFund Planet, taking into account the required SAA and ESG exclusions.

- The **Manulife Asia Sustainable Bond Fund** aims to maximise total returns, whilst focusing on investing in issuers with strong sustainable attributes and a higher exposure to ESG themed bonds than its benchmark. Corporate engagement is important to Manulife, and the strategy aims to focus on three main portfolio themes: climate change mitigation, aging population support, and sound governance promotion.

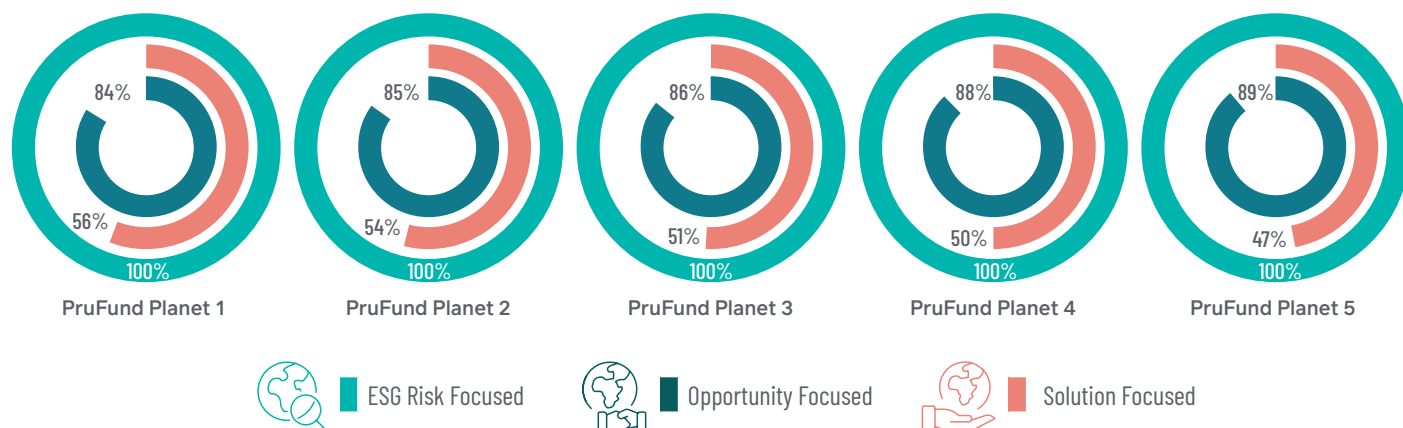
### Cash

The **M&G ESG Aware Money Market Cash** mandate seeks to preserve capital, provide access to liquidity and yield in line with money market rates, while also delivering on environmental and social benefits. All instruments must meet the criteria of a list of exclusions in line with the M&G Investments and T&IO ESG frameworks, as well as aiming to outperform other comparable assets in ESG terms based on the ESG credentials of the issuer or the guarantor.






# Underlying fund alignment

Each of the underlying funds has been assessed and classified using the ESG Product framework, resulting in the following ESG investment approach profiles for each of the PruFund Planet funds:-



The following table shows which of the three ESG investment approach categories each underlying fund aligns to:-

Asset type	Underlying funds			
Equity	BlackRock ESG Regional Total Allocation			
	UK	✓	✓	
	North America	✓	✓	
	Europe ex UK	✓	✓	
	Japan	✓	✓	
	Asia ex Japan	✓	✓	
	Global Emerging Markets	✓	✓	
	Targeted Thematic / Impact Equities Total Allocation			
	M&G Positive Impact	✓	✓	✓
	M&G Better Health	✓	✓	✓
	Wellington Climate Strategies	✓	✓	✓
	Pictet Global Environmental Opportunities	✓	✓	✓
	RobecoSAM Sustainable Water	✓	✓	✓
	RobecoSAM Gender Equality Impact	✓	✓	✓

Asset type	Underlying funds			
Property	M&G Prudential Real Estate Limited Partnership (UK)	✓		
	M&G European Property	✓		
	M&G Asian Property	✓		
	M&G Residential (UK)	✓	✓	
	M&G Shared Ownership (UK)	✓	✓	✓
	Morgan Stanley Prime Property Fund (US)	✓		
Alternatives	M&G Private Equity Impact Fund	✓	✓	✓
	M&G Real Impact Fund	✓	✓	✓
	M&G Catalyst Capital Fund	✓	✓	✓
	responsAbility Sustainable Food LATAM I	✓	✓	✓
	responsAbility Sustainable Food Asia II	✓	✓	✓
TAA	M&G Multi Asset Sustainable Allocation	✓	✓	
Fixed Income	M&G Sustainable Global High Yield	✓	✓	
	M&G Sustainable Loan	✓	✓	
	Core Public Credit Total Allocation			
	Wellington Impact Bond	✓	✓	✓
	M&G Sustainable Emerging Markets Credit	✓	✓	
	Manulife Sustainable Asia Bonds	✓	✓	
	Columbia Threadneedle UK Social Bond	✓	✓	✓
	Private Credit Total Allocation			
	M&G Catalyst	✓	✓	✓
	M&G Impact Financing	✓	✓	✓
	responsAbility Global Micro and SME Finance Fund	✓	✓	✓
Cash	M&G Cash	✓		

Please note that any temporary exposures used to proxy the portfolios' preferred allocations (e.g. ETFs, REITs) are not included in this table.

# ESG Policies and Exclusions

PruFund Planet applies ESG restrictions based on the individual policies of the fund managers employed for each strategy, which are aligned in principle with the Prudential Assurance Company (PAC) ESG Investment Policy. Where T&IO have investment control over the vehicle (i.e. it's not a commingled fund containing other investors), PruFund Planet will also apply the PAC ESG Investment Policy exclusions for further alignment.

For more details about the ESG Investment Policies see the following links: [PAC ESG Investment Policy](#) and [M&G Investments ESG Policy](#)

The following table indicates which ESG policies apply to each underlying fund.

Asset type	Underlying funds	PAC ESG Investment Policy	M&G Investments ESG Policy	External Fund Manager ESG Policy
Equity	<b>BlackRock ESG Regional Total Allocation</b>			
	UK	✓	✓	
	North America	✓	✓	
	Europe ex UK	✓	✓	
	Japan	✓	✓	
	Asia ex Japan	✓	✓	
	Global Emerging Markets	✓	✓	
	<b>Targeted Thematic / Impact Equities Total Allocation</b>			
	M&G Positive Impact		✓	
	M&G Better Health		✓	
	Wellington Climate Strategies			✓
	Pictet Global Environmental Opportunities			✓
	RobecoSAM Sustainable Water			✓
	RobecoSAM Gender Equality Impact			✓







Please note that any temporary exposures used to proxy the portfolios' preferred allocations (e.g. ETFs, REITs) are not included in this table.



Asset type	Underlying funds	PAC ESG Investment Policy	M&G Investments ESG Policy	External Fund Manager ESG Policy
Property	M&G Private Equity Impact Fund	✓	✓	
	M&G Real Impact Fund	✓	✓	
	M&G Catalyst Capital Fund	✓	✓	
	M&G European Property		✓ (bespoke)	
	M&G Asian Property		✓ (bespoke)	
	M&G Residential (UK)		✓ (bespoke)	
	M&G Shared Ownership (UK)		✓ (bespoke)	
	Morgan Stanley Prime Property Fund (US)			✓
Alternatives	M&G Private Equity Impact Fund	✓	✓	✓
	M&G Real Impact Fund	✓	✓	✓
	M&G Catalyst Capital Fund	✓	✓	✓
	responsAbility Sustainable Food LATAM I			✓
	responsAbility Sustainable Food Asia II			✓
TAA	M&G Multi Asset Sustainable Allocation		✓	
Fixed Income	M&G ESG Global High Yield		✓	
	M&G ESG Emerging Market Credit		✓	
	M&G Sustainable Loan		✓	
	Core Public Credit Total Allocation			
	Wellington Global Impact Bond	✓	✓	
	Manulife Sustainable Asia Bonds			✓
	Columbia Threadneedle UK Social Bond			✓
	Private Credit Total Allocation			
	M&G Catalyst	✓	✓	
	M&G Impact Financing		✓	
	responsAbility Global Micro and SME Finance Fund			✓
Cash	M&G Cash	✓	✓	

## Exclusions

The exclusion sectors covered by the ESG policies (outlined in the previous table) can be detailed as follows.

		Exclusion Sectors					
Asset type	Underlying funds						
Equity	BlackRock ESG Regional Total Allocation						
	UK	✓	✓	✓	✓	✓	✓
	North America	✓	✓	✓	✓	✓	✓
	Europe ex UK	✓	✓	✓	✓	✓	✓
	Japan	✓	✓	✓	✓	✓	✓
	Asia ex Japan	✓	✓	✓	✓	✓	✓
	Global Emerging Markets	✓	✓	✓	✓	✓	✓
	Targeted Thematic / Impact Equities Total Allocation						
	M&G Positive Impact	✓	✓	✓	✓	✓	✓
	M&G Better Health Solutions	✓	✓	✓	✓	✓	✓
	Wellington Climate Strategies	✓		✓	✓		
	Pictet Global Environmental Opportunities	✓	✓	✓	✓	✓	✓
	RobecoSAM Sustainable Water	✓	✓	✓	✓	✓	✓
	RobecoSAM Gender Equality Impact	✓	✓	✓	✓	✓	✓
Property	M&G Prudential Real Estate Limited Partnership			✓			
	M&G European Property			✓			
	M&G Asian Property			✓			
	M&G Residential (UK)			✓			
	M&G Shared Ownership (UK)			✓			
	Morgan Stanley Prime Property Fund (US)						

 Thermal coal

 Controversial weapons







 Adult entertainment

 UN Global Compact

 Tobacco

 Gambling

The exclusion sectors covered by the ESG policies (outlined in the previous table) can be detailed as follows.

Asset type	Underlying funds	Exclusion Sectors					
							
Alternatives	M&G Private Equity Impact Fund	✓	✓	✓	✓	✓	✓
	M&G Real Impact Fund	✓	✓	✓	✓	✓	✓
	M&G Catalyst Capital Fund	✓	✓	✓	✓	✓	✓
	responsAbility Sustainable Food LATAM I		✓	✓	✓		✓
	responsAbility Sustainable Food Asia II		✓	✓	✓		✓
TAA	M&G Multi Asset Sustainable Allocation	✓	✓	✓	✓	✓	✓
Fixed Income	M&G Sustainable Global High Yield	✓	✓	✓	✓	✓	✓
	M&G Sustainable Emerging Markets Credit	✓	✓	✓	✓	✓	✓
	M&G Sustainable Loan	✓	✓	✓	✓	✓	✓
	Core Public Credit Total Allocation						
	Wellington Global Impact Bond	✓	✓	✓	✓	✓	✓
	Manulife Sustainable Asia Bonds	✓		✓	✓	✓	✓
	Columbia Threadneedle UK Social Bond	✓	✓	✓	✓	✓	✓
	Private Credit Total Allocation						
	M&G Catalyst	✓	✓	✓	✓	✓	✓
	M&G Impact Financing	✓	✓	✓	✓	✓	✓
	responsAbility Global Micro and SME Finance Fund		✓	✓	✓		✓
Cash	M&G Cash	✓	✓	✓	✓	✓	✓

## Exclusion definitions

Definitions in the table are determined by M&G and applied across the asset owner and asset manager. Whilst the definitions used in the exclusions policies of external managers are largely aligned, the specific categorisations can be found on the managers' websites.

	Thermal Coal – A company involved in the extraction of, and power generation using, thermal coal outside of that permitted by the M&G Investments Thermal Coal Investment Policy outlined in the prospectus.		Tobacco – Any company involved in the production and/or distribution of tobacco, or companies with an ownership in these companies.
	UN Global Compact – Any company that is assessed to be in breach of the United Nations Global Compact Principles on human rights, labour, environmental protection, and anti-corruption.		Adult entertainment – Any company involved in the production and/or distribution of adult entertainment.
	Controversial weapons – Any company involved in the manufacture, development or transfer of anti-personnel mines, cluster munitions, chemical and biological weapons, nuclear weapons outside the non-proliferation treaty, depleted uranium munitions and white phosphorus incendiary munitions, blinding laser or non-detectable fragmented weapons.		Gambling – Any company involved in the provision of gambling services.

It is important to note that whilst some of the underlying funds listed may not have explicit restrictions, by virtue of their investment strategy, they are unlikely to invest in these sectors. Where an exclusion policy is in place (as indicated by the table), any exposure may be restricted to an acceptable limit through the use of revenue thresholds and transition targets. Therefore, this does not mean that there will be zero exposure to these sectors in all cases.

We may, from time to time, extend exemptions to these restrictions, to facilitate orderly trading and achieve better customer outcomes. Some revenue thresholds are currently set at zero, while others are positive.

Please note that any temporary exposures used to proxy the portfolios' preferred allocations (e.g. ETFs, REITs) are not included in this table.

# ESG Fund Characteristics

Whilst each strategy within PruFund Planet is aligned in principle with the PAC ESG Investment Policy, the specific ESG characteristics of each fund are dependent on the investment strategy of the fund. The table below indicates which of these characteristics are exhibited by each underlying fund:

Strategy	Fund	Exclusions	ESG Integration	Active Ownership	Engagement	Voting	Divestment	Positive Screens/ Tilts/Best in Class	Sustainability Themed Investing	Target Universe
Equity	Blackrock UK	✓	✓	✓	✓	✓		✓		
	Blackrock Europe ex UK	✓	✓	✓	✓	✓		✓		
	Blackrock Japan	✓	✓	✓	✓	✓		✓		
	Blackrock North America	✓	✓	✓	✓	✓		✓		
	Blackrock Asia ex Japan	✓	✓	✓	✓	✓		✓		
	Blackrock Global Emerging Markets	✓	✓	✓	✓	✓		✓		
	M&G Positive Impact	✓	✓	✓	✓	✓	✓	✓	✓	✓
	M&G Better Health Solutions Fund	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Wellington Climate Strategies	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Robeco Gender Equality Impact	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Robeco Sustainable Water	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Pictet Global Environmental Opportunities	✓	✓	✓	✓	✓	✓	✓	✓	✓
Property	M&G Asian Property	✓	✓	✓	✓					
	M&G European Property	✓	✓	✓	✓					
	M&G Residential Ownership (UK)	✓	✓	✓	✓					
	M&G Shared Ownership (UK)	✓	✓	✓	✓					
	M&G Prudential Real Estate Limited Partnership (UK)	✓	✓	✓	✓					
	Morgan Stanley Prime Property Fund (US)	✓	✓	✓	✓					
Alternatives	M&G Private Equity Impact Fund	✓	✓	✓	✓				✓	✓
	M&G Real Impact Fund	✓	✓	✓	✓				✓	✓
	M&G Catalyst Capital Fund	✓	✓	✓	✓				✓	✓
	responsAbility Sustainable Food Asia II	✓	✓	✓	✓				✓	✓
	responsAbility Sustainable Food LATAM I	✓	✓	✓	✓				✓	✓
TAA	M&G Multi Asset Sustainable Allocation	✓	✓	✓	✓	✓	✓	✓	✓	✓

Strategy	Fund	Exclusions	ESG Integration	Active Ownership	Engagement	Voting	Divestment	Positive Screens/ Tilts/Best in Class	Sustainability Themed Investing	Target Universe
Fixed Income	M&G Sustainable Global High Yield	✓	✓	✓	✓		✓	✓	✓	✓
	M&G Sustainable Emerging Market Credit	✓	✓	✓	✓		✓	✓	✓	✓
	Wellington Global Impact Bond	✓	✓	✓	✓		✓	✓	✓	✓
	Columbia Threadneedle UK Social Bond	✓	✓	✓	✓			✓	✓	✓
	Manulife Asia Sustainable Bond	✓	✓	✓	✓			✓	✓	✓
	M&G Catalyst Credit Fund	✓	✓	✓	✓		✓	✓	✓	✓
	M&G Sustainable Loan Fund	✓	✓	✓	✓			✓	✓	✓
	M&G Impact Financing Fund	✓	✓	✓	✓			✓	✓	✓
	responsAbility Global Micro and SME Finance Fund	✓	✓	✓	✓				✓	✓
Cash	M&G ESG Aware Money Market Cash	✓	✓	✓	✓					✓

Terms	Definition
Exclusions	Avoiding or screening out certain businesses, sectors, or other issuers on the basis of values/ethics, controversies or risk-based criteria.
ESG Integration	The systematic and explicit inclusion of material ESG factors into investment analysis and investment decisions.
Engagement	Interactions and dialogue conducted between an investor and an investee (e.g. company), or a non-issuer stakeholder (e.g. an external investment manager or policy maker) to improve practice on an ESG factor, make progress on sustainability outcomes, or improve public disclosure.
Voting	The exercise of voting rights on management and/or shareholder resolutions to formally express approval, or disapproval, on relevant matters.
Divestment	Selling or disposing of shares or other assets in certain investments.
Positive Screens	Applying filters to a universe of securities, issuers, investments, sectors or other financial instruments to rule them in, based on their positive performance on ESG factors.
Sustainability Themed Investing	An investment approach that specifies investments on the basis of a sustainability theme.
Target Universe	Clearly defined asset-level selection criteria specified in measurable terms.

Please note that any temporary exposures used to proxy the portfolios' preferred allocations (e.g. ETFs, REITs) are not included in this table.

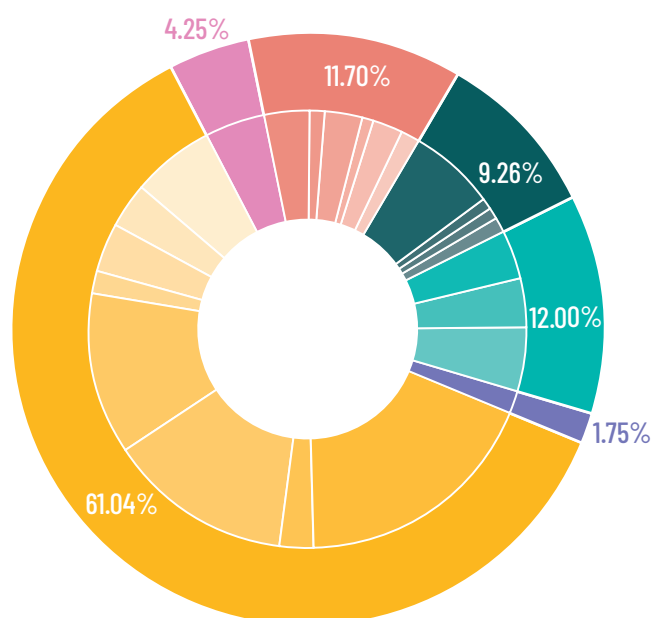
# Asset Allocation

As with all PruFunds, SAA continues to be performed by the T&IO Long Term Investment Strategy Team (LTIS).

Each of the five PruFund Planet funds has a distinctive asset allocation, Level 1 SAA is asset type and Level 2 SAA illustrates global diversification as shown in the following charts. The charts give an indication of the spread of

investments for PruFund Planet as at 1 December 2023. Asset allocations are regularly reviewed by the M&G Treasury and Investment Office (T&IO) and may vary from time to time but will always be consistent with the fund's objective.

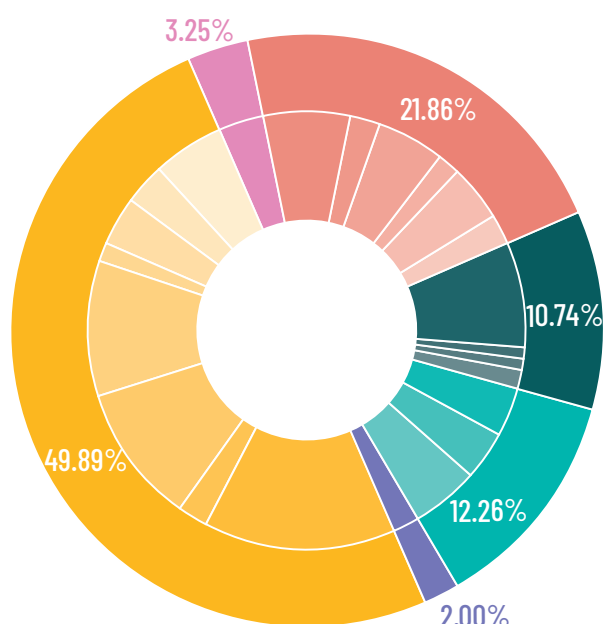
## PruFund Planet 1



11.70%	<b>Equities</b>
3.51%	UK
1.17%	Europe ex UK
2.75%	North America
0.82%	Japan
2.25%	Asia ex Japan
1.20%	Global Emerging Markets
9.26%	<b>Property</b>
6.53%	UK
0.78%	Europe ex UK
0.78%	North America
1.17%	Asia

12.00%	<b>Alternatives</b>
3.60%	Private Equity
3.60%	Infrastructure
4.80%	Private High Yield
1.75%	<b>Sustainable TAA</b>
61.04%	<b>Fixed Income</b>
18.25%	UK and Europe
2.44%	UK Government
13.49%	US
12.21%	Asia
1.53%	Leveraged Loans
3.66%	Fixed Income Private Credit
3.36%	Global High Yield
6.10%	Emerging Market Debt
4.25%	<b>Cash</b>

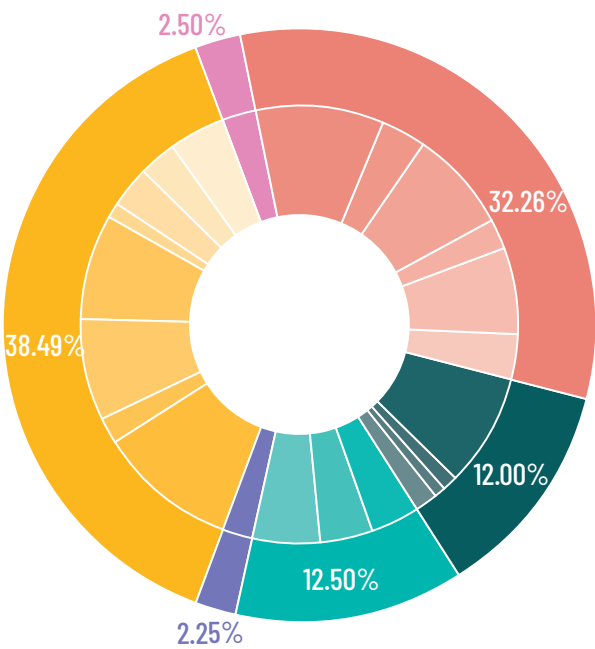
## PruFund Planet 2



21.86%	<b>Equities</b>
6.56%	UK
2.19%	Europe ex UK
5.13%	North America
1.53%	Japan
4.21%	Asia ex Japan
2.24%	Global Emerging Markets
10.74%	<b>Property</b>
7.59%	UK
0.90%	Europe ex UK
0.90%	North America
1.35%	Asia

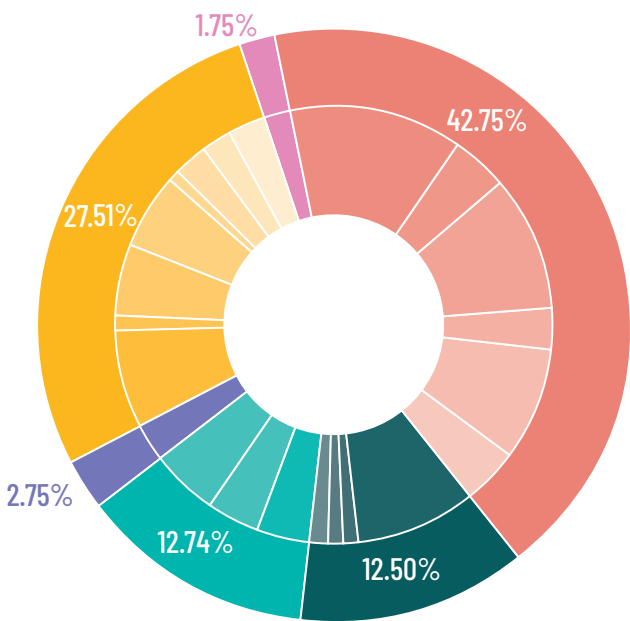
12.26%	<b>Alternatives</b>
3.68%	Private Equity
3.68%	Infrastructure
4.90%	Private High Yield
2.00%	<b>Sustainable TAA</b>
49.89%	<b>Fixed Income</b>
14.20%	UK and Europe
2.00%	UK Government
10.50%	US
9.98%	Asia
1.37%	Leveraged Loans
3.49%	Fixed Income Private Credit
3.24%	Global High Yield
5.11%	Emerging Market Debt
3.25%	<b>Cash</b>

PruFund Planet 3



32.26%	Equities	12.50%	Alternatives
9.67%	UK	3.75%	Private Equity
3.23%	Europe ex UK	3.75%	Infrastructure
7.58%	North America	5.00%	Private High Yield
2.26%	Japan	2.25%	Sustainable TAA
6.21%	Asia ex Japan	38.49%	Fixed Income
3.31%	Global Emerging Markets	10.40%	UK & Europe
12.00%	Property	1.73%	UK Government
8.47%	UK	7.69%	US
1.01%	Europe ex UK	7.70%	Asia
1.01%	North America	1.16%	Leveraged Loans
1.51%	Asia	2.98%	Fixed Income Private Credit
		2.79%	Global High Yield
		4.04%	Emerging Market Debt
		2.50%	Cash

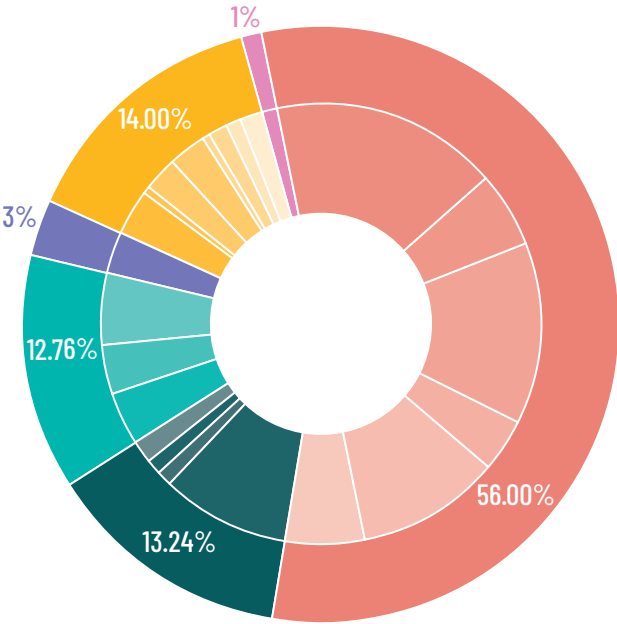
PruFund Planet 4



42.75%	Equities	12.74%	Alternatives
12.83%	UK	3.82%	Private Equity
4.27%	Europe ex UK	3.82%	Infrastructure
10.05%	North America	5.10%	Private High Yield
2.99%	Japan	2.75%	Sustainable TAA
8.23%	Asia ex Japan	27.51%	Fixed Income
4.38%	Global Emerging Markets	7.04%	UK and Europe
12.50%	Property	1.38%	UK Government
8.82%	UK	5.20%	US
1.05%	Europe ex UK	5.50%	Asia
1.05%	North America	0.89%	Leveraged Loans
1.58%	Asia	2.34%	Fixed Income Private Credit
		2.20%	Global High Yield
		2.96%	Emerging Market Debt
		1.75%	Cash



PruFund Planet 5



56.00%	Equities	12.76%	Alternatives
16.80%	UK	3.83%	Private Equity
5.60%	North America	3.83%	Infrastructure
13.16%	Europe ex UK	5.10%	Private High Yield
3.92%	Japan	3.00%	Sustainable TAA
10.78%	Asia ex Japan	14.00%	Fixed Income
5.74%	Global Emerging Markets	3.38%	UK and Europe
13.24%	Property	0.70%	UK Government
9.35%	UK	2.50%	US
1.11%	Europe ex UK	2.80%	Asia
1.11%	North America	0.49%	Leveraged Loans
1.67%	Asia	1.33%	Fixed Income Private Credit
		1.26%	Global High Yield
		1.54%	Emerging Market Debt
		1.00%	Cash

# How do Risk Managed PruFunds and PruFund Planet funds differ?

Please note that while there are similarities in SAA and volatility targets between PruFund Planet and the Risk Managed PruFund range; the performance of the ranges will differ.

	Risk Managed PruFunds 1-5	PruFund Planet funds 1-5
<b>Smoothing process</b>	Uses an established smoothing process	Uses an established smoothing process
<b>Strategic Asset Allocation Management</b>	Long Term Investment Strategy Team	Long Term Investment Strategy Team
<b>Tactical Asset Allocation Management</b>	M&G Multi-Asset Investment Business – TAA Mandate	M&G Multi-Asset Investment Business – invests directly in M&G Sustainable Multi Asset Fund. Follows a similar strategy as existing PruFunds TAA mandate, with an additional focus on ESG and sustainability.
<b>Manager Oversight</b>	Investment Manager Oversight Team (IMOT)	Investment Manager Oversight Team (IMOT)
<b>Portfolio Management</b>	Multi-Asset Portfolio Management Team	Multi-Asset Portfolio Management Team
<b>Implementation</b>	Collectives/fund-based investments and direct investments, segregated mandates	Collectives/fund-based investments
<b>Exclusions</b>	<p>Risk Managed PruFunds apply the <b>M&amp;G PAC ESG Investment Policy</b> where possible, alongside the internal or external underlying manager's own ESG policy.</p> <p>M&amp;G plc's company-wide exclusions on controversial weapons, coal, tobacco and United Nations Global Compact violators (UNGC – which focuses on anti-corruption, human rights and labour standards).</p>	<p>PruFund Planet applies the <b>M&amp;G PAC ESG Investment Policy</b> where possible, alongside the internal or external underlying manager's own ESG policy. Many of the internal M&amp;G funds form part of M&amp;G's Planet+ range of funds, which in addition to company-wide exclusions on controversial weapons, coal, tobacco and United Nations Global Compact violators (UNGC – which focuses on anti-corruption, human rights and labour standards), also encompass tobacco, adult entertainment and gambling. This does not mean that there will be zero exposure to these sectors for all underlying funds, as in some instances this is restricted to revenue thresholds. It is important to note that whilst some funds may not have explicit restrictions, by virtue of their investment strategy they are unlikely to invest in companies in the previously mentioned sectors.</p>

<b>T&amp;IO ESG Product Framework</b>	<p>Majority of assets within ESG Risk Focused category, mainly focused on responsible investing i.e., avoidance of harms via exclusions and managing ESG risks.</p> <p>(With some scope to include Opportunity or Solution Focused investments where appropriate)</p>	<p>Majority of assets within ESG Opportunity or Solution Focused investments – investing in ESG opportunities and seeking to address social and environmental challenges, that aim to generate competitive financial returns.</p>
<b>Volatility Ceilings</b>	<p>Risk Managed PruFund 1 – 9%</p> <p>Risk Managed PruFund 2 – 10%</p> <p>Risk Managed PruFund 3 – 12%</p> <p>Risk Managed PruFund 4 – 14.5%</p> <p>Risk Managed PruFund 5 – 17%</p>	<p>PruFund Planet 1 – 9%</p> <p>PruFund Planet 2 – 10%</p> <p>PruFund Planet 3 – 12%</p> <p>PruFund Planet 4 – 14.5%</p> <p>PruFund Planet 5 – 17%</p>
<b>Number of Portfolios</b>	5	5

# Cost and Charges

For information about costs and charges please take a look at relevant Fact sheets, Fund guides and where applicable Key Information Documents.



# The Investment Process and Resources

## M&G Treasury and Investment Office (T&IO)

The M&G Treasury and Investment Office is the team of in-house investment strategists and 'manager of managers' for Prudential in the UK. They are independent of the various underlying asset management businesses within M&G plc and responsible for approximately £153bn of assets as at 31 December 2023, across a range of multi-asset investment solutions and other Prudential products. The overall business area comprises of approximately 70 people, with additional support, oversight and advice provided by the second line of defence functions.

Several teams within T&IO feed into the investment process at each stage. They carry out clearly defined roles whilst also working very closely together to ensure the smooth running of the portfolios.

- Long Term Investment Strategy (LTIS)
- Multi Asset Portfolio Management (MAPM)
- Manager Oversight (MO)
- ESG and Regulatory (ESGR)
- Risk and Compliance

Whilst every Treasury & Investment Office team has a responsibility for embedding stewardship and ESG considerations in their work, the ESG & Regulatory and Manager Oversight teams have primary responsibility of managing key ESG and stewardship processes.

The key individuals responsible for the PruFund Planet proposition are shown below:

	<p><b>Ciaran Mulligan (Co-Head Treasury &amp; Investment Office)</b></p> <p>Years at M&amp;G: 9</p> <p>Years of Professional Experience: 23</p> <p>Ciaran joined the company in May 2015 Co-Heads the Treasury &amp; Investment Office, having previously led the Manager Oversight team within the Treasury &amp; Investment Office. Prior to joining, Ciaran worked at Buck Consultants investment consultancy as Head of Global Research, and at Investment Solutions (part of the Alexander Forbes group).</p>
	<p><b>Simon Iverson (Co-Head Treasury &amp; Investment Office)</b></p> <p>Years at M&amp;G: 20</p> <p>Years of Professional Experience: 20</p> <p>Simon joined the company in 2004 and Co-Heads the Treasury &amp; Investment Office, having previously led the Annuity team within the Treasury &amp; Investment Office. He has previously worked in a variety of roles at M&amp;G and Prudential, including actuarial, risk, capital and finance. Simon holds an MA in Economics from the University of Cambridge and is a Fellow of the Institute of Actuaries.</p>

	<p><b>Jin Wee Tan (Head of ESG &amp; Regulatory Team, Treasury &amp; Investment Office)</b></p> <p>Years at M&amp;G: 10</p> <p>Years of Professional Experience: 22</p> <p>Jin Wee has led the ESG &amp; Regulatory team for 4 years. Jin Wee has worked at the nexus of life insurance and asset management for many years, and has previously held roles in investment, asset allocation, operations and projects. Jin Wee holds a first class degree in Economics from the London School of Economics, and is a CFA Charter holder.</p>
	<p><b>Phil Butler (Portfolio Manager, PruFund Planet)</b></p> <p>Years at M&amp;G: 13</p> <p>Years of Professional Experience: 15</p> <p>Phil joined M&amp;G in 2010 before which he spent 15 months as a Research Assistant at the Bank of England. He holds a Banking and International Finance BSc from City University Business School and is a CFA Charter holder.</p>
	<p><b>Paul Parascandalo (Portfolio Manager, PruFund Planet)</b></p> <p>Years at M&amp;G: 2</p> <p>Years of Professional Experience: 20</p> <p>Paul joined M&amp;G in 2021 after 11 years at Aviva Investors, where he managed flagship retail and institutional multi-asset funds. He is a CFA Charter holder and holds a Theoretical Physics MSc from UCL.</p>

## The Investment Process

The investment process can be broken down into three areas:

- Strategic asset allocation
- Fund selection and manager oversight
- Portfolio management

### Strategic Asset Allocation (SAA)

The LTIS team sets the risk tolerance and asset allocation for the funds determining the optimal SAA, subject to relevant cost constraints, structural and regulatory considerations.

The team produce a set of Capital Market Assumptions (CMAs), based on historical data, ex-ante analysis, internal and external research, for the expected returns, volatilities and correlations of the various asset classes within the fund ranges.

LTIS then use a proprietary Economic Scenario Generator 'GeneSIS' to carry out stochastic modelling based on these assumptions, which involves mapping out a full range of possible future asset allocations.

Both ESG and non-ESG factors are fed into the CMAs and asset class risk/return profiles, which are in turn factored into how capital is allocated.

The SAAs are determined using the following principles:

- Customer outcomes: focus on customer outcomes and ensure that there's a design framework that maps the expected customer outcomes to the fund objectives in an efficient manner.
- Tailored risk appetite: all client portfolios have specific outcomes. This means that all portfolios have a bespoke SAA that is designed for their needs.
- Efficient risks and returns: a given risk appetite enables T&IO to choose an asset allocation based on the analysis of the risk return trade-off of portfolios relative to the "efficient frontier" derived from the medium-to-longer-term views of returns, volatility and correlations.
- Consistency across fund ranges: within the stated objectives and risk appetite, the aim is to ensure a consistent SAA across funds with similar risk appetite/ other similar funds.

- Other constraints: the investment strategy is also optimised along other constraints as required by clients. For example, cost and liquidity.
- ESG factors are also integrated into the SAA process through three main channels. These are:
  - Sensitivity analysis – portfolio exposures to ESG factors assessed in terms of physical, transition and litigation risks
  - Country Risk Categorisation – framework extended in 2019 to add environmental factors alongside existing social and governance factors
  - Benchmark construction – analysis to understand the distribution of ESG factor exposures within benchmarks

### Fund Selection and Manager Oversight

The T&IO Manager Oversight team has created a rigorous set of procedures to underpin the selection, ongoing monitoring and management of the various underlying investments.

Funds throughout the portfolios have been selected on the basis of a robust due diligence process that combines quantitative factors, including measures of performance and holdings analysis, with qualitative analysis focused on the business, people, process, philosophy and infrastructure.

Their initial and ongoing due diligence processes also incorporate assessment and challenge of manager's ESG investment policies and practices and ambitions. In collaboration with the ESG and Regulatory team, the Manager Oversight team will review the asset managers' strategy against the Treasury & Investment Office ESG Product framework and ensure that the selected managers are, at a minimum, ESG-Risk focused and they will continuously encourage and push the managers to consider ESG in their Investment philosophies and processes. The Manager Oversight team provides direction to the delegated asset managers on sustainability issues and risk identified as part of the investment research and analysis process. This also includes a review of the asset managers' engagement and voting policies is also conducted to ensure these are aligned with our own



approach and policies, and all monitoring of our asset managers' engagement with investee companies is carried out in line with our PAC Shareholder Engagement Policy, and the PAC Voting Standard. This ensures that the managers awarded mandates are aligned with T&IO values and ambitions.

The investment philosophy and process applied can provide several advantages:

- Analysis of key risks within each underlying fund – single stock, sector and country exposures – helps the team understand drivers and detractors of performance at any given time.
- Accessibility and greater transparency – provides greater depth of research.
- Greater control over portfolio construction in some cases, exemplified by the bespoke vehicles that BlackRock and Wellington have built for PruFund Planet, which align to T&IO's preferred SAA and ESG criteria.
- Closer view of markets through constant interaction – better information flow from managers that can assist short and long-term thinking.
- Can be selective – T&IO assess both internal and external strategies and has selected a number of high quality external managers for specialist allocations within PruFund Planet, for example in both equity and fixed income exposures. T&IO have also worked with the internal manager to create bespoke solutions such as M&G Better Health Solutions.

The Manager Oversight team conducts ongoing due diligence reviews of existing asset managers to assess their continuing ability to provide expected investment and ESG outcomes. Forward-looking attestation that asset managers' engagement is considered as part of due diligence. Ongoing due diligence comprises of:

Regular face-to-face meetings or conference calls focused on performance.

- Deeper face-to-face meetings and site visits (when appropriate).

- Annual review of fund holdings and/or implementation of ESG policies and approaches using the Top-down and Bottom-up approach

ESG is a standing item on the formal agenda that all regular meetings follow, and this is now supported by the review of the Quarterly ESG Due Diligence Questionnaire. Meetings are also held directly with portfolio managers to enable communication on items such as performance profiles. At the face-to-face due diligence and site visits, business level items, such as organisational re-structures and team changes, are covered. The engagement that asset managers have been undertaking is also reviewed quarterly as part of the quarterly review cycle and annually as part of the Shareholder Rights Directive II (SRDII) process.

If the Manager Oversight team has material concerns over the continued suitability of an existing asset manager, the team will recommend appropriate mitigating actions, such as amending investment guidelines to place appropriate additional constraints on the mandate, increasing allocation to passive/complementary managers to realise diversification benefits, and divestment and reallocation of assets as a final resort. Such proposed changes are taken through the pertinent governance channels.

## Portfolio Management

Portfolio management responsibilities can be divided into the following areas:

- Keeping the funds in shape – ensure the portfolios are managed in line with target exposures and limits while minimising cost and risk, adhere to agreed target TAA positions, and manage cash-flows and other fund dynamics
- Adjusting portfolios – ensure changes in SAA are implemented effectively and efficiently
- Operational management – prepare and review trade instructions to minimise operational errors
- Reviews and monitoring – review on an ongoing basis exposures, risks and performance
- Cash flow management – manage and report to ensure that inflows are allocated appropriately across portfolios and outflows can be covered in stressed scenarios.



## Additional Resources

### PAC ESG investment strategy

The ESG & Regulatory team has responsibility for designing the high level ESG investment strategy for the asset owner. This includes ESG investment principles, investment research and thought leadership. These high level strategies and positions on specific ESG issues are implemented at the mandate and portfolio level by the Manager Oversight team in consultation with the ESG & Regulatory team and other stakeholders, ensuring that ESG and sustainability considerations are taken into account across the spectrum of investment activities.

In line with the above, the ESG & Regulatory team owns and is responsible for the maintenance of the PAC ESG Investment Policy. This defines a number of ESG investment principles and commitments, which in turn inform stewardship practices and guidance, ensuring that on matters regarding stewardship and wider ESG issues, the Manager Oversight team and the wider Treasury & Investment Office will have a central guide to which they can refer to. In particular, the ESG investment principles require the wider Treasury & Investment Office to ensure that the impacts of ESG considerations on risk, return and clients' interests are clearly set out.

### Third Party Service and Research Providers

The ESG & Regulatory and Manager Oversight teams utilise data provided by the external asset managers they oversee, in combination with data from third-party data providers, to assess and fulfill the relevant ESG and Stewardship activities. Third-party screening systems provide the relevant data used to identify securities and companies that require specialist ESG and Stewardship review. These teams carry out proprietary research to identify appropriate ESG investment strategies, and to identify suitable managers that are capable of deploying these investment strategies. Third-party ESG service providers are also used for the integration of ESG and reputational risk monitoring of actual and potential portfolio and fund companies.

## Risk and Compliance

The business operates within a 'three lines of defence' risk management model. Its role and purpose is to challenge risks effectively and proactively add value through providing advice, oversight and guidance to support the delivery of customers' long-term needs.

First line of defence (Portfolio and risk management)

- Identifies risks that could threaten the achievement of business objectives.
- Assesses and manages these risks in accordance with M&G's policies, standards and risk appetite.
- Ensures the effective design and maintenance of processes together with the implementation of appropriate controls over these processes.
- Identifies and promptly escalates significant emerging risk issues.
- Reports operational incidents in line with the operational risk standards.
- Second line of defence (Risk and Compliance oversight and challenge)
- Assists the Board with the formulation and subsequent communication of M&G's appetite for risk, risk management plans, risk policies and limits.
- Oversees and objectively challenges the identification, measurement, management, monitoring and reporting of risks.
- Analyses risk information and producing risk reports for relevant risk committees.
- Develops and supports the implementation of M&G's risk policies, standards and risk appetite.

Third line of defence (Audit and independent assurance)

- Provides independent assurance on the design, effectiveness and implementation of the overall system of internal control, including risk management.

# Why consider PruFund Planet from Prudential?

- **Scale** – Prudential is part of M&G plc, one of the UK's leading savings and investment companies, with around £343.5bn assets under management as at 31 December 2023. We aim to leverage the knowledge, experience and buying power of M&G plc to deliver good outcomes for clients.
- **Size** – PruFund Planet funds are part of the Prudential With-Profits fund, one of the UK's largest investment funds.
- **Investment expertise and resource** – Access to the M&G Treasury and Investment Office, an independent team of around 70 strong, with expertise in asset allocation, portfolio management, manager research and investment risk oversight. T&IO creates SAA for over £100bn in multi-asset insurance portfolios primarily for UK retail investors and manages around £153bn of assets as at 31 December 2023.
- **Differentiated** – The core focus of T&IO is asset allocation. All stock selection decisions are outsourced to high class internal and external managers.
- **A strong focus on Environmental, Social and Governance (ESG) investing** – M&G plc aims to put sustainability and inclusivity at its heart, by applying ESG factors as part of the investment analysis process to identify material risks and growth opportunities and consider ESG when designing investment solutions.

M&G plc has committed that its With-Profits fund is to allocate up to £5 billion into privately-owned enterprises working to drive positive change.
- **Global reach** – T&IO has access to the expertise of other M&G plc investment companies, such as M&G Investments and M&G Real Estate, and a global network of contacts at high quality external investment companies with experience in ESG.
- **Operational infrastructure** – Investment teams are supported by experienced information, compliance and risk monitoring teams.
- **Longevity of process** – The strategic asset allocation process developed by T&IO has been in place for nearly 20 years.
- **Robust fund research and oversight** – PruFund funds leverage off the resource and expertise of the T&IO Manager Oversight team. M&G plc's scale provides access to all aspects of a fund manager's business. With more information, the team are better able to evaluate if what fund managers say is really what they do.

# Glossary

Terms	Definition
ESG	ESG stands for Environmental, Social and Governance. ESG is a framework that helps stakeholders understand how an organization is managing risks and opportunities related to environmental, social and governance criteria.
ESG Investing	Type of investing where investors are applying ESG factors as part of their analysis process to identify material risks and growth opportunities.
Responsible Investing	Responsible Investing involves consideration of environmental, social and governance (ESG) issues in investment decisions making and stewardship activities. It complements traditional financial analysis and portfolio construction techniques. Responsible investing also often aims to avoid harmful investment activities through negative exclusions in areas such as controversial weapons, tobacco, coal mining or gambling.
Sustainability	Sustainability is defined as the ability for an organization to maintain a balance of resources and relationships, with the objective of meeting the needs of current generations without compromising the ability of future generations to meet their own needs.
ESG Outcome/ Sustainability Outcome	The positive and negative effects of investment activities on people and/or the planet. They are understood in the context of global sustainability goals and thresholds. A positive social outcome is the intended benefit on people and communities that happens as a result of an action, business or investment activity. A positive environmental outcome is the intended benefit on the planet and external environment that happens as a result of an action, business or investment activity.

# Appendix

## Appendix 1 – SEDOL & ISIN Codes for each share class

PruFund Planet funds are available on the Retirement Account (Series E), International Portfolio Bond (Series C), and through the M&G Wealth Platform (Series F).

Fund Name	Launch Date	Sedol	ISIN
Prudential PruFund Planet 1 Account Series E	26/07/2021	BN7BX30	GB00BN7BX309
Prudential PruFund Planet 2 Account Series E	26/07/2021	BN7BX52	GB00BN7BX523
Prudential PruFund Planet 3 Account Series E	26/07/2021	BN7BX74	GB00BN7BX747
Prudential PruFund Planet 4 Account Series E	26/07/2021	BN7BX96	GB00BN7BX960
Prudential PruFund Planet 5 Account Series E	26/07/2021	BN7BXC9	GB00BN7BXC90
Prudential PruFund Planet 1 Fund Series E	25/08/2021	BN7BX41	GB00BN7BX416
Prudential PruFund Planet 2 Fund Series E	25/08/2021	BN7BX63	GB00BN7BX630
Prudential PruFund Planet 3 Fund Series E	25/08/2021	BN7BX85	GB00BN7BX853
Prudential PruFund Planet 4 Fund Series E	25/08/2021	BN7BXB8	GB00BN7BXB83
Prudential PruFund Planet 5 Fund Series E	25/08/2021	BN7BXD0	GB00BN7BXD08
PIA PruFund Planet 1 Sterling Account Series C	22/11/2021	BNYDPG6	IE000121FFT2
PIA PruFund Planet 2 Sterling Account Series C	22/11/2021	BNYDPJ9	IE000MCEAHX8
PIA PruFund Planet 3 Sterling Account Series C	22/11/2021	BNYDPL1	IE000SRI21G2
PIA PruFund Planet 4 Sterling Account Series C	22/11/2021	BNYDPN3	IE000W04JPS7
PIA PruFund Planet 5 Sterling Account Series C	22/11/2021	BNYDPQ6	IE000OGSLIC4
PIA PruFund Planet 1 Sterling Fund Series C	25/11/2021	BNYDPH7	IE000KAXZO41
PIA PruFund Planet 2 Sterling Fund Series C	25/11/2021	BNYDPK0	IE000RPT3XU2
PIA PruFund Planet 3 Sterling Fund Series C	25/11/2021	BNYDPM2	IE000IG882R9
PIA PruFund Planet 4 Sterling Fund Series C	25/11/2021	BNYDPP5	IE000H3BNS86
PIA PruFund Planet 5 Sterling Fund Series C	25/11/2021	BNYDPR7	IE000L7FHWY7
Prudential PruFund Planet 1 Account Series F	30/05/2022	BP0PLQ2	GB00BP0PLQ29
Prudential PruFund Planet 2 Account Series F	30/05/2022	BP0PLR3	GB00BP0PLR36
Prudential PruFund Planet 3 Account Series F	30/05/2022	BP0PLT5	GB00BP0PLT59
Prudential PruFund Planet 4 Account Series F	30/05/2022	BP0PML4	GB00BP0PML49
Prudential PruFund Planet 5 Account Series F	30/05/2022	BP0PMN6	GB00BP0PMN62
Prudential PruFund Planet 1 Fund Series F	30/05/2022	BNZGRK2	GB00BNZGRK21
Prudential PruFund Planet 2 Fund Series F	30/05/2022	BP0PLS4	GB00BP0PLS43
Prudential PruFund Planet 3 Fund Series F	30/05/2022	BP0PMK3	GB00BP0PMK32
Prudential PruFund Planet 4 Fund Series F	30/05/2022	BP0PMM5	GB00BP0PMM55
Prudential PruFund Planet 5 Fund Series F	30/05/2022	BP0PMP8	GB00BP0PMP86

## Appendix 2 – Supporting Resources

1. Principles and Practices of Financial Management
2. Sustainability report from M&G plc
3. ESG principles
4. Overview of PruFund range of funds
5. Prudential Assurance Company (PAC) ESG Investment Policy
6. M&G Investments ESG Investment Policy
7. Task Force on Climate-Related Financial Disclosures (TCFD): The information disclosed is designed to help investors and others understand how organisations think about and assess climate-related risks and opportunities.
  - TCFD Product and Fund Reports contain consistent, comparable climate-related disclosures for products and funds, including a core set of climate metrics.
  - TCFD Glossary for terms and definitions contained within the TCFD Fund Reports only
  - TCFD FAQs

## Appendix 3 – Risk Profiling

PruFund Planet funds are currently risk-rated by the following providers:

- Dynamic Planner
- Defaqto Engage
- Finametrica
- Capita Synaptic
- EV

View the **current risk-rating matrix** for the fund range.

## Appendix 4 – Platform Availability

The PruFund Planet range of funds is also available through the M&G Wealth Platform.

## Appendix 5 – Business Resilience and Recovery

M&G plc's Business Resilience and Recovery approach includes:

### Business resilience

- M&G plc has documented plans to allow appropriate responses to interruptions to business as usual at a departmental level. Plans are maintained by department managers for localised incidents. An annual assurance programme is in place, with results reported to the Operational Resilience Forum (ORF).
- M&G plc has a wider Operational Resilience programme in flight to implement heightened resilience capabilities for the business services that are most important to our customers.

### IT disaster recovery

- M&G plc plans for loss of data centre or failure of critical enterprise architecture or applications. Detailed plans are maintained by relevant Technology teams.

### Incident management

- M&G plc implements a defined framework by which actual or potential disruptions are identified, escalated and managed. This is supported by an annual exercising schedule.

### Third party oversight

- M&G plc has identified its critical dependencies on third parties and manages these through a rigorous review and assessment programme, undertaking due diligence around operational resilience, business and IT recoverability.

### Pandemic response

- M&G plc has established effective measures to mitigate any potential disruption from any future pandemic scenario. These measures are an extension of the firm's well established Business Resilience programme.

[pruadviser.co.uk](https://pruadviser.co.uk)

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