

# Core capabilities

We believe our assets and capabilities position us extremely well to capture a disproportionately large share of the growing retirement opportunity in our chosen markets. These include:

## Trusted brands

We believe that our brands are a significant advantage in capturing an increasing share of the global retirement market. [See page 21](#)

## Key skills

Our risk and investment management capabilities underpin our business, enabling us to meet customers' changing needs throughout their lifetimes. [See page 22](#)

## Innovative products

We have established a strong track record of delivering innovative solutions that meet customers' needs, with a particular focus on helping them to save for, and secure an income in, retirement. [See page 23](#)

## Powerful distribution networks

Our broad and diverse distribution network is tailored to local market and customer needs, enabling us to deliver our products and services in the most efficient and effective way in each of our chosen markets.

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## Trusted brands

We believe that our brands are a significant advantage in capturing an increasing share of the global retirement market.

In the UK, where we have had a presence for 160 years, we continued to build our brand during 2007, supported by an aspirational campaign to redefine retirement as a time of opportunity. Using the strapline 'Retirement has more potential with Prudential', advertisements have been running in the UK national press and online since October 2007, focusing on the opportunities that retirement brings.

In Asia, Prudential's operations are unified under the Prudence icon, which enjoys consistently high recognition across the region. The brand has been built around understanding customers' needs and leveraging the Group's international scale and heritage to convey a sense of security, stability and trustworthiness. In 2007, we continued to position ourselves in the retirement space through our highly successful 'What's your number?' campaign, which encourages people to think about the cost of their retirement

lifestyle choices in an entertaining and engaging way. The concept has been carefully tailored and launched in six Asian markets to reflect the different cultures, needs and aspirations of our customers.

In the US, where we operate under the Jackson brand, our strategy centres on the advice-based channels to which customers are increasingly turning for help in choosing from the maze of retirement solutions in this complex and crowded marketplace. Jackson is already recognised as a leading provider of one of the country's most popular retirement vehicles, the variable annuity, and in 2007 it continued to raise its profile through targeted media campaigns focused on independent intermediaries. Jackson also rebranded its website in 2007, highlighting its vision to help Americans achieve their retirement dreams.

M&G conducted a brand review in 2007 to ensure that it was appropriately

positioned as a heavyweight, investment-led business across all the international markets in which it operates. This led to the introduction in September of new branding which provides a fresh look for M&G and highlights the individual investment talent and flair that have always been at the core of its business. The new brand was launched via an extensive international marketing and advertising campaign and revamped website.



## Key skills

Our risk and investment management capabilities underpin our business, enabling us to meet customers' changing needs throughout their lifetimes.

In the UK our wealth of longevity knowledge and experience is a significant advantage in designing and pricing products for the retirement income market, while our multi-asset investment capability and emphasis on cautiously-managed products such as With-Profits, enable us to meet customers' needs, especially in volatile markets.

Our asset allocation and investment management capabilities are evident in the sustained top performance of our UK With-Profits Life Fund. In July 2007, we retained our top-ranking in the WM Life Fund Survey by WM, the independent fund-performance service provider. This ranking consolidates the superior position achieved in previous years, with Prudential retaining its top spot over 10 years.

In the US, our expertise in long-term guarantees has enabled us to design products for customers who increasingly want to combine the potential growth of

equities with safeguards against risks such as inflation and market volatility.

In Asia, we successfully leverage our regional and international expertise and multi-asset investment capabilities to create tailored insurance and mutual fund products for different markets. For example, we launched pan-Asian funds in several Asian markets during the year; we also offer a range of global, US and European funds in Hong Kong, managed by M&G, and a number of US funds in Japan, managed by our US investment management company PPMA.

At M&G, our success is underpinned by an impressive track record of investment performance in recent years. In 2007, some 45 per cent of the company's retail funds delivered top quartile performance. In the wholesale marketplace, 86 per cent of M&G's segregated institutional funds met or exceeded their benchmark performance. M&G has also continued to successfully leverage its internal

fund management skills to create higher margin products for external customers, consolidating its position at the forefront of the leveraged loans, structured credit and infrastructure investment markets.

## Innovative products

We have established a strong track record of delivering innovative solutions that meet customers' needs, with a particular focus on helping them to save for, and secure an income in, retirement.

In the US, we are a leading provider of one of the country's most popular retirement vehicles – the variable annuity. We have one of the most flexible products on the market, with a range of 2,300 benefit combinations. In 2007, we introduced six new guaranteed living benefits and a further 20 investment options.

In the UK, we have developed a full range of retirement income solutions. This includes a new Flexible Lifetime Annuity, and an Income Drawdown product which helps customers manage their pension through the various stages of retirement, as well as offering flexibility and the potential for growth through investment. We have also made a number of enhancements to our lifetime mortgage range, including a new lump sum product as well as an inheritance guarantee. Our PruHealth joint venture also continues to grow well, attracting over 140,000 customers to date with its mould-breaking proposition, which rewards healthy living.

In Asia, we constantly update our product range to ensure it is appealing and relevant to customers' changing needs. For example, in 2007 we extended the funds range for our linked products, including a new property fund in Singapore, and a new Shariah-compliant range in Indonesia. We also launched several new funds aimed at capturing the potential in fast-growing economies such as China and India. In Japan, our India Infrastructure Equity Fund became our third fund in Japan to pass the 100 billion Japanese Yen milestone, while in Singapore, our Dragon Peacock Fund, which invests in China and India, is one of the largest retail equity funds in the market.

In Taiwan we leveraged Jackson's experience to develop an annuity product which helped drive new business volumes up 71 per cent in 2007. We have also been developing a range of health-related products, which we have successfully piloted

in Singapore, India, and Hong Kong.

M&G also extended its product range in 2007. In the retail market, the business cemented its position as a leading innovator with the launches of the M&G Cautious Multi Asset Fund and the M&G Global Convertibles Fund. In the wholesale arena, M&G launched three new funds – the M&G Alpha Opportunities Fund, M&G Secured Property Income Fund and M&G Secured Debt Fund. These three funds leverage the company's expertise and scale in both property and private finance, and provide institutional and pension fund clients with innovative alternatives to traditional fixed income assets.



## Powerful distribution networks

Our broad and diverse distribution network is tailored to local market and customer needs, enabling us to deliver our products and services in the most efficient and effective way in each of our chosen markets.

In Asia, we have a highly successful multi-channel distribution platform, tailored to each market, which includes traditional tied agency, banks, general agents or brokers and an emerging direct channel. For example, in India, the emphasis is on rapidly building agency scale, and in 2007 agent numbers increased by over 120 per cent, whereas in markets where we already have agency scale, the emphasis is on improving agent productivity. During 2007 we also entered several significant new partnerships, including Standard Chartered Bank in Taiwan, and Kookmin Bank and Industrial Bank of Korea in Korea.

In the US, we have built a highly successful distribution model focused on independent financial advisers, and our Perspective II variable annuity was the top selling variable annuity contract in the US independent broker-dealer channel in 2007. The success of our model lies in the support we give to advisers through our network of wholesalers. This support includes

a range of marketing, sales and educational tools to help advisers build their own businesses, combined with award-winning customer service.

In the UK, we have a multi-distribution approach including financial advisers and consultants, banks, direct to consumers and distribution partnerships, to reflect the diversity of our product range across the retirement savings, retirement income and protection sectors. During 2007, we focused on strengthening relationships with key, high potential advisers by offering more localised support and a business-partner approach. We also continued to build our strategic partnerships, including an agreement with Barclays to be the preferred supplier of conventional annuities to its retail customers in the UK.

Our fund management businesses distribute through a wide range of channels and geographies. European cross-border distribution has accelerated, which has continued to open up significant bank and life company distribution opportunities

for M&G. Over the past five years, M&G has expanded its retail business beyond the UK into the major European markets, the Middle East, South America and Asia.

Our Asia fund management business distributes its retail funds predominantly through banks and brokers. Over the last few years, we have built an impressive network of distributors, and now work with most of the major players in each market.