

# We do life.



Prudential helps people  
de-risk their lives and  
deal with their biggest  
financial concerns.





# £657 billion

total funds under management

# 26 million

customers worldwide

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# Group at a glance

We meet the long-term savings and protection needs of a growing middle class and ageing population. We focus on markets where the need for our products is strong and growing and we use our capabilities, footprint and scale to meet that need. In 2018, the Group announced its intention to demerge its UK and Europe business, M&GPrudential, from Prudential plc.

## Our purpose

Prudential helps people de-risk their lives and deal with their biggest financial concerns.

## Our strategy

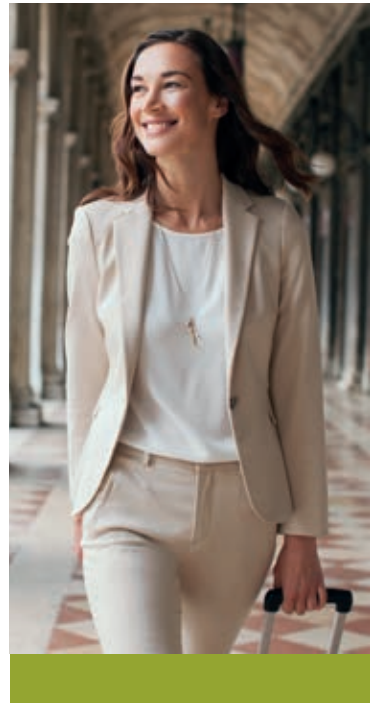
Our strategy is to capture the long-term structural opportunities within our markets, operating with discipline and enhancing capabilities through innovation to deliver high-quality resilient outcomes for our customers.

We aim to do this by:

- Serving the protection and investment needs of the growing middle class in Asia;
- Providing asset accumulation and retirement income products to US retirees;
- Offering products to new customers in Africa, one of the fastest-growing regions in the world; and
- Meeting the savings and retirement needs of an ageing UK and continental European population.

We aim to generate attractive returns, enabling us to provide financial security to our customers and deliver sustainable growth for our shareholders. Following rigorous review, we believe that this long-term strategy is best served through the intended demerger of M&GPrudential.

The demerger will enable both businesses to continue to deliver on our customer and stakeholder commitments, but without the requirement to compete for resources and capital internally.





**Structural growth over the last two decades has allowed our non-European business to reach the scale where it has the ability to self-fund its own long-term goals through disciplined capital allocation. Prudential plc has a diversified, but highly complementary, portfolio of businesses with access to the world's largest and fastest-growing markets.**

## Asia



### Leading pan-regional franchise

**£151 billion** assets under management

**94%** of APE sales are regular premium

**£1.2 billion** underlying free surplus generation

Prudential Corporation Asia has leading insurance and asset management operations across 14 markets which serve the families of the region's high potential economies. We have been operating in Asia for over 90 years and have built high-performing businesses with multi-channel distribution, a product portfolio centred on regular savings and protection, award-winning customer service and a widely recognised brand.

Eastspring Investments is a leading asset manager in Asia and provides investment solutions across a broad range of asset classes.

## United States



### Premier retirement income player

**US\$163 billion** separate account assets

**US\$2.2 billion** variable annuity net inflows

**£2.4 billion** fee income

Jackson provides retirement savings and income strategies aimed at the large number of people approaching retirement in the United States. Jackson's pursuit of excellence in product innovation and distinctive distribution capabilities has helped us forge a solid reputation for meeting the needs of customers. Jackson's variable annuities offer a distinct retirement solution designed to provide a variety of investment choices to help customers pursue their financial goals.

## Africa



We entered Africa in 2014, to offer products to new customers in one of the fastest-growing regions in the world. We aim to provide products that help our customers live longer and healthier lives, and save to improve future choices for them and their families.

## M&GPRUDENTIAL

## M&GPrudential



### Long-term conviction-led investment approach

**£43 billion** total PruFund funds under management

Operating in **29** markets

**£321 billion** total M&GPrudential funds under management<sup>1</sup>

**The formation of M&GPrudential, joining two well recognised brands with a strong track record, has created a leading savings and investment business, ideally positioned to target growing customer demand for financial solutions in the UK and Europe.**

With over six million clients across 29 markets and £321 billion<sup>1</sup> in assets under management, M&GPrudential's vision is a business built for the customer which is simple, efficient, digitally enabled, capital-light, fast-growing and, above all, focused on delivery.

The combined business benefits from two strong complementary brands, a world-class investment capability, international distribution and a robust capital position.

#### Note

<sup>1</sup> Represents M&GPrudential asset management external funds under management and internal funds included on the M&GPrudential long-term insurance balance sheet.

# Evolving to serve the future customer

Our trusted brands and strong distribution channels enable us to understand the growing needs of our customers for long-term savings and financial security, and to design innovative products that meet those needs. By helping to build better lives and stronger communities and to fuel the growth cycle, we create long-term value for both our customers and our shareholders.

## Capturing structural opportunity



### Serving customer needs

#### Asia

- Low life insurance and mutual fund penetration
- Significant health and protection gap
- Growing working age population
- Increasing consumer affluence

#### United States

- Increase in retirement age population
- Large and growing retirement asset pools
- Growing demand for guaranteed income

#### M&GPrudential

- Ageing population
- Large and growing retirement asset pools
- Growing demand for saving and income

## ... through enhanced capabilities



#### Customer service

Customers are at the heart of our strategy. We proactively listen to both new and existing customers to understand and respond to their changing needs. This allows us to propose financial solutions customised for different groups, whether that is young and middle-aged people or those in retirement. We are expanding our digital infrastructure to enhance customer experience.

#### Solutions

We offer solutions for customers as they face the biggest financial challenges of their lives. We consistently develop our product portfolio, designing it around our customers' needs and providing them with peace of mind, whether in relation to saving for retirement or insuring against risks of illness, death or critical life events.

#### Distribution

Distribution plays a key role in our ability to reach, attract and retain customers in different parts of the world. Building out and diversifying our distribution capabilities, including adding digital tools, helps ensure that we fully capitalise on the opportunities available to us in each of our markets.

#### Investment for growth

We focus on strategic investment in long-term opportunities and capabilities to drive future growth and value for our stakeholders. We invest to improve relationships with our customers and distributors, to create innovative products, to improve our operating platforms and to capture new opportunities and build new relationships. We invest in digital capabilities to empower our distributors and improve customer service.

#### Risk management

We generate value by selectively taking exposures to risks that are adequately rewarded and that can be appropriately quantified and managed. Balance sheet strength and proactive risk management enable us to make good our promises to our customers and create long-term value for our stakeholders.

... creating high-quality outcomes



### Growth

**£4,827m**

Operating profit<sup>1</sup> +6%<sup>2</sup> on 2017

**£3,877m**

New business profit +11%<sup>2</sup> on 2017

**£7,563m**

EEV operating profit +19%<sup>2</sup> on 2017

### Cash

**£4,047m**

Free surplus generation +14%<sup>2</sup> on 2017

**£1,732m**

Remittances -3%<sup>3</sup> on 2017

### Capital

**£17.2bn**

Solvency II surplus +29%<sup>3</sup> on 2017

**232%**

Solvency II cover ratio +30pp on 2017

#### Notes

- 1 Adjusted IFRS operating profit based on longer-term investment returns.
- 2 Growth rates on a constant exchange rate basis.
- 3 Growth rates on an actual exchange rate basis.

... for our stakeholders.



We create financial benefits for our investors and deliver economic and social benefits for our customers, our employees and the societies in which we operate.

### Customers

Providing financial security and wealth creation.

### Investors

Growing dividends and share price performance enhance shareholder value.

### Employees

Providing an environment with equal opportunities, career potential and rewards, enabling us to attract and retain high-quality individuals to deliver our strategy.

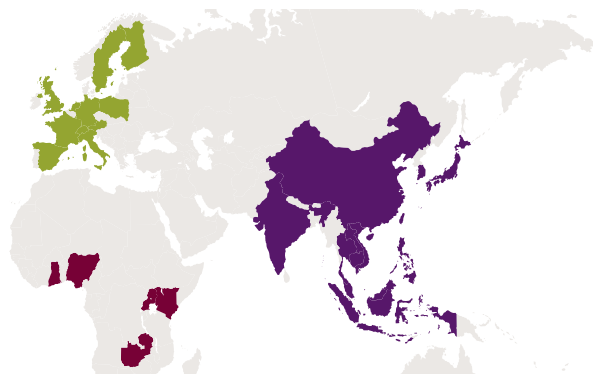
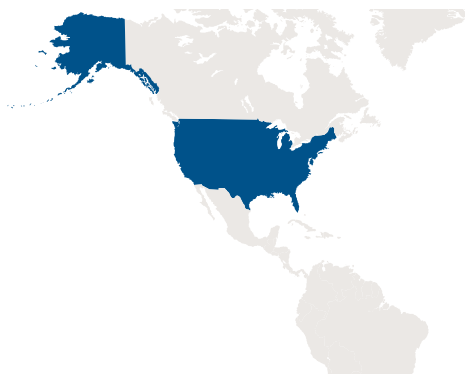
### Communities

Supporting communities where we operate, through investment in business and infrastructure, tax revenues and community support activities.



# Our global distribution strength

We respond to the needs of our global customers through diverse and robust distribution channels in all our markets.



## Jackson

Strength and flexibility of our distribution network gives us a distinctive advantage

**Largest and most productive** VA wholesale distribution force in the US<sup>1</sup>

**+700** broker-dealers' selling agreements covering +230,000 (74%) of total US advisers<sup>2</sup>

**#1** selling variable annuity contract<sup>3</sup> in the independent channel since 2003

**4 million** customers

## Prudential Corporation Asia

Pan-regional multi-channel network

**+600,000** agents

**Multiple** established bank partnerships

Access to **+14,000** bank outlets

Eastspring Investments is present in **11** Asia markets and has distribution offices in US and Europe

**+15 million** life customers

## Prudential Africa

Establishing network with market-leading initiatives

**+4,000** agents

**6** exclusive bank partners

Access to over **600** bank branches

**2** mobile telecommunications partners

**+500,000** customers

## M&GPrudential

Diversified distribution model underpinned by two complementary brands

**£321 billion** total assets under management<sup>4</sup>

Operating in **29** markets around the world

**+6 million** customers

**+300** Prudential Financial Planning partners

### Notes

<sup>1</sup> Independent research and Market Metrics, a Strategic Insight Business: US Advisor Metrics 2018, as of 30 September 2018.

<sup>2</sup> The Cerulli Report Adviser Metrics 2018 and Jackson research.

<sup>3</sup> ©2019 Morningstar, Inc. All Rights Reserved. The information contained herein:

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Past performance is no guarantee of future results. Morningstar [www.AnnuityIntel.com](http://www.AnnuityIntel.com). Total Sales by Company & by Contract 3Q YTD 2018. Jackson ranks #1 out of 725 VA contracts with reported sales in the Independent Channel in 3Q YTD 2018.

<sup>4</sup> Represents M&GPrudential asset management external funds under management and internal funds included on the M&GPrudential long-term insurance business balance sheet.

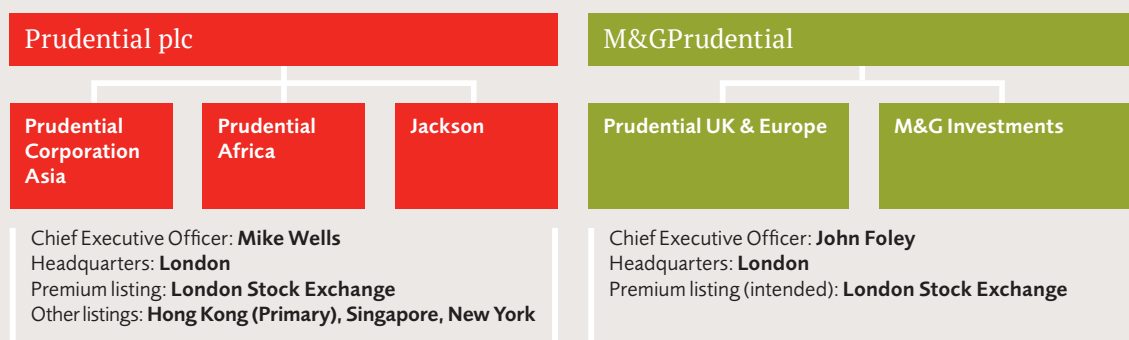


# Creating two leading companies

We are aiming to create two separately listed companies with distinct investment prospects, capital allocation priorities and customer needs.

M&GPrudential, one of the leading savings and investments businesses in the UK and Europe, will be an independent, capital-efficient business, headquartered and premium-listed in London.

Prudential plc will continue to combine the exciting growth potential of our Asia, US and Africa businesses, as a leading international insurance and asset management group. We will also remain headquartered and premium-listed in London.



## Frequently asked questions

### What is the rationale for the demerger?

Following separation, M&GPrudential will have more control over its business strategy and capital allocation. This will enable it to play a greater role in developing the savings and retirement markets in the UK and Europe through two of the financial sector's most trusted brands, M&G and Prudential, while Prudential plc will be able to focus on the attractive returns and growth potential of its market-leading businesses in Asia and the US.

### Will the businesses stay in the UK?

Both businesses will be headquartered in the UK, and premium-listed on the London Stock Exchange. We expect both businesses will meet the criteria for inclusion in the FTSE 100 index.

### How are we progressing?

In preparation for the demerger, we have already completed a number of key steps, including:

- We announced that the Hong Kong Insurance Authority would be the Group-wide supervisor after the demerger of M&GPrudential;
- We raised £1.6 billion of debt in September 2018. This debt issuance contained a substitution clause, allowing us to substitute M&GPrudential for Prudential plc as the issuer;
- We established a new holding company for M&GPrudential and completed the transfer of the legal ownership of The Prudential Assurance Company Limited and M&G Group Limited to this company;
- We announced the independent Chair of M&GPrudential in October 2018; and

- We completed the transfer of the legal ownership of our Hong Kong insurance subsidiaries from The Prudential Assurance Company Limited (M&GPrudential's UK-regulated insurance entity) to Prudential Corporation Asia Limited.

### When will it happen?

We are making good progress on the workstreams to enable the legal, operational and financial separation of the businesses and we are committed to delivery with best execution. We will provide more details on timing when it is appropriate to do so.

### What will happen to your shares?

Shareholders will retain their shares in Prudential plc and, if the demerger completes, receive shares in a separately listed M&GPrudential.



# Asia

## 2018 performance highlights

- New business profit up 14 per cent<sup>1</sup>, operating profit up 14 per cent<sup>1</sup> and underlying free surplus generation up 14 per cent<sup>1</sup>
- Developed over 160 products in 2018 and added 1.4 million new life customers<sup>2</sup>
- Signed an exclusive partnership with Babylon Health to provide AI-powered digital health services in up to 12 markets across Asia
- Established Eastspring's wholly foreign-owned enterprise in Shanghai and extended our asset management presence to Thailand

### Our business

It is 95 years since we established our first operations in Asia, and today our footprint spans 14 markets. We provide insurance and asset management solutions that enable customers of all ages to address their health, protection and savings needs.

We have a top three position in eight out of our 12 insurance markets<sup>3</sup> and Eastspring Investments, our asset management business, remains the largest pan-regional retail asset manager in Asia, excluding Japan. In addition, Eastspring retained the prestigious 'Best Asia Fund House' accolade in 2018.

### Market opportunity

Consumers in Asia are both under-insured and under-saved during their working lives, which leaves them inadequately prepared for retirement. Furthermore, the limited welfare social safety net in many of our markets means that out-of-pocket healthcare spend by people in Asia is three to four times the proportion seen in the US and UK. Collectively, these dynamics

resulted in an estimated health protection gap of US\$1.8 trillion in 2017 across the Asia region<sup>4</sup>.

The economic growth potential of the region is widely recognised and is expected to translate into rising levels of affluence, with 88 per cent of the next billion entrants into the middle class predicted to be based in Asia<sup>5</sup>. Indeed, total annual expenditure by Asia's middle class is forecast to reach US\$37 trillion in 2030<sup>5</sup>, more than double the current amount.

Asia's economies are also benefiting from a demographic dividend, with moderating fertility rates and improving life expectancy. Across Asia, the working age population is forecast to grow by almost one million people per month between now and 2030 to 2.5 billion people<sup>6</sup>. Meanwhile, the number of those aged over 65 is projected to almost treble by 2050 to 700 million<sup>6</sup>. This is expected to create demand for new solutions in markets with ageing populations, such as Hong Kong and China, as individuals look to maintain their standard of living during retirement.

### Strategic priorities

Our business achieves high risk-adjusted returns by maintaining a disciplined focus on value. Two key distinguishing features of our sales mix are the contribution from health and protection products, which collectively accounted for 70 per cent of our new business profit in 2018, and the high proportion of regular premiums, which comprised 94 per cent of APE sales. We favour this mix because it provides our shareholders with a higher and more stable return across market cycles. Our success in health and protection is underpinned by our comprehensive underwriting processes, extensive experience and the technical capabilities of our in-house professionals. Meanwhile, the high proportion of regular premiums ensures we collect a steady stream of revenues across market cycles.

This focus on value is supported by four strategic priorities that we believe align with the evolving sources of demand across the region and will position our business for continued future growth. See the panel on page 9 for details.

## Customers

We have over 15 million life customers. Our strong retention ratio, which remained in excess of 90 per cent, and the consistently high proportion of repeat sales, which last year contributed over 40 per cent of APE sales, demonstrate the regard and trust our customers have in our business. These dynamics mean that we have 24 million in-force policies in total. In addition, our focus on health and protection business is reflected in a 7 per cent increase in sum-at-risk per policy, which is a leading measure of insurance coverage. Funds managed by Eastspring grew by 6 per cent to £151 billion at the end of 2018, with 10 per cent growth among third-party retail clients.

We maintain this advantage by constantly striving to improve the experience of our customers, with whom we have over two million interactions every month. Our new Jet claims tool, which is currently being used in Hong Kong and Indonesia, can automatically review, assess and pay a claim on the same day. We now have e-claims capability in six of our businesses and have already attained submission rates of almost 40 per cent.

At Eastspring we use digital tools to help our retail clients set and achieve their savings goals. Our partnership with Alkanza has enabled us to build a robo-advisory platform in Taiwan that can suggest portfolio rebalancing if performance is off track, and has the functionality to show the impact of changes in parameters, such as retirement age and contribution amount.

## Products

We offer our customers a broad range of health, protection and savings solutions that are tailored to local market requirements and individual needs.

Key to our ongoing success is our focus on upgrading our product suite to add innovative new features, and last year nearly half of new business profit arose from the 160 products that were developed in 2018. For example, in Hong Kong we launched a new critical illness product with extended protection for cancer, heart attacks and strokes; and we enhanced our protection product for

## Strategic priorities

We seek to **enhance the core** of our existing business by improving our customers' experience.

- We have extended our exclusive partnership with UOB until the end of 2034 and agreed to expand its scope to include Vietnam and UOB's digital bank.
- We continue to expand and diversify our distribution reach, with nine new bank partnerships across six of our markets successfully activated during 2018, including Siam Commercial Bank in Thailand and O-Bank, the first digital bank in Taiwan.
- We simplify the process of purchasing a policy by embracing the latest technology and embedding this within proprietary tools used by our agents and bank partners.
- We use digital technology in servicing policies to improve the efficiency of our business and enhance customer satisfaction. In Hong Kong, we developed the 'Hospital to Prudential' portal to redefine the way our customers and medical professionals manage hospital claims, reducing the time required to submit a claim to just three minutes. In China, we have extended our award-winning WeChat self-service platform to include 90 per cent of all policy administration actions. In Thailand, we created a new customer services touchpoint through PruConnect, which enables customers to quickly access key information such as policy information, premium certificates and nearby network hospitals.

We want to **create 'best-in-class' health capabilities** and attained new business profit growth of 15 per cent from health and protection products in 2018. Our strategy is supported by distinctive value-added services, such as the exclusive multi-year partnership we signed with Babylon, a UK-based healthcare and technology services company. This partnership will provide

personal health assessments and treatment information, powered by artificial intelligence, which will greatly enhance our customers' access to healthcare, particularly for those in remote locations, while empowering them to proactively manage their health in a flexible and cost-efficient manner.

We plan to **accelerate Eastspring** by expanding its existing investment offering and enhancing its distribution capabilities. We have continued to strengthen our in-house investment teams, which helped us launch 51 new products in 2018. In September, we entered Thailand, the largest mutual fund market in the Association of Southeast Asian Nations (ASEAN)<sup>7</sup>, with the acquisition of TMB Asset Management. Our on-the-ground team recently launched an Asia Pacific Property Flexible Fund that obtained inflows totalling US\$91 million during the week-long initial public offering period.

We intend to **expand our presence in China** across both the insurance and asset management sectors.

- We recently established a new branch in Hunan and received regulatory approval to undertake preparatory work to establish a new branch in Shaanxi. This expansion is supported by growth in our agency force, which grew by 7 per cent in 2018 to 48,000 agents.
- We formed a two-year research partnership with the Development Research Centre of the State Council focused on the development of a sustainable pension system.
- We opened Eastspring's wholly foreign-owned enterprise in Shanghai, which enables us to manage onshore investments for high-net-worth individuals and institutional investors in China, complementing our existing asset management joint venture with CITIC.

mothers and unborn children in Malaysia, PRUmy child, by expanding the range of pregnancy complications included and extending the coverage period for congenital illnesses. We are also developing products to meet the upcoming needs of Asia's ageing populations and were among the first group of insurers to be granted approval to offer a tax-deferred pension product in China.

In addition, we develop products with specialist characteristics that broaden our offering and appeal. We have been proponents of products that comply with the requirements of Islamic law for many years, and sales of our Syariah products in Indonesia grew by 17 per cent in 2018 to over £50 million, equivalent to over 20 per cent of our APE in this market. This positions us as market leaders in Indonesia's Syariah market, in addition to Malaysia's Takaful market, with market shares of approximately 30 per cent in both cases. We have also launched PRUvital cover in Singapore, a first-in-the-market protection plan for customers with four types of common pre-existing chronic medical condition that previously could act as barriers in obtaining insurance coverage.

In Singapore, we recently launched Opus, a proposition specifically tailored for high-net-worth customers. This brings a differentiated experience for our customers and includes a dedicated service team, wealth planners and legal matters. We also launched PRUworks, our new insurance proposition for the corporate segment, targeting small and medium enterprises. Our PRUworks platform is an all-inclusive platform that comes with a digitally enabled HR solution for business owners and their employees, providing access to employee benefits and services alongside additional services such as lifestyle programmes.

### Distribution

Our experience shows customers have an overarching preference for face-to-face advice from a trusted financial adviser while also increasingly demanding the flexibility to conduct basic digital research and fact-finding themselves. While tied agents and in-branch bank partner staff remain our primary distribution

channels, customers are now more actively engaging with us through our online platforms.

Prudential has over 600,000 licenced tied agents across our 12 life markets in Asia. This proprietary distribution channel is a core component of our success, accounting for 84 per cent of new business profit, having grown by 14 per cent in 2018. We place great emphasis on the professionalism and productivity of our agency force, and facilitate this by providing new and upgraded tools.

We pioneered the strategy of partnering with banks in Asia over 20 years ago and now have one of the largest and most successful bancassurance franchises in the region. Our strategic partnerships include multi-national banks, regional banks and prominent domestic banks in many key markets including China, India and Taiwan. In total, we have access to over 14,000 bank outlets.

We have also started collaborating with non-traditional partners, including DirectAsia, Hiscox's online property and casualty business in Singapore, and Eureka, a data management and analytics platform based in Indonesia. These mutually beneficial partnerships will enable us to reach new customers and create unique opportunities for our existing ones.

### Business outlook

We are well positioned in the traditional life insurance segment, with a market share of approximately 25 per cent<sup>8</sup>. We forecast that this market has the potential to continue growing at a double-digit rate over the next five years, due to the underlying structural drivers of demand in the region. Our presence, scale and broad product and distribution reach position us well to participate strongly in this expected growth.

We also anticipate strong growth in the medical reimbursement segment in our current markets, which we believe will more than double in the next five years due to increasing consumer demand. We have estimated that our share of the value pool in this segment is currently 9 per cent, which gives us significant scope to expand. This ambition is reflected in our strategic

priorities with recent investments, such as Babylon, transforming our offering.

Our market-leading position in retail fund management reflects our region-wide presence and strong operating credentials. This positions us well for the future growth in the market that is expected from new wealth creation and the shift we envisage from deposits to riskier investments. We believe these factors make double-digit growth viable in India, where we are market leaders, alongside other key markets such as China and Thailand, where we have taken action to strengthen our position.

### Notes

- 1 Growth rate on a constant exchange rate basis.
- 2 Excluding India.
- 3 Based on full year 2018 or the latest information available. Sources include formal (eg competitors' results release, local regulators and insurance association) and informal (industry exchange) market share data. Ranking based on new business (APE sales, weighted full year premium or full year premium depending on availability of data).
- 4 Swiss Re Institute: The health protection gap in Asia, October 2018. Average gap per household is calculated as 'total health protection gap divided by the estimated number of households hospitalised under the mentioned gap range'. Report excludes Cambodia and Laos.
- 5 Brookings Institution. Global Economy & Development Working Paper 100. February 2017. 'Asia' represents Asia Pacific.
- 6 United Nations, Department of Economics and Social Affairs, Population Division (2017). World Population Prospects: The 2017 Revision.
- 7 © 2018 Strategic Insight, an Asset International Company and when referenced or sourced Morningstar Inc., Standard & Poor's Inc., and Lipper Inc. All rights reserved. The information, data, analyses and opinions contained herein (a) include confidential and proprietary information of the aforementioned companies, (b) may not be copied or redistributed for any purpose, (c) are provided solely for information purposes, and (d) are not warranted or represented to be correct, complete, accurate, or timely.
- 8 Proprietary research/Bain Analysis (2018) covering the following markets: Hong Kong, Singapore, Indonesia, Malaysia, China, and India, using sales data provided by insurance regulators, insurance associations and industry expert surveys in these markets.





# Africa

## 2018 performance highlights

- +500,000 customers
- +4,000 agents
- 6 exclusive bank partners and 2 mobile telecommunications partners
- Access to +600 bank branches

Sub-Saharan Africa is one of the fastest-growing regions in the world, and as economies develop, people are able to start planning for financial stability<sup>1</sup>. Prudential Africa has ambitious plans to draw on the Group's experience around the world to build a market-leading insurer serving the growing long-term savings needs of customers in a range of African markets, creating thousands of high-quality jobs for employees and self-employed agents.

In 2014, we launched our first African businesses in Ghana and Kenya. In 2015, we launched in Uganda, and in 2016, we opened our fourth African business in Zambia. In 2017, we entered Nigeria, Africa's largest economy with a population of over 180 million. We acquired a majority stake in Zenith Life of Nigeria and formed exclusive bancassurance partnerships with Zenith Bank in Nigeria and Ghana. This further demonstrates our commitment to Africa, and our determination to bring the benefits of our products to customers across the region.

## Products

Products currently include educational, farewell, hospital cash plans and term life insurance policies that are primarily sold face-to-face by our agents. Several new products designed to cater for varying customer needs across our Africa businesses were launched in 2018:

- Prudential Ghana rolled out education and enhanced farewell products through their new distribution agreement with Standard Chartered Bank; and an income protection plan that is available via mobile phone distribution for the benefit of informal sector workers;
- 'Never lapse' features were rolled out in Kenya and Zambia, ensuring that, beyond the first policy year, the policy will never lapse or become inactive. This provides reassurance for customers that unforeseen circumstances that may lead them to miss premium payments will not result in the loss of benefits; and
- Prudential Zambia launched a group medical plan that allows any member

of the family to be covered by the gross amount of the policy, rather than being limited to their specified cover-age limit.

## Distribution

Prudential Africa now has more than 4,000 agents, and is working with bank partners that bring access to over 600 branches. Our alliances include a 15-year bancassurance partnership with Standard Chartered Bank, which includes an agreement to work closely in Africa to deliver best-in-class service to local customers; and long-term exclusive partnerships with Société Générale, Fidelity Bank and CAL Bank in Ghana. We have also partnered with Zenith Bank, the largest bank in Nigeria, with a network of more than 350 branches, serving over 1.6 million customers. In 2018, we signed a long-term exclusive partnership with Zambia's largest retail bank, Zanaco, offering our insurance products and services to 1.2 million customers.

### Note

<sup>1</sup> 'Life Insurance Markets in Sub-Saharan Africa: capturing the benefits for economic development' – research by the Overseas Development Institute (ODI), supported by Prudential.





# United States

## 2018 performance highlights

- New distribution relationship with State Farm
- New collaboration to offer advisory annuities on the Envestnet Insurance Exchange
- Awarded 'Contact Center World Class CX Certification' and 'Highest Customer Service for the Financial Industry' awards by The Service Quality Measurement Group, Inc.

The US is the world's largest retirement savings market with approximately 40 million Americans reaching retirement age over the next decade. For those Americans, a financially secure retirement is at risk. Americans need and demand retirement strategies that offer them the opportunity to grow and protect the value of their existing assets, and provide guaranteed income that will last throughout their extended lifetimes.

### Customers and products

Jackson provides products that offer Americans the retirement strategies they need, including variable, fixed and fixed index annuities.

- **Variable annuity** A Jackson variable annuity, with investment freedom, represents an attractive option for retirees, providing both access to equity market appreciation and guaranteed lifetime income as an add-on benefit.
- **Fixed index annuity** A Jackson fixed index annuity is a guaranteed product with limited market exposure but no direct equity ownership. It is designed

to build wealth through a combination of a base crediting rate that is generally lower than a traditional fixed annuity crediting rate, but with the potential for additional upside, based upon the performance of the linked index.

- **Fixed annuity** A Jackson fixed annuity is a guaranteed product designed to build wealth without market exposure, through a crediting rate that is likely to be superior to interest rates offered from banks or money market funds.

These products also offer tax deferral, allowing interest and earnings to grow tax-free until withdrawals are made.

Jackson has a proven track record in this market with its market-leading flagship product<sup>1</sup>, Perspective II. Jackson's success has been built on its quick-to-market product innovation, as demonstrated by Elite Access, our investment-only variable annuity, and in response to the trend in financial services toward fee-based solutions, Jackson has launched Perspective Advisory II and Elite

Access Advisory II to serve advisers and distributors with a preference for advisory products.

In March 2018, Jackson launched MarketProtector and MarketProtector Advisory, two new fixed annuities with index-linked interest. These products provide consumers with the sought-after combination of tax-deferred investment growth, protection from market risk and the flexibility to adapt to changing needs in retirement. Both products offer an add-on living benefit that allows customers to safeguard their financial futures with income for life.

In 2018, Jackson took a lead role in bringing together 24 of America's financial services organisations to launch the Alliance for Lifetime Income (Alliance). The Alliance's nationwide, multi-year, integrated educational campaign is designed to raise awareness and motivate consumers and financial advisers to discuss the need for protected lifetime income in retirement, which can be achieved with the use of annuity products such as those provided by Jackson.

## Distribution

Jackson markets its retail products primarily through advice-based distribution channels, including independent agents, independent broker-dealer firms, regional broker-dealers, wirehouses and banks. For variable annuity sales, Jackson is the leader in the independent broker-dealer, bank and wirehouse channels<sup>1</sup> and fourth in regional firms<sup>1</sup>.

Our wholesaling force is the largest<sup>2</sup> in the variable annuity industry and our wholesalers provide extensive training to thousands of advisers about the range of products and the investment strategies that are available to support their clients.

In October 2018, Jackson announced a new distribution relationship with State Farm. In the second half of 2019, authorised State Farm agents will begin offering a select group of Jackson's variable annuity and fixed index annuity products.

In February 2019, Jackson partnered with DPL Financial Partners (DPL) to provide our protected lifetime income solutions to independent registered investment advisors (RIAs). The collaboration expands Jackson's distribution footprint and provides Jackson with access to new opportunities in the independent RIA channel.

## Regulatory landscape

In 2016, the US Department of Labor (DoL) released a final version of its Fiduciary Duty Rule (Rules), which sought to eliminate conflicts of interest in investment advice. These Rules were rescinded in 2018. However, alternative proposals, such as the US Securities and Exchange Commission's (SEC) best interest standard, remain pending.

Regardless of the outcome of the SEC best interest standard, the regulatory disruption caused by the now rescinded DoL Rules has challenged the industry to review the ways in which investment advice is provided to American investors. Manufacturers will need to have the ability to provide product and system adaptations in order to support the success of various distribution partners in their delivery of retirement strategies that investors need. Because of its strong

distribution, leadership in the annuities market, best-in-class service and a low-cost efficient operation, we believe that Jackson is well positioned to take advantage of this opportunity.

In late 2018, the US National Association of Insurance Commissioners (NAIC) concluded an industry consultation with the aim of reducing the non-economic volatility in the variable annuity statutory balance sheet and enhancing risk management. The NAIC is targeting a January 2020 effective date for the new framework. The NAIC also has an ongoing review of the C-1 bond factors in the required capital calculation. We believe that Jackson is well positioned to manage the impact of these regulatory changes.

## Investment for growth

With trillions of dollars of adviser-distributed assets across distribution platforms that have not historically been a focus, such as the dually-registered investment adviser channel, we believe that a significant opportunity exists to reach even more American retirees and serve their needs with annuity products going forward. We continue to seek to understand and make the necessary adjustments to support the needs and demands of American retirees into the future.

In September 2018, Jackson announced a technology integration collaboration with Envestnet, allowing Jackson to offer its complete product suite of advisory annuities on the Envestnet Insurance Exchange. The collaboration brings together a leading provider of annuities in the US with the leading provider of intelligent systems for wealth management and financial wellness. Jackson is working with Envestnet to make annuities easier to work with inside of a client's portfolio. Advisers will be able to create more value for their clients by holistically considering longevity risk, sequence of returns risk, market risk and mortality risk within the Envestnet wealth management platform.

The acquisition of John Hancock's group payout annuity business in late 2018 represents a reaffirmation of Jackson's growth bolt-on strategy and continuing commitment to deploy capital at attractive return levels. This transaction further

diversifies Jackson's risk portfolio and revenue sources in relation to both general and separate account businesses.

With the ever-changing regulatory environment described earlier, Jackson has made and continues to consider changes to its product offerings, entered into new selling agreements with advisory providers, and is working with its distributors to support implementation of the anticipated SEC best interest standard.

Jackson's competitive strengths are even more critical during periods of disruption. Our best-in-class distribution team, our agility and success in launching well designed products, the continued success of our risk management and hedge programmes through many economic cycles, and our effective technology platforms and award-winning customer service will provide Americans with the retirement strategies they so desperately need.

## Notes

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www.AnnuityIntel.com Total Sales by Contract 3Q YTD 2018. Jackson's Perspective II for base states ranks #1 out of 973 VA contracts with reported sales to Morningstar's quarterly sales survey as of 3Q YTD 2018. Total sales by company and channel 3Q YTD 2018. Jackson ranks #1 out of 25 companies in the Independent NASD channel, #1 out of 20 companies in the Bank channel, #1 out of 16 companies in the Wirehouse channel, and #4 out of 19 companies in the Regional Firms channel.

2 Independent research and Market Metrics, a Strategic Insight Business. US Advisor Metrics 2018, as of 30 September 2018.



# M&GPrudential

## 2018 performance highlights

- Total M&GPrudential operating profit up 19 per cent to £1.6 billion, including the effect of updated longevity assumptions
- Total assets under management of £321 billion<sup>1</sup>, including a rise in PruFund assets to £43 billion from £36 billion last year
- Major transformation programme already showing improvements in digital service for customers
- Luxembourg SICAV fund range launched with £21 billion assets under management

M&GPrudential is the UK and Europe savings and investments business of Prudential plc. It was formed in 2017 through the merger of Prudential's UK and Europe insurance operations with M&G Investments, Prudential's international asset manager.

In March 2018, the Board of Prudential plc announced its intention to demerge M&GPrudential. This will enable our leadership team to focus solely on what is important to our customers, give us direct control over our own capital and enable us to pursue growth opportunities without competing for resources with other Prudential plc businesses.

### Understanding our markets

M&GPrudential serves the world's largest savings and investments markets, with a focus on UK and Europe. Across the region, as support from the state diminishes and employers gradually retreat from guaranteed retirement provisions, more and more people need to make their own preparations for retirement and other life goals.

Customers in our markets demand easy access to savings and investment solutions, as well as guidance and advice from trusted providers. In addition, low rates of return on bank cash deposits are fuelling demand for effective solutions, whether clients are saving for retirement, building a lump sum or protecting their wealth from inflation.

In the institutional market, clients are increasingly seeking bespoke solutions from asset managers with diversified investment capabilities and global reach. The combination of M&GPrudential's expertise in private assets, which are much in demand in this sector, and our growing international network of offices means we are well placed to serve these clients.

### Customers

We serve a wide range of customers, who share the desire for professional help to build and protect their savings with confidence. Our approach is to offer a broad range of products and services, in a variety of formats, through multiple

distribution channels – all backed by the same in-house investment expertise and capability.

Our customers fall into five broad categories:

- UK retail advised customers who are saving for retirement or who want to draw down on their accumulated savings. They typically invest in our market-leading PruFund, which offers smoothed, long-term returns adjusted for different risk tolerances;
- UK retail advised and direct customers who invest for the long term through our range of M&G-branded mutual funds. This group includes about 160,000 customers who invest directly with our fund management business;
- Customers of our traditional insurance business in the UK. These six million customers typically hold a Prudential annuity, which pays an income for life, or an insurance-wrapped savings bond;

- Wholesale clients in Europe and Asia, including retail banks, private banks, wealth managers, independent advisers and fund platforms. We manage £38 billion on behalf of these clients' own customers; and
- Pension funds and other institutional clients, who invest on behalf of their scheme members. We have nearly 900 such relationships, including 70 per cent of the UK's largest pension schemes<sup>2</sup>.

In November, we made M&G's range of mutual funds available for the first time on the Prudential adviser platform and in January, we launched PruFolio, a new range of passive, active and smoothed return funds.

For customers of our traditional insurance business, our modernisation programme is improving service levels. Deployment of new digital technology has reduced the time it takes to process a redemption from a Prudential savings bond; and customers can now register for our MyPru online service in minutes.

During 2018, we transferred £21 billion of our key European fund offerings into new Luxembourg-based SICAVs. This positions us well to minimise any potential disruption for our European clients from the UK's withdrawal from the European Union, while also creating a more flexible and robust platform for international growth.

### Our investment solutions

The core engine of our business is a long-standing collaboration between our fund managers and the strategic asset allocators who oversee the investment of the Prudential life funds. This enables us to diversify our investment capabilities and to innovate by developing high-quality products for all customers.

Our investment capabilities span the traditional public markets, from cash through fixed income and on to international equities. We also have a large range of private asset capabilities, with £59 billion of assets under management, covering real estate, private debt, corporate loans and infrastructure investments such as broadband and solar energy.

This breadth of our investment capability underpins many of our customer offerings. It reinforces the reliability of the returns from our £131 billion With-Profits Fund, which is one of Europe's largest multi-asset portfolios for retail savers<sup>3</sup>.

The With-Profits Fund has produced a cumulative gross return of 129.5 per cent over 10 years<sup>4</sup> before tax and charges, compared with a 121.4 per cent return from the FTSE 100 index over the same period, not allowing for any management fees. A key component of this performance is PruFund, which was launched over 10 years ago and has since become the fastest-growing savings and investment proposition across the Prudential Group.

PruFund offers individuals different rates of smoothed return aligned with their tolerance for risk. In 2019, we aim to enhance advisers' access to PruFund by significantly upgrading our digital services across a range of tax wrappers. Today, assets under management in PruFund top £43 billion, after attracting £8.5 billion of net inflows during 2018.

The With-Profits Fund has acted as an incubator for other products, including a range of investment strategies based on private asset investments such as real estate, infrastructure assets and private debt, and marketed to clients seeking this type of exposure.

During 2018, we continued to expand our range of mutual funds for retail investors. These included the innovative M&G Positive Impact Fund, which widens access to impact investing for retail customers who want to invest in companies that aim to have a positive impact on society, and the M&G Sustainable Allocation Fund, a multi-asset fund incorporating environmental, social and governance factors. We also launched an investment trust, M&G Credit Income Investment Trust, which for the first time allows UK retail investors to put their money into a combined portfolio of public and private debt; and the M&G Impact Financing Fund, which was awarded Best New Entrant (Fund) at the Sustainable and ESG Investment Awards 2018.

### Distribution

At M&GPrudential, we have two outstanding complementary brands, which share a common philosophy of aiming to deliver excellent long-term customer outcomes.

Currently, we choose to serve our customers' needs through our many business-to-business relationships, including thousands of independent financial advisers, most of the high-street banks, wealth managers, institutional investment managers and pension funds. Two years ago, we established an adviser platform in the UK to give the market better access to PruFund, and we have diversified the range of products on the platform to include M&G mutual funds. In 2018, it was among the fastest growing platforms in the UK, reaching £13.3 billion of assets under administration.

Outside the UK, we distribute our investment products with the support of our financial advisers, independent asset managers, insurers and some of the world's largest banks. Our international distribution network spans 29 markets, with offices recently opened in Australia and the US. Our new Luxembourg investment platform enables us to distribute our mutual funds more efficiently in Europe and beyond by offering our investment strategies in the SICAV format favoured by many of our clients.

Our business modernisation programme is well advanced and already showing service benefits for customers. Each day, we move closer to our model of a simpler, lower-cost, digital organisation.

M&GPrudential remains on track to deliver the announced annual shareholder cost savings of circa £145 million by 2022 for a shareholder investment of circa £250 million.

### Notes

- <sup>1</sup> Represents M&GPrudential asset management external funds under management and internal funds included on the M&GPrudential long-term insurance business balance sheet.
- <sup>2</sup> Based on the UK's Top 50 Pension Schemes by size, S&P Money Market Directory, June 2018.
- <sup>3</sup> M&GPrudential analysis comparing our largest with-profits fund with other European mixed asset funds with data from Financial Express.
- <sup>4</sup> Performance data for Prudential with-profits fund excludes hypothesized asset pools of Optimum Bonus fund and Risk-Managed PruFunds. Returns are shown before charges.





# Our communities

## 2018 highlights

- £27.3 million total community investment
- 117,491 hours volunteered by employees across the Prudential Group
- £479,633 donated by employees through payroll giving across the Group

We want to create a positive legacy from all our business activities. We aim to provide value to our customers through the products we deliver and to our shareholders through our positive financial performance. At the same time we recognise the importance of providing benefits to all our stakeholders, whether through our community investment programmes, our environmental impact, our engagement and talent development with our colleagues or our approach to responsible investment.

Our community investment strategy is closely aligned with our business purpose and with our stakeholders' concerns and interests, focusing on four principal themes:

- Social inclusion;
- Education and life skills;
- Disaster preparedness; and
- Employee engagement.

We establish long-term relationships with our charity partners to ensure that the projects we support are sustainable, and we work closely with them to ensure that our programmes continuously improve.

## Social inclusion

### Commitment to social inclusion in the UK through Prudential RideLondon

Prudential RideLondon is a mass-participation and charity fundraising event. In 2018, it raised more than £13 million for charity, setting a European record for a cycling event and beating the previous year's record of £12.75 million. There was also a sharp rise in the number of participants riding for charity at 55 per cent (2017: 44 per cent); and more than 900 charities benefited from the event.

Prudential has sponsored Prudential RideLondon since its inception in 2013. Our community engagement partnership, PruGOals, helps young people to achieve their goals regardless of social or economic background by providing aspirational challenges, culminating in riding the Prudential RideLondon-Surrey 46. In 2018, PruGOals supported 420 16 to 18 year-olds from 41 schools across the UK to improve their self-esteem, aspiration and educational outcomes. Post-event evaluation from the charity Teach First revealed that students' 'resilience' and 'determination' rose by a third after completing the programme.

## Enhancing later life

M&G Prudential partnered with Royal Voluntary Service (RVS) in 2018 to deliver the First Time for Everything programme, which aims to tackle loneliness and social isolation by encouraging 2,700 older people across the UK to stay active, engaged and connected to their communities. M&G Prudential also launched the 'Bring People Together' campaign with RVS, which seeks to encourage and empower more people to volunteer, particularly those aged 50 to 65. The campaign aims to inspire people to start their own activities or clubs for older people with the backing of RVS. From social activities and hobby classes to running a lunch club or providing companionship to older people in their homes, we want to encourage pre-retirees to put their talents and life experience to valuable use by becoming volunteer coordinators. The programme aims to support the creation of 150 new groups and recruit 500 volunteer coordinators to lead them.

Prudential has also continued to fund the Later Life Links programme with Age UK, providing long-term companionship,



advice and practical help to older people. Running in six UK communities, the programme supported over 4,900 older people in 2018 through telephone and face-to-face support.

### **Apprenticeships in the UK**

Youth unemployment remains a growing problem in the UK, and M&G Prudential continues to help to shape future job prospects for young people. M&G Prudential's asset management and insurance businesses have run successful apprenticeship programmes for the last seven years, gaining recognition and awards for the success of the schemes. Over 300 apprentices have been through both programmes and over two-thirds of those who completed the programme secured ongoing employment with the business. In 2018, 15 Prudential UK apprentices joined the programmes, with an increased emphasis on recruitment from diverse backgrounds. All Prudential UK apprentices are on fixed-term contracts, with the exception of two graduate apprentices who are on permanent contracts. All M&G apprentices are offered permanent positions from the outset and UCAS points have been removed from graduate/internship applications to try and reach those from a low socio-economic background who may not have excelled at school but have done so at university.

CVs have also been removed from the face-to-face interview stage, so that assessors are able to assess purely on potential, rather than being influenced by a candidate's background or experience.

### **Support for disadvantaged communities**

M&G Prudential continues to support disadvantaged communities near our offices, and during 2018 over 200 charities received support through donations or employee volunteering. Areas which received support include education, arts and heritage, children and youth, the environment, medical research and social and welfare matters.

M&G Prudential also continued its support of City Giving Week with an on-site event that showcased several charities that have received support and highlighted the services they provide. The Lord Mayor of the City of London attended M&G's event as part of his initiative to promote the varied charitable activities undertaken by City businesses.

M&G Prudential continues to use its sponsorship of the RHS Chelsea Flower Show to support social issues through RHS outreach programmes including Greening Grey Britain, It's Your Neighbourhood and the RHS Campaign for School Gardening across the UK.

### **Education and life skills**

#### **Cha-Ching – the first global financial education programme**

Developed by Prudential to address financial illiteracy, Cha-Ching is a global financial responsibility and education platform. Now in its eighth year, the programme is aimed at primary school-age children and has expanded from its origins in Asia to each of the four continents where the Group does business. In all the markets where it has been launched it has been very positively received, with strong feedback from parents, teachers, children and political stakeholders.

#### **First Read – investing in early childhood development**

Prudence Foundation has funded and supported the First Read programme since 2013, partnering with Save the Children to focus on investing in early childhood care and development in Cambodia and the Philippines. First Read helps parents to develop their children's numeracy and literacy skills by providing books in the local language or dialect, and encouraging them to read, sing and count together. It also helps parents understand the importance of healthy and nutritious food for children's development. Since 2013, more than 300,000 children aged up to six and their parents have benefited through this home-based early childhood development

## **Safe Steps**

Safe Steps is a pan-Asian public service initiative to enhance awareness of educational survival tips for natural disasters, road safety and first aid. The programme was created and developed by Prudence Foundation in partnership with National Geographic and the International Federation of Red Cross and Red Crescent Societies. Prudence Foundation and Prudential Singapore embarked on a new partnership with the Singapore Red Cross Society in 2018, with a mass community first aid training programme aimed at younger people.



## Our communities continued

programme, while over 700,000 people have also benefited indirectly through shared knowledge and resources.

### **Jackson Charitable Foundation teams up with Ramsey Education**

In 2018, Jackson Charitable Foundation sponsored Ramsey Education's Foundations in Personal Finance curriculum in 250 high schools across the USA, giving more than 20,000 high school students access to a financial education programme. More than three million students have benefited from Foundations in Personal Finance in middle schools, high schools and universities nationwide. Foundations in Personal Finance can be used as a primary resource to fulfil requirements in mathematics, economics, family consumer science, business mathematics and personal finance. Educators who use the programme see their students build confidence, security and hope. They share stories of students going to college debt-free, paying cash for their first car, and helping their parents learn about the importance of an emergency fund.

### **Supporting young people with employability and financial skills**

M&G Prudential is a partner member of the KickStart Money primary financial education programme. The programme

aims to reach 20,000 primary school children in the UK, and focuses on saving, budgeting, careers, borrowing and consumer and public finance. Through three secondary school partnerships, M&G Prudential has also been directly involved in building the knowledge and skills of young people. These partnerships have supported over 4,100 young people since 2013, with 370 employees giving their time and sharing their knowledge and skills.

### **Secondary school scholarships across Africa**

In Prudential's markets in Africa we have committed to provide support for academically able but financially disadvantaged high school students, and to help build capacity for training in actuarial sciences at local universities. Prudential has worked with several charities operating in Ghana, Kenya, Uganda and Zambia to deliver the Prudential Scholarship Programme with the aim of improving quality and access to education for all, and ensuring that those marginalised by society can receive education, skills and support towards employability. The Prudential Scholarship Programme has supported more than 7,000 high school students to complete their secondary education over either four or five years of high school. This has included financial bursaries to cover the cost of school fees, boarding

fees, uniforms and books. There has also been a programme to upgrade facilities at three schools in Uganda, in order to increase attendance.

### **Disaster preparedness Helping to make Asia more prepared and safer**

Safe Steps is a pan-Asian public service initiative that enhances awareness through the dissemination of educational survival tips for natural disasters, road safety and first aid. The programme was created and developed by Prudence Foundation in partnership with National Geographic and the International Federation of Red Cross and Red Crescent Societies. It is a multi-platform programme including on-air video messages and informative website and educational collateral that can be shared among communities. Safe Steps also uses one-minute videos to provide messages on natural disasters, road safety and first aid.

The Safe Steps programme reaches an estimated 250 million people every day across Asia, through partnerships with government, humanitarian and private sector organisations. In 2018, new partnerships were formed in Cambodia, Hong Kong, the Philippines, Singapore and Vietnam. Prudence Foundation and Prudential Singapore embarked on a new partnership with the Singapore Red Cross

## PruGOals

As part of our nationwide commitment to social inclusion in the UK, Prudential has developed the PruGOals programme in partnership with our four charity partners: Teach First, Transformation Trust, Greenhouse Sports and the Dame Kelly Holmes Trust.

PruGOals aims to empower young people to achieve their goals, focusing on building confidence, raising aspirations and increasing self-esteem. The core programme takes the riders on a journey of commitment, endurance, training and fitness, and culminates in taking on the Prudential RideLondon-Surrey 46.



## Cha-Ching financial literacy programme

Prudential colleagues collaborated with Junior Achievement Kenya to provide financial literacy skills to children aged seven to 11 years using Cha-Ching education materials.

Volunteers acted as student mentors and shared their experiences of dealing with money, using the Cha-Ching concepts of Earn, Save, Spend and Donate. The programme culminated in a graduation ceremony, which provided a platform for pupils from different schools to come together and test their knowledge through a series of fun and engaging financial literacy games and challenges.



Society, focusing on a mass community first aid training programme aimed at younger people.

Prudence Foundation also supports the Safe Schools programme, which focuses on capacity-building for students, teachers and local community members on disaster preparedness, partnering with Plan International and Save the Children in Cambodia, Indonesia, the Philippines, Thailand and Vietnam. Since 2013, more than 85,000 students and 40,000 adults have participated.

During 2018, Prudence Foundation formed a partnership with Habitat for Humanity to implement a regional volunteering programme that supports communities in need, complementing the disaster recovery volunteer support we provide. In April 2018, over 70 volunteers from across the region spent one week in Yogyakarta, Indonesia, helping to build homes and an early childhood development centre. In November 2018, the Foundation led more than 80 regional volunteers to Siem Reap in Cambodia to build houses and support the refurbishment of a primary school. During

2018 the Foundation also provided support to help with relief and recovery efforts in Taiwan, following the Hualien earthquake; and Laos, following flooding. In 2019, we will also be supporting longer-term recovery in Lombok and Sulawesi, Indonesia, both of which were severely affected by natural disasters in 2018.

### Emergency fund relief

Prudential has been a Group-level supporter of Save the Children since 2010 and is one of the Children's Emergency Fund's major supporters. This allows us to act swiftly when disasters occur in any of our markets and provides an instant, effective fundraising mechanism for employees when needed. In 2018, the Fund was used 93 times across 35 countries, and helped to provide over 2.1 million people affected by emergencies with life-saving support.

### Employee volunteering Successful volunteering programme – Chairman's Challenge

Chairman's Challenge is our flagship international volunteering programme,

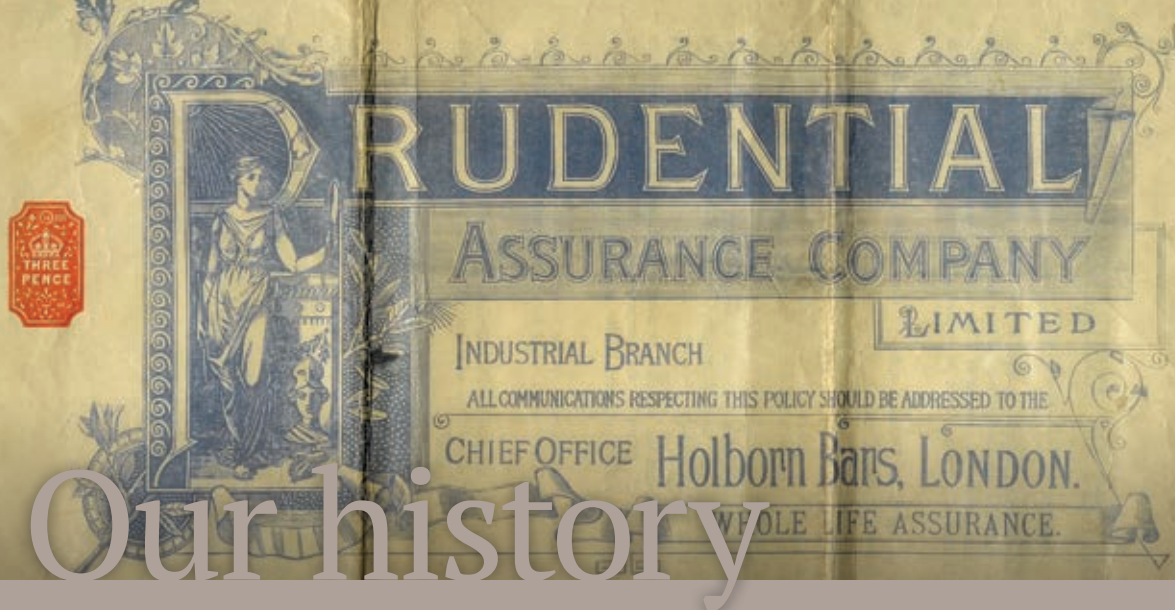
bringing together people from across the Group to help in their communities. Colleagues from across the Group give their time and skills to support our global charity partners, including Plan International, Help Age International and Junior Achievement.

The programme continues to appeal to colleagues, with the number of volunteers signing up increasing year-on-year. Last year, 9,054 colleagues from around the world took part, volunteering over 49,000 hours to support 33 projects.

### Volunteering across the Group

As well as volunteering efforts on behalf of the Chairman's Challenge, employees around the Group volunteered on a huge range of other charitable projects, from providing relief following disasters to mentoring schoolchildren, supporting the elderly and skills-sharing. We recognise that employee volunteering brings benefit not only to the charities but also to the development of our people, and we actively encourage colleagues to participate in our programmes.





## Providing financial security since 1848

Successive generations have looked to Prudential to safeguard their financial security – from industrial workers and their families in Victorian Britain to over 26 million customers worldwide today. Our financial strength, heritage, prudence and focus on our customers' long-term needs ensure that people continue to turn to our trusted brands to help them plan for today and tomorrow.

**1848** Prudential is established as Prudential Mutual Assurance, Investment and Loan Association in Hatton Garden, London, offering loans and life assurance to professional people.

**1854** Prudential opens the Industrial Department to sell a new type of insurance, Industrial Insurance, to the working classes, for premiums of a penny and upwards.

**1871** The Company becomes one of the first in the City to employ women. Calculating machines are also introduced, bringing efficiencies to the processing of an increasing volume of business.

**1879** Prudential moves into Holborn Bars, a purpose-built office complex designed by Alfred Waterhouse. The building becomes a London landmark, and remains part of Prudential's property portfolio to this day.

**1912** Following the National Insurance Act, Prudential works with the government to run Approved Societies, providing sickness and unemployment benefits to five million people.

**1923** Prudential's first overseas life branch is established in India, with the first policy being sold to a tea planter in Assam.

**1924** Prudential shares are floated on the London Stock Exchange.

**1949** The 'Man from the Pru' advertising campaign is launched.

**1986** Prudential acquires Jackson National Life Insurance in the United States.

**1994** Prudential Corporation Asia is formed in Hong Kong as a regional head office to expand operations beyond an existing presence in Malaysia, Singapore and Hong Kong.

**1999** Prudential acquires M&G, pioneer of unit trusts in the UK and a leading provider of investment products.

**2000** Prudential plc is listed on the New York Stock Exchange. Prudential becomes the first UK life insurer to enter the Mainland China market through its joint venture with CITIC Group.

**2010** Prudential plc is listed on stock exchanges in Hong Kong and Singapore.

**2014** Prudential acquires businesses in Ghana and Kenya, marking its entry into the fast-growing African life insurance industry.

**2017** M&G and Prudential UK & Europe combine to form M&GPrudential, a leading savings and investments business ideally positioned to target growing customer demand for comprehensive financial solutions.

**2018** Prudential plc announces its intention to demerge its UK and Europe business, M&GPrudential, resulting in two separately listed companies, with different investment characteristics and opportunities.

# How to contact us

## Prudential plc

1 Angel Court, London EC2R 7AG

[www.prudential.co.uk](http://www.prudential.co.uk)

Tel +44 (0)20 7220 7588

## Media enquiries

Tel +44 (0)20 3977 9760

Email: [media.relations@prudential.co.uk](mailto:media.relations@prudential.co.uk)

## Business units

### M&GPrudential

10 Fenchurch Avenue

London

EC3M 5AG

[www.pru.co.uk](http://www.pru.co.uk)

Tel +44 (0)800 000 000

[www.mandg.co.uk](http://www.mandg.co.uk)

Tel +44 (0)800 328 3192

### Prudential Corporation Asia

13th Floor

One International Finance Centre

1 Harbour View Street

Central

Hong Kong

[www.prudentialcorporation-asia.com](http://www.prudentialcorporation-asia.com)

Tel +852 2918 6300

### Jackson Holdings LLC

1 Corporate Way

Lansing

Michigan 48951

USA

[www.jackson.com](http://www.jackson.com)

Tel +1 517 381 5500

## Shareholder contacts

Tel +44 (0)20 7548 3300

Email [investor.relations@prudential.co.uk](mailto:investor.relations@prudential.co.uk)



### UK Register private shareholder enquiries

Tel 0371 384 2035

### International shareholders

Tel +44 (0)121 415 7026



### Irish Branch Register private shareholder enquiries

Tel +353 1 553 0050



### Hong Kong Branch Register private shareholder enquiries

Tel +852 2862 8555



### US American Depositary Receipts holder enquiries

Tel +1 651 453 2128



### The Central Depository (Pte) Limited shareholder enquiries

Tel +65 6535 7511

All content correct at 31 December 2018. For full information on our performance, see the Prudential plc Annual Report 2018 at <http://2018ar.prudentialreports.com/src/index.html>

## Forward-looking statements

This document may contain 'forward-looking statements' with respect to certain of Prudential's plans and its goals and expectations relating to its future financial condition, performance, results, strategy and objectives. Statements that are not historical facts, including statements about Prudential's beliefs and expectations and including, without limitation, statements containing the words 'may', 'will', 'should', 'continue', 'aims', 'estimates', 'projects', 'believes', 'intends', 'expects', 'plans', 'seeks' and 'anticipates', and words of similar meaning, are forward-looking statements. These statements are based on plans, estimates and projections as at the time they are made, and therefore undue reliance should not be placed on them. By their nature, all forward-looking statements involve risk and uncertainty. A number of important factors could cause Prudential's actual future financial condition or performance or other indicated results to differ materially from those indicated in any forward-looking statement. Such factors include, but are not limited to, the timing, costs and successful implementation of the demerger of the M&GPrudential business; the future trading value of the shares of Prudential plc and the trading value and liquidity of the shares of the to-be-listed M&GPrudential business following such demerger; future market conditions, including fluctuations in interest rates and exchange rates, the potential for a sustained low-interest rate environment, and the performance of financial markets generally; the policies and actions of regulatory authorities, including, for example, new government initiatives; the political, legal and economic effects of the UK's decision to leave the European Union; the impact of continuing designation as a Global Systemically Important Insurer or 'G-SII'; the impact of competition, economic uncertainty, inflation and deflation; the effect on Prudential's business and results from, in particular, mortality and morbidity trends, lapse rates and policy renewal rates; the timing, impact and other uncertainties of future acquisitions or combinations within relevant industries; the impact of internal projects and other strategic actions failing to meet their objectives; disruption to the availability, confidentiality or integrity of Prudential's IT systems (or those of its suppliers); the impact of changes in capital, solvency standards, accounting standards or relevant regulatory frameworks, and tax and other legislation and regulations in the jurisdictions in which Prudential and its affiliates operate; and the impact of legal and regulatory actions, investigations and disputes. These and other important factors may, for example, result in changes to assumptions used for determining results of operations or re-estimations of reserves for future policy benefits. Further discussion of these and other important factors that could cause Prudential's actual future financial condition or performance or other indicated results to differ, possibly materially, from those anticipated in Prudential's forward-looking statements can be found under the 'Risk factors' heading in the annual report and the 'Risk factors' heading of Prudential's most recent annual report on Form 20-F filed with the US Securities and Exchange Commission. Prudential's most recent annual report and Form 20-F are available on its website at [www.prudential.co.uk](http://www.prudential.co.uk)

Any forward-looking statements contained in this document speak only as of the date on which they are made. Prudential expressly disclaims any obligation to update any of the forward-looking statements contained in this document or any other forward-looking statements it may make, whether as a result of further events, new information or otherwise except as required pursuant to the UK Prospectus Rules, the UK Listing Rules, the UK Disclosure and Transparency Rules, the Hong Kong Listing Rules, the SGX-ST listing rules or other applicable laws and regulations.



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