

T&IO Investment Process

Sustainable returns



Risk Management

- 3 line of defence model
- Embedded at all stages of the investment process
- All portfolios formally stress tested quarterly
- Credit risk, market risk, liquidity risk, investment risk, regulatory risk and performance



Strategic Asset Allocation

- Over £170bn AUM*
- Core to the investment approach
- In-house modelling and capital market assumptions
- Forward looking – diversification is key



Portfolio Management

- The centre of all investment activity
- Allocation of investments in line with strategic asset allocation strategy
- Daily portfolio monitoring
- Ensure all ongoing portfolio changes are implemented efficiently



Manager Oversight

- Robust selection/oversight process
- PruFund mandate design can enhance returns
- Key source of market views from underlying managers
- Ability to seed new investment strategies



Tactical Asset Allocation

- Reflect shorter term views in portfolios
- Portfolio managers responsible within collectives**
- M&G macro team responsible for TAA in PruFunds***
- Framework in place across all multi asset portfolios

* T&IO Assets under management as at 30 June 2020. ** M&G Investment Management Ltd are the investment managers for the LF Prudential Risk Managed Active and Risk Managed Passive Funds They make the relevant adjustments to the portfolios based on T&IO recommendations. *** The M&G Macro Investment Business runs the tactical asset allocation for the PruFund range of funds.

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