

Prudential Northern Trust Fixed Income fund (series 3)



Fund description

The manager of this fund is responsible for seeking the best allocation between government issues and corporate bonds. The manager is selected, monitored and replaced or supplemented as necessary, by Northern Trust. The fund is designed to remain duration neutral. The benchmark is a composite index: 50/50 Merrill Lynch Sterling Non-Gilts Index: FTSE UK Govt. All Stocks Index.

Fund breakdown

The fund breakdown is not available due to the funds closure.

Maturity profile

The maturity profile is not available due to the funds closure.

Key facts

Underlying fund launch date	01/10/2002
Portfolio Manager	Underlying managers
Benchmark	50/50 Merrill Lynch Sterling Non-Gilts Index: FTSE UK Govt. All Stocks Index
Investment Style	Manager of managers
Sedol code (series 3)	3373312
Performance Objective	+0.75% per annum over rolling 3 year periods

Commentary

In March of 2009, Northern Trust announced the closing of the Northern Trust UK Aggregate Fixed Income Fund. During the second quarter, the Fund was in wind-down. The liquidation strategy focused on the following objectives:

- › Fair treatment of all clients
- › Maintain maximum asset class exposure for investors
- › Minimize expense to wind-down
- › Maintain style neutrality of the Fund
- › Work with clients to efficiently exit the Fund in a manner that was consistent with the prior objectives.

Given the state of the fixed income market, we worked closely with Aegon, the manager on this Fund, to facilitate the liquidation. In early June, Aegon was instructed to take steps to increase the liquidity of the portfolio by seeking attractive selling opportunities for the corporate bonds in the portfolio. By taking a phased approach to the liquidation, we allowed Aegon to maximize the value of the bonds rather than be a forced seller at the time of Fund closure. At the point of final liquidation, the Fund was invested 100% in highly liquid government and investment grade corporate bonds. Aegon was then directed to liquidate all assets on June 22, 2009 and the NTMF UK Aggregate Fixed Income Fund was closed.

The decision to close the Fund was difficult and we appreciate the efforts by all of our clients to work with us during this transition.

Performance

Past performance of the fund over each of the last 5 years to the quarter end. *Performance is to 14 May 2009.

	30/06/08 to 14/05/09*	30/06/07 to 30/06/08	30/06/06 to 30/06/07	30/06/05 to 30/06/06	30/06/04 to 30/06/05
Fixed Income fund series 3	3.2	0.6	-0.2	2.1	13.5

Past performance of the fund to 14 May 2009.

	Quarter	1 Year*	3 Years*	5 Years*
Fixed Income fund series 3	1.3	3.2	1.2	3.7

Source: Prudential and Northern Trust. *annualised

Based on percentage change in unit price. It is important to remember that past performance is not a reliable indicator of future performance. The value of your investment may go down as well as up and the fund value at retirement may be less than the payments you have made.

Prudential Northern Trust Fixed Income fund (series 3)

Prudential risk rating

Lower

What type of funds are in this risk category?

These funds may invest in fixed interest securities including gilts, index-linked and an element of corporate bonds. These types of investment are generally recognised as lower risk

What is the risk rating?

- › This risk rating reflects the expected short-term volatility in the fund's value.
- › Risk ratings have been developed by Prudential for this fund. They should not be viewed as generic descriptions across the fund management industry. The ratings are reviewed periodically and may change in the future.
- › There are a variety of investment risks facing a scheme member during pension scheme membership including inflation, changing annuity costs and volatility in fund values. The importance of each type of risk will vary from person to person and from time to time.
- › You should discuss the investment risks and the appropriateness of this risk rating with an investment professional.

Important information

Who manages the funds?

All of the series 3 funds are Prudential funds.

Prudential Assurance Company Limited through Prudential Pensions Limited purchases units in managed funds run by Northern Trust Global Advisers Ltd. Northern Trust Global Advisers Ltd is part of Northern Trust Corporation in Chicago.

How are the fund prices calculated?

The Series 3 funds operate on a single swinging price basis. The pricing basis on which units in the fund are transacted is dependent upon the cash flow into/out of the fund. This is also the price that is published.

What is the dealing cycle?

The Pensions Series 3 fund range is forward priced which means that the unit price is set after money is invested.

Funds managed by Northern Trust have a dealing cycle of T+1. This means that money received on day T buys units at the valuation date price applicable at close of business 1 day later.

Who is this factsheet for and what does it do?

This factsheet is intended for the trustees, sponsors, advisers and members of occupational pension schemes using Prudential group pension contracts and Prudential grouped personal pensions and Stakeholder pension contracts. Its purpose is to shed some light on how investment markets and funds have performed over the period and is provided for information only. If you are not familiar with any of the investment terminology included on this factsheet, then please contact an adviser.

Can I get advice?

This factsheet should not be considered as a financial promotion and any changes to investment arrangements should be discussed with an adviser. It is not our intention to give an indication of how any particular funds will perform in the future. The commentary in this factsheet reflects the general views of the individual fund manager and should not be taken as a recommendation or advice as to how a specific market or fund is likely to perform.

How are the performance figures calculated?

Performance is measured on an offer price to offer price basis.

For the purposes of comparison with the benchmark we have used unit prices with the closest valuation point to that of the benchmark, taking into consideration the relevant dealing cycle.

To obtain current unit price and performance information for all funds in the Prudential Fund range, simply log on to www.pru.co.uk/fundprices and choose "Pension Funds" and then select Group Pensions (series 3).

Are all of the funds available to me?

Not all of the funds are available for every DC product.

If you are in any doubt as to which funds you are invested in, please contact your pensions department (for scheme members), usual Prudential contact (for trustees and advisers) or refer to the "Key Features Appendix" for the scheme.

Other important information

Exchange Rate Risk – exchange rate fluctuations may cause the Sterling values of overseas investments to rise or fall.

Retirement has more potential with

PRUDENTIAL

