

Prudential UBS UK Select Equity fund (series 3)



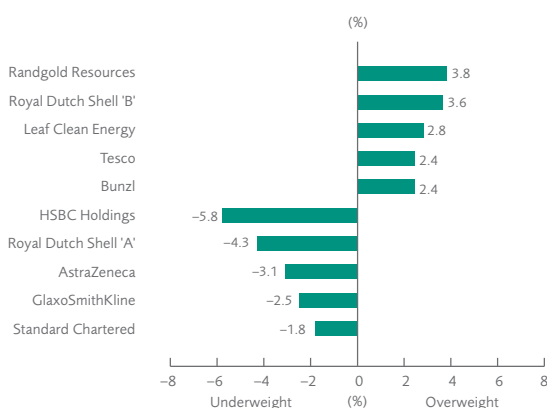
Fund description

The fund is actively managed and aims to achieve long-term capital growth through a diversified portfolio (approximately 70 stocks) invested primarily in UK listed equities.

Key facts

Underlying fund size	£48.4m
Number of holdings	62
Underlying fund launch date	01/07/2002
Portfolio Manager	Matthew Cox
Benchmark	FTSE All-Share Index
Investment Style	Active/Price: Intrinsic value
Sedol code (series 3)	3420070
Performance Objective	Long term capital growth through active management

Top 5 over and underweight positions



Commentary

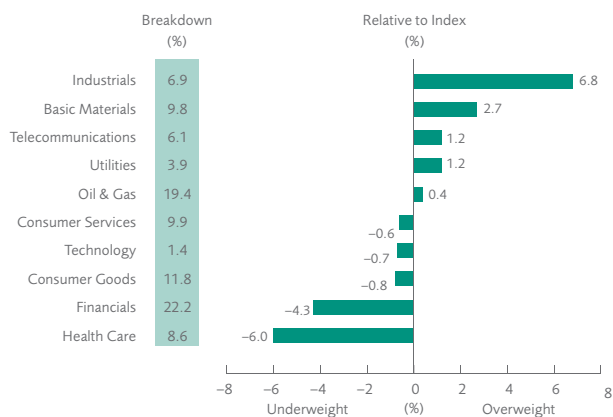
The UK Equity market fell by over 3% during June, taking the shine off an otherwise strong quarter during which the FTSE-All-share Index returned 10.9%.

Since the UK market bottomed in early March, the index has risen over 20%, reflecting a recovery of investor confidence and early signs that the global economy may be stabilising. The largest contributor to relative performance over the quarter was the Fund's stock selection and end underweight holding in Royal Dutch Shell. Other contributors to performance include overweight holdings in Eros International and Debenhams.

The largest detractor to performance during the quarter was the Fund's overweight holding in Mouchel Group, the consulting and business services group. The second largest detractor was the Fund's stock selection and end underweight holding in HSBC. The stock rose by more than 28% over the quarter, as investors were attracted to improved sentiment within the Financials sector. Other detractors to performance include an underweight holding in Barclays and an overweight holding in Leaf Clean Energy.

Despite a rally of more than 20% since early March, we believe UK equities still offer good value on a long term basis. We have therefore maintained a 'pro-market' stance favouring companies likely to outperform in a rising market. The world economy continues to face significant challenges, so we have retained a good balance between resilience and sensitivity to better times.

Sector position vs benchmark



The asset mix is likely to vary in future.
Source: UBS
All figures are as at 30 June 2009, unless otherwise stated

Performance

Past performance of the fund over each of the last 5 years to the end of June.

	30/06/08 – 30/06/09	30/06/07 – 30/06/08	30/06/06 – 30/06/07	30/06/05 – 30/06/06	30/06/04 – 30/06/05
UK Select Equity fund series 3	-22.2	-20.1	22.3	13.5	17.7
Benchmark	-20.5	-13.0	18.4	19.7	18.8

Past performance of the fund to 30 June 2009.

	Quarter	1 Year*	3 Years*	5 Years*
UK Select Equity fund series 3	8.9	-22.2	-8.7	0.3
Benchmark	10.9	-20.5	-6.5	3.1

Source: UBS and Prudential. *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 UBS UK Select Equity fund (series 3)

Prudential risk rating

Higher

What type of funds are in this risk category?

These are specialist equity funds that focus on set geographical regions or a particular type of share e.g. shares of smaller companies or those that conform to certain criteria.

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 purchased units in retail funds managed by UBS Global Asset Management Funds Limited. UBS Global Asset Management Funds Limited is a subsidiary of UBS AG.

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 UBS 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

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