



Understanding Fund Factsheets

We put updated factsheets on your website that provide information about the pension investments that you have with us. We have designed these factsheets to give you the information to keep you up to date with what your money is invested in and how well those investments are doing. We aim to make the details on the factsheets as clear and simple to understand as possible, and have provided this guide to make sure that you get the most from them.

Prudential Discretionary fund (series 1 & 3)

Fund description

The fund provides a traditional balanced approach to investment holding a mix of UK and overseas shares, bonds, property and cash. The fund is actively managed against its benchmark of the CAPS Balanced Pooled Fund Median. The significant numbers of stocks held in all areas reflect the prudent approach adopted by the fund manager. Both active stock selection and asset allocation are used to add value.

Key facts

Underlying fund size	£706m
Number of holdings	13
Underlying fund launch date	20/04/1983
Portfolio Manager	Alec Spooner
Benchmark	CAPS Balanced Pooled Fund (ET)
Investment Style	Active multi-asset
Sedol code (series 1)	702254
Sedol code (series 3)	3168574
Performance Objective	+0.75-1.0% per annum over rolling 3 year periods

Fund breakdown

Commentary

Although the value of the fund fell during the review period, its performance was only marginally behind its benchmark. Stock markets remained highly volatile over the quarter as concerns over the depth of the recession continued to undermine investor confidence.

The selection of stocks in the European portfolio was beneficial. This offset to some extent the slightly disappointing returns from the UK and US portfolios. Performance was also helped by the choice of holdings in corporate bonds.

The fund's tilt towards UK and European equity markets, which suffered sharp falls, was unhelpful this quarter. The fund manager's preference for corporate bonds over UK government bonds (gilts) meant that the fund did not benefit fully from a decision by the Bank of England to buy back gilts to help ease the pressure on credit markets.

The fund manager became more cautious about the outlook for company earnings during the period under review and therefore trimmed the fund's presence in stockmarkets in the UK, Europe and the Pacific Basin. Proceeds from these sales were invested in international government bonds, where the fund's exposure had been relatively light and, to a small extent, cash. With interest rates dropping to historic lows in the US and UK, the prevailing yields on investment grade corporate bonds look particularly attractive relative to gilts. The fund's exposure to corporate bonds is therefore close to the maximum permitted in the portfolio, whilst the fund remains underweight in gilts.

Target position vs benchmark

Performance

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

	31/03/08 to 31/03/09	31/03/07 to 31/03/08	31/03/06 to 31/03/07	31/03/05 to 31/03/06	31/03/04 to 31/03/05
Discretionary fund series 1	-20.1	5.4	27.8	11.9	
Discretionary fund series 3	-18.5	6.3	28.7	12.9	
Benchmark	-20.5	-3.3	6.0	26.9	11.1

Past performance of the fund to 31 March 2009.

	Quarter	1 Year*	3 Years*	5 Years*
Discretionary fund series 1	-9.0	0.1	-6.9	2.9
Discretionary fund series 3	-7.9	0.5	-5.7	4.0
Benchmark	-7.9	-20.5	-6.6	3.2

1. Fund description

A simple explanation of how the fund is managed and the types of investments that it holds.

2. Key facts

An at-a-glance view of some of the fund's background information.

3. Fund breakdown

A pie chart that gives an overview of how investments are spread within the Fund. The information shown varies from fund to fund, but will be broken down by countries, industries or types of investments.

4. Commentary

In order to give you an idea of the factors that have been affecting the Fund's recent performance, this section gives a brief summary of what has been happening in the relevant financial markets, as well as outlining the approach that the fund's manager is currently taking.

For 5 and 6 see overleaf...

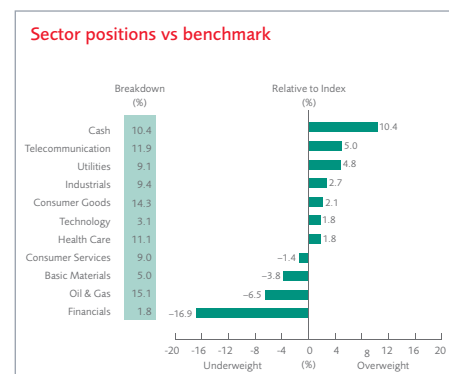
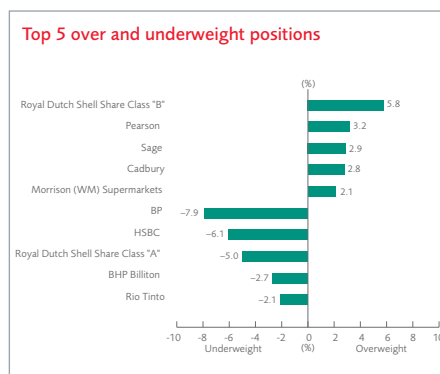
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continued overleaf ▶

5. Varying ways to show how a fund is investing...

a. Over and underweight positions

This graph shows whether the fund has deviated from the benchmark position. Having a greater exposure than the benchmark is 'overweight' and having a lesser exposure is 'underweight'.



b. Top holdings

This table shows the ten biggest investments that the Fund holds, and how much of the fund they make up.

Top holdings		%
1	BP	7.9
2	HSBC	6.1
3	Vodafone	5.8
4	GlaxoSmithKline	5.1
5	Royal Dutch Shell 'A' Shares	5.0
6	Royal Dutch Shell 'B' Shares	3.7
7	AstraZeneca	3.2
8	BG	3.2
9	British American Tobacco	2.9
10	BHP Billiton	2.7

6. Performance

a. The fund series (see 6a overleaf)

Your Funds will belong to either Series 1 or Series 3. These have different performance measurements. A guide to each Series is on the back of every fund factsheet.

b. The benchmark (see 6b overleaf)

We measure the performance of each fund against benchmarks. This may either be an index (a device that measures the performance of the markets in which the fund invests) or a competitor comparison such as CAPS or Micropal Survey (these both measure how the average of similar funds are doing).

c. The numbers (see 6c overleaf)

The figures measure how much the fund and benchmark rose or fell in percentage terms over the period. Where the fund was not in existence for a particular period, not applicable (N/A) is shown. Remember that past performance is not a guide to the future.

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