Prudential With-Profits Fund

This document has been produced to provide factual information on Prudential's With-Profits Fund. It should not be used for financial advice. If you are unsure what bonus series you are invested in please contact your scheme Trustee or your Financial Adviser.

PRUDENTIAL

Key facts

Fund size	£54.85 billion as at 30 June 2010
Prudential Financial Strength rating*	AA
Portfolio Manager	Martin Brookes
Investment Style	Prudent Active
Performance Objective	To offer competitive long term returns

* Standard and Poor's as at March 2010

Fund description

The fund offers the prospect of competitive long-term real returns whilst smoothing the peaks and troughs of day-to-day market movements. Investment returns are passed to policyholders through bonuses. The fund is invested in a diversified portfolio of UK and overseas shares, bonds, property and cash. A significant proportion of the fund is invested in shares and property which can be expected to produce attractive long-term returns, but the return on these assets can be volatile and so the fund is actively managed to optimise the returns while controlling risk.

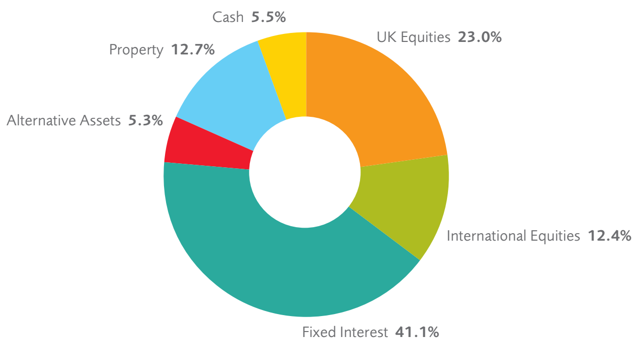
Commentary

The Fund is maintaining its more cautious stance. Market valuations on both equities and corporate bonds have increased significantly since the lows last year and government policies designed to stimulate the western economies are starting to be withdrawn. The key question is whether the private sector can generate enough demand to keep the momentum going.

We do think that improving consumer confidence can help sustain a modest improving trend, but government policy needs to stay flexible in case the economic data worsens again. A sharp cyclical recovery is unlikely because banks are still not in a position to start lending normally and household borrowing and unemployment levels remain high.

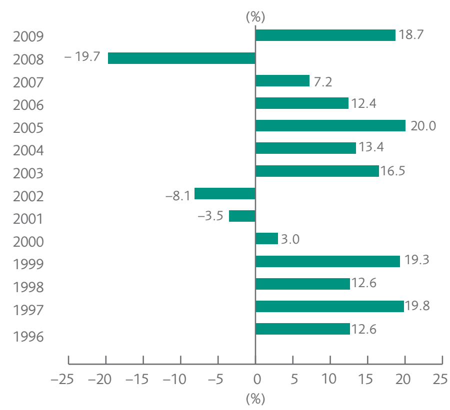
In recent months our more cautious stance has led us to reduce risk in the corporate bond portfolio and raise the cash exposure. In addition towards the end of Q1 we moved to reduced duration on the fixed income portfolio. This has the effect of partially protecting the fund should concerns about Greek government debt spread to other countries. Increased volatility and equity market weakness in Q2 has vindicated our more cautious stance. The fund is positioned to look for opportunities should it persist.

Fund breakdown



Source: Prudential as at 30 June 2010
Asset Allocations are regularly reviewed and may vary from time to time.

Underlying investment returns



Source: Prudential. The above are calendar year returns for the With-Profits fund (before charges, tax and effects of smoothing).

Prudential risk rating

Lower to Medium

What is the risk rating?

- The risk rating applies to the entire portfolio and not to the individual funds within them.
- Risk ratings have been developed by Prudential to help provide an indication of the potential level of risk and reward that is attributable to a fund based on the type of assets which may be held within the fund. Other companies may use different descriptions and as such these risk ratings should not be considered as generic across the fund management industry.
- Prudential will keep the risk ratings under regular review and as such they may be subject to change in the future. We therefore recommend that before making any fund choice in the future you understand the appropriate risk rating before making a decision.
- You should also consider discussing your decision and the appropriateness of this risk rating with an adviser.

Prudential With-Profits Fund

Product performance (applicable from 6 April 2010)

Bonus Series	1 Year*	3 Years*	5 Years*	10 Years*
Unitised L With-Profits Returns	6.75	4.00	3.95	4.50
Unitised N With-Profits Returns	6.75	4.00	3.95	4.40
Cash Accumulation MPP With-Profits Returns	6.75	4.00	3.95	4.50
Cash Accumulation AVC With-Profits Returns	6.75	4.00	3.95	4.40

Source: Prudential. * annualised returns

The value of your policy will be sent out in your annual statement or is available on request. The value will depend on when you actually invested allowing for tax, charges and smoothing. The value could change by more or less than the underlying investment return of the overall fund. Past performance is not a reliable indicator of future performance.

For investments in the With-Profits Fund, the value of the policy depends on how much profit the Fund makes and how we decide to distribute that profit. Policyholders receive a distribution of profits by means of bonuses, or other methods as specified in the relevant policy documentation. There are two types of bonus, regular (or reversionary) and final (or terminal) bonus.

The product performance figures are declared by Prudential Assurance Company Limited, usually each February.

For the Unitised returns shown, it is assumed that the contribution was invested after any explicit charges on 6 June 1, 3, 5 or 10 years ago and realised on or after 6 April 2010 to secure benefits at normal retirement age. For the Cash Accumulation returns shown, it is assumed that 1, 3, 5 or 10 scheme revision dates ending after 15 March 2010 have passed since the contribution was invested.

The performance figures shown are overall annualised returns for contributions made on the dates specified. The returns include both regular and final bonuses added to a benefit paid at normal retirement date.

Final bonus may vary and is not guaranteed. The rate of future bonuses cannot be guaranteed. The value of an investment may go down as well as up and the fund value in the future may be less than the payments you have made. Please bear in mind that inflation will reduce what you can buy in the future.

Please read the important information below and the Key Features document for the relevant contract.

With-Profits bonus series explained

Cash Accumulation With-Profits

Cash Accumulation MPP With-Profits is used solely by the oldest "pre 101" money purchase contracts for occupational pension schemes typically established from 1974.

Cash Accumulation AVC With-Profits is used solely by Additional Voluntary Contribution contracts as part of an occupational scheme (but not where VCs are paid through another Prudential group pension contract).

Unitised With-Profits

Unitised L With-Profits is used by the “101” money purchase contracts for occupational pension schemes and grouped personal pension contracts (including the "Shout/MSA" contracts) typically established from 06/04/1987 where holdings are expressed in terms of units.

Unitised N With-Profits is used by the "Select" group personal pension (established 1997) and "Money Purchase Plan/Group Personal Pension" money purchase contracts for occupational pension schemes and group personal pension contracts established since 2001 where holdings are expressed in terms of units.

Important information

Who manages the funds?

Prudential Assurance Company Limited holds the assets of the With-Profits Fund through custodians. Prudential has delegated the investment management of the fund through agreements with various investment managers including M&G Investments.

Are all of the funds available to me?

With-Profits is not available under Stakeholder Pension contracts.

Various With-Profits bonus series are used by Prudential group pension contracts.

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.

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.

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.

Other important information

If money invested in the With-Profits Fund is taken out at any time other than on death or normal retirement date, a Market Value Reduction (MVR) may be applied; this may have the effect of reducing the fund value.

For details on MVR and charges applicable to your investment, please refer to the Key Features document for the relevant contract. For a copy of the Key Features document, please contact your pensions department for scheme members or usual Prudential contact for trustees and advisers.

www.pru.co.uk

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