

Prudential Aberdeen Life Balanced fund (series 3)



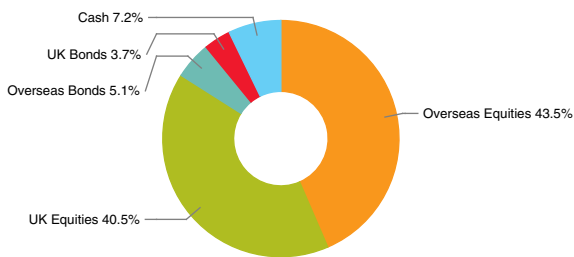
Fund description

The Balanced fund is actively managed and provides exposure to UK and overseas equities, UK and overseas bonds and cash. It aims to outperform its benchmark which broadly reflects the way the average UK pension scheme is invested.

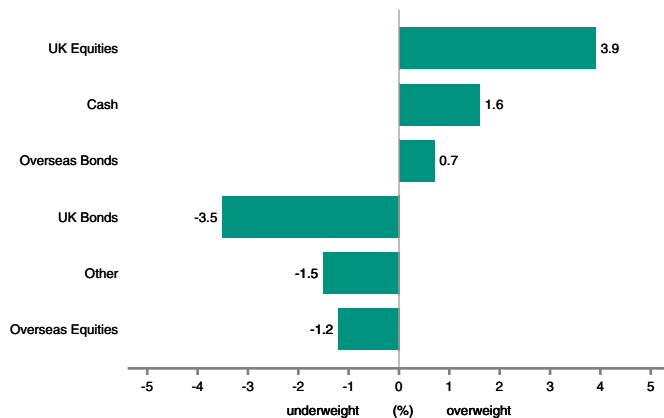
Key facts

| | |
|-----------------------------|---|
| Underlying fund size | £341m |
| Number of holdings | 7 |
| Underlying fund launch date | 20/04/2001 |
| Portfolio Manager | Michael Turner |
| Benchmark | CAPS Balanced Pooled Fund Median (net) |
| Investment Style | Active Pragmatic/balanced |
| Sedol code | 3168400 |
| Performance Objective | +1% per annum over rolling 3 year periods |

Fund breakdown



Positions vs benchmark



Source: Aberdeen Asset Managers. All figures are as at 31 December 2009, unless otherwise stated.

Commentary

This has been a relatively good quarter for risk assets, reflecting gradually improving economic conditions and ample liquidity in the financial system. The MSCI World Index rose 3% in sterling terms, Emerging Markets a particular feature. The weakest performance came from the peripheral European countries, particularly Greece, as rating agencies downgraded the country's credit rating, and other countries' risk profiles were reviewed. Bond markets were mixed – government bonds weak, corporate bonds stronger.

Global economic activity has continued to pick up, fuelled by strong trade particularly for Asian exporters. However, significant headwinds persist, including tighter access to credit, de-leveraging and high unemployment. Any future tightening of monetary policies by central banks will be carefully considered within a context of new macro data.

During the fourth quarter there has been no change to our broad tactical allocation policy. However, we have continued to trim back equity exposure after strong performance has pushed the weighting beyond our target level.

Within fixed income, we reduced the weight to European high yield after significant spread compression drove performance and weightings higher. We also added a small tactical position in the Global Bond Fund as a way of gaining US dollar exposure without significantly shifting the risk profile.

Performance

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

| | 31/12/08 - 31/12/09 | 31/12/07 - 31/12/08 | 31/12/06 - 31/12/07 | 31/12/05 - 31/12/06 | 31/12/04 - 31/12/05 |
|-----------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Aberdeen Life Balanced fund | 23.4 | -19.0 | 8.1 | 13.4 | 22.7 |
| Benchmark | 20.5 | -20.3 | 7.1 | 11.0 | 21.6 |

Past performance of the fund to 31 December 2009

| | Quarter | 1 Year* | 3 Years* | 5 Years* |
|-----------------------------|---------|---------|----------|----------|
| Aberdeen Life Balanced fund | 4.1 | 23.4 | 2.6 | 8.5 |
| Benchmark | 3.1 | 20.5 | 1.2 | 7.0 |

Source: Prudential and Financial Express. *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.

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Prudential risk rating

Medium

What type of funds are in this risk category?

These funds are predominantly multi-asset funds with a higher weighting in equities. The Property Fund is also in this category.

What is the risk rating?

- 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 will find this information at www.pru.co.uk.
- You should also consider discussing your decision and the appropriateness of this risk rating with an adviser

Important information

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.

Who manages the funds?

This fund is managed by Aberdeen Life, a member of the Aberdeen Asset Management group of companies.

How are the performance figures calculated?

The performance shown overleaf is measured on the fluctuation of the daily published price. This published price is adjusted to accommodate the fund's dealing cycle where appropriate.

To obtain current unit price and performance information for all funds in the Prudential Fund range, simply log on to <http://www.pru.co.uk/funds/series/> and choose 'Pension Funds' and then select Prudential Corporate Pensions (Series 3).

How are the fund prices calculated?

This fund has a single price, based on the valuation of the underlying assets and cash flows into and out of the fund. This valuation price will be the published price.

What is the dealing cycle?

The Pensions Series 3 fund range is forward priced which means that the member gets the next available price after they invest.

This fund has 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.

Other important information

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

Retirement has more potential with

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