

Prudential Baillie Gifford UK Equity fund (series 3)



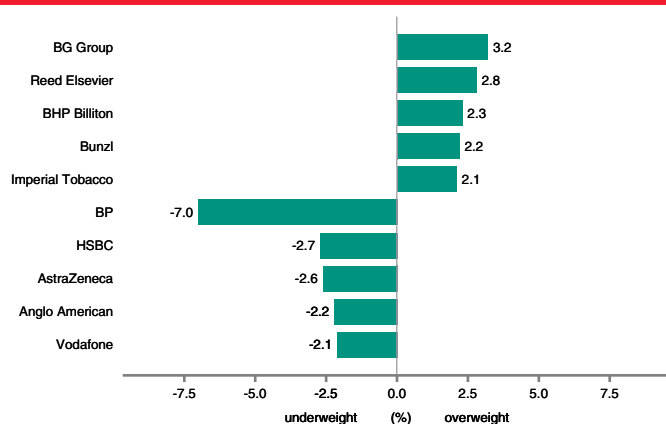
Fund description

The fund is actively managed and invests in shares of UK companies. The fund invests in companies with sustainable competitive advantages and strong prospects for growth. The fund has a relatively concentrated portfolio of 45-60 direct holdings. In addition, the fund gains exposure to smaller companies through the Baillie Gifford British Smaller Companies fund. Around 90% of the fund is invested in UK large cap stocks.

Key facts

Underlying fund size	£1,336m
Number of holdings	52
Underlying fund launch date	15/09/1999
Portfolio Manager	Team basis
Benchmark	FTSE All-Share Index
Investment Style	Active growth
Sedol code	3420188
Performance Objective	+1% per annum over rolling 3 year periods

Top 5 over and underweight positions



Commentary

The UK equity market continued to recover and the FTSE All-Share Index rose by 5.5% in the three months to 31 December 2009.

Market leadership broadened out as the rally became more established. Within this, in terms of leaders and laggards, mining company shares performed well, supported by positive commodity price moves. In contrast, the shares of most banks were relatively weak, in particular the UK high street names.

Over the quarter the fund's positioning in the banking sector was a positive for performance. However, this was partially offset by a negative contribution to performance from the mining sector.

Sector position vs benchmark



The asset mix is likely to vary in future.

Source: Baillie Gifford.
All figures are as at 31 December 2009, unless otherwise stated.

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
Baillie Gifford UK Equity fund	25.6	-29.0	4.6	15.2	19.6
Benchmark	30.1	-29.9	5.3	16.8	22.0

Past performance of the fund to 31 December 2009

	Quarter	1 Year*	3 Years*	5 Years*
Baillie Gifford UK Equity fund	5.6	25.6	-2.3	5.1
Benchmark	5.5	30.1	-1.3	6.5

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

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?

- 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 Baillie Gifford

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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