

Prudential BlackRock Aquila All Stocks Corporate Bond Index fund (Series 3)

BLACKROCK

Fund description

The investment strategy of the fund is to purchase units in the BlackRock Aquila All Stocks Corporate Bond Index Fund. This fund invests in investment grade corporate bonds denominated in Sterling. The fund aims to achieve a return consistent with the iBoxx Sterling Non-Gilts Index, which covers the broad spectrum of investment grade corporate bonds in issue.

Top holdings

	%
1 Aquila Life 5 to 15 Years Corporate Bond fund	44.3
2 Aquila Life Corp Bond Index fund Over 15 Years	30.8
3 Aquila Life Up to 5 Years Corporate Bond fund	24.9

Key facts

Underlying fund size	£3,566m
Number of holdings	3
Underlying fund launch date	29/02/2000
Portfolio Manager	Team Approach
Benchmark	iBoxx Sterling Non-Gilts Index
Investment Style	Passive
Sedol code	B08ZTP4
Performance Objective	To match the performance of the iBoxx Sterling Non-Gilts Index.

Commentary

Credit markets generated positive returns during the third quarter of 2011. Returns to credit lagged those in government bonds, however, as credit spreads widened by more than 90 basis points on the quarter. The credit market underperformed government bonds in each month during the quarter, with August being particularly weak for both absolute and relative returns as the markets shied away from risk assets as economic data were weak and turmoil in the eurozone continued. As with previous bouts of risk aversion, the financial sector was the weakest major sector with negative absolute as well as relative returns. The sovereign/supranational sector performed best, although still underperformed gilts.

UK and global economic data were again weaker than generally expected and the Bank of England revised down its near-term growth expectations in its August inflation report. Survey data, such as the Purchasing Managers' Indices, continued to disappoint and second quarter GDP growth, whilst in line with expectations at the time of release, showed growth of only 0.2% quarter-on-quarter. Inflation remained above the Bank of England's target, with the latest reading at 4.5% for August. The Monetary Policy Committee continued to look through this, however, with the vote moving to a unanimous decision to leave rates on hold at the August and September meetings from a position where a minority were voting for a rate increase during previous months.

The asset mix is likely to vary in the future.

Source: BlackRock
All figures are as at 30 September 2011, unless otherwise stated.

Performance

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

	30/09/06 - 30/09/07	30/09/07 - 30/09/08	30/09/08 - 30/09/09	30/09/09 - 30/09/10	30/09/10 - 30/09/11
BlackRock Aquila All Stocks Corp Bond Index	-0.2	-2.5	12.6	11.2	2.3
Benchmark	-0.6	-3.2	11.9	11.5	2.1

Past performance of the fund to 30 September 2011

	Quarter	1 Year*	3 Years*	5 Years*
BlackRock Aquila All Stocks Corp Bond Index	1.9	2.3	8.6	4.5
Benchmark	1.6	2.1	8.4	4.2

Source: 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.

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Prudential risk rating

Lower to Medium

What type of funds are in this risk category?

Some of these funds invest in fixed interest securities, predominantly corporate bonds, with higher yielding corporate bonds placed towards the top end of this range as they carry higher default risk. The other funds in this category invest in a wide range of assets which help to provide risk diversification.

What is the risk rating?

- › These risk ratings have been developed by Prudential to help provide an indication of a fund's potential level of risk and reward based on the type of assets which may be held by 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.
- › We regularly review our fund risk ratings, so they may change in the future. If, in our view, there is a material change in the fund's level of risk, for example due to a significant change to the assets held by the fund or in the way the fund is managed, we will provide information on the new risk rating. We recommend that you make sure you understand the risk rating of any fund before you invest. You will find this information at www.pru.co.uk/factsheets
- › You should also consider discussing your decision and the appropriateness of a fund's 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 provide an insight into 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 financial advice 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 BlackRock.

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 www.pru.co.uk/funds and choose 'Prudential Corporate Pension Fund Prices' then filter on (Series 3).

How are the fund prices calculated?

This fund operates on a single swinging price basis, 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?

This fund is forward priced which means that the member receives the next available unit price after their instruction has been received.

This fund has a dealing cycle of T+2. This means that money received on day T buys units at the valuation date price applicable at close of business 2 days later.

Other important information

Please note the performance figures shown do not take into account the effect of charges, which can be found in your 'A Guide to Fund Options'.

Asset allocations are regularly reviewed and may vary from time to time, but will always be consistent with the fund objective.

