

Prudential BlackRock Aquila Over 15 Years UK Gilt Index fund (Series 3)

BLACKROCK

Fund description

The investment strategy of the fund is to purchase units in the BlackRock Aquila Over 15 Years Gilt Index Fund. This fund invests in UK government fixed income securities (gilts) that have a maturity period of 15 years or longer. The fund aims to achieve a return consistent with the FTSE UK Gilts Over 15 Years Index.

Top holdings

	%
1 UK Conv Gilt UKT 4.25% 07/12/2027	9.1
2 UK Conv Gilt UKT 4.75% 07/12/2030	8.5
3 UK Conv Gilt UKT 4.25% 07/06/2032	8.4
4 UK Conv Gilt UKT 4.75% 07/12/2038	8.3
5 UK Conv Gilt UKT 4.25% 07/12/2055	7.4
6 UK Conv Gilt UKT 4.25% 07/03/2036	7.3
7 UK Conv Gilt UKT 6% 07/12/2028	7.2
8 UK Conv Gilt UKT 4.25% 07/12/2040	6.9
9 UK Conv Gilt UKT 4.25% 07/12/2046	6.5
10 UK Conv Gilt UKT 4.5% 07/12/2042	6.5

The asset mix is likely to vary in the future.

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

Key facts

Underlying fund size	£3,275m
Number of holdings	15
Underlying fund launch date	30/08/1996
Portfolio Manager	Team Approach
Benchmark	FTSE UK Gilts Over 15 Years Index
Investment Style	Passive
Sedol code	B08ZTR6
Performance Objective	To match the performance of the FTSE UK Gilts Over 15 Years Index.

Commentary

Gilt yields fell sharply across the curve during the third quarter of 2011, generating strong positive returns. The 15-year part of the curve led the way with yields down by around 112 basis points. 2-year yields fell by 25 basis points to 0.58% with 10 and 30-year yields down 95 and 74 basis points respectively. Yields declined in each month of the quarter, although price action in September was more two-way than in July and the first half of August. 10-year yields reached a low of less than 2.2% in mid-September before ending the quarter at 2.43%. The gilt market was supported by continuing weak economic data, both domestic and global, and a perceived safe haven status amidst the continuing turmoil in the eurozone where peripheral spreads made new highs.

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.

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 Over 15 Years UK Gilt Index fund	-3.5	5.6	13.6	7.9	11.4
Benchmark	-3.6	5.4	13.3	7.8	11.2

Past performance of the fund to 30 September 2011

	Quarter	1 Year*	3 Years*	5 Years*
BlackRock Aquila Over 15 Years UK Gilt Index fund	14.4	11.4	10.9	6.8
Benchmark	14.4	11.2	10.7	6.7

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

What type of funds are in this risk category?

These funds may invest in fixed interest securities including gilts, index-linked gilts and an element of corporate bonds. These types of investment are generally recognised as low risk.

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.

