Prudential Invesco Perpetual Income fund (Series 3)

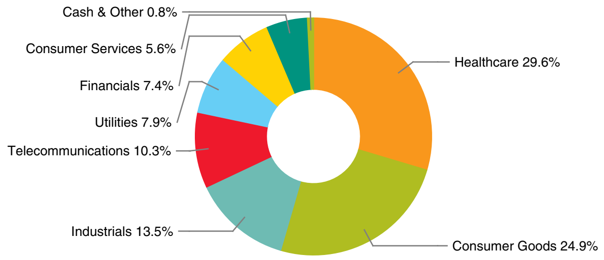
Fund description

The investment strategy of the fund is to purchase units in the Invesco Perpetual Income Fund. This fund aims to achieve a reasonable level of income together with capital growth by investing primarily in companies listed in the UK, with the balance invested internationally. In pursuing this objective the fund managers may include investments that they consider appropriate, which may include money market instruments, collective investment schemes, deposits and other permitted investments.

Key facts

Underlying fund size	£8,367m
Number of holdings	119
Underlying fund launch date	16/06/1979
Portfolio Manager	Neil Woodford
Benchmark	FTSE All-Share Index
Investment Style	Active
Sedol code	B2PKMH9
Performance Objective	To achieve a reasonable level of income, together with capital growth.

Sector breakdown



The asset mix is likely to vary in the future.

Top holdings

	Top holdings	%
1	AstraZeneca	8.4
2	GlaxoSmithKline	8.1
3	Reynolds American	6.5
4	British American Tobacco	5.1
5	Vodafone	5.1
6	BT	4.8
7	BG	4.7
8	Roche Holdings	4.7
9	Imperial Tobacco	3.9
10	Reckitt Benckiser	3.9

The asset mix is likely to vary in the future.

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

Commentary

The third quarter of 2011 saw the FTSE All-Share index deliver its worst quarterly performance since Q3 2002. Volumes were relatively light but share price volatility was double that of the previous quarter. In the three months to the end of 30 September 2011, the fund's value fell by 4.1%, compared to the FTSE All-Share index which fell by 13.5%. The fund's performance benefited from its positioning in what are generally seen as defensive sectors due to their dependable qualities and strong cash generation. These have performed well against the recent background of increasing market uncertainty.

The fund's investment in the tobacco sector delivered the most positive contribution to relative performance over the quarter. Reynolds American saw its returns further boosted by the rise in the US $, which has recently shown signs of life after a period of consistent weakness. Imperial Tobacco also provided a positive contribution to the fund's performance - the company announced that the price war in Spain now appears to be over. The fund's exposure to the pharmaceutical sector also provided a positive impact on performance, with GlaxoSmithKline and Roche both performing strongly for the second consecutive quarter. The fund has no exposure to the mining sector and this too benefited performance; the sector fell sharply as reduced forecasts for global economic growth and growing concerns about the possibility of a hard landing in China hit both sector profit forecasts and valuations.

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
Invesco Perpetual Income fund	N/A	N/A	7.6	12.9	7.0
Benchmark	N/A	N/A	10.8	12.5	-4.4

Past performance of the fund to 30 September 2011

	Quarter	1 Year*	3 Years*	5 Years*
Invesco Perpetual Income fund	-3.7	7.0	9.1	N/A
Benchmark	-13.5	-4.4	6.0	N/A

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

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?

- 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 Invesco Perpetual.

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+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.

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.

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