

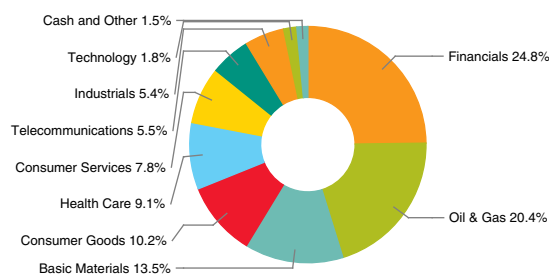
Prudential JP Morgan Life UK Specialist Equity fund (series 3)



Fund description

The JPM Life UK Specialist Equity fund aims to achieve capital growth by investing in the shares of UK companies. Its target is to outperform its benchmark, the FTSE All-Share Index by 2% a year over 3 years before fees are taken into account. The fund looks to spread investment risk by investing in a wide range of UK companies in different sectors of the market. The investment team focuses on stocks that have specific "growth" and "value" characteristics as experience has shown that holding both growth and value stocks in a portfolio can lead to more consistent outperformance over the longer term.

Fund breakdown



Top holdings

Rank	Company	%
1	BP	8.7
2	Royal Dutch Shell	8.2
3	HSBC	6.8
4	Vodafone	4.8
5	GlaxoSmithKline	4.7
6	AstraZeneca	4.4
7	JPML UK Small Cap Equity fund	3.5
8	Barclays	2.8
9	British American Tobacco	2.6
10	Rio Tinto	2.4

Source: J P Morgan
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
JP Morgan Life UK Specialist Equity fund	27.0	N/A	N/A	N/A	N/A
Benchmark	30.1	N/A	N/A	N/A	N/A

Past performance of the fund to 31 December 2009

	Quarter	1 Year*	3 Years*	5 Years*
JP Morgan Life UK Specialist Equity fund	4.3	27.0	N/A	N/A
Benchmark	5.5	30.1	N/A	N/A

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.

Key facts

Underlying fund size	£637m
Number of holdings	100
Underlying fund launch date	01/10/1995
Portfolio Manager	Team basis
Benchmark	FTSE All-Share Index
Investment Style	Active
Sedol code	B2PKMJ1
Performance Objective	Outperform its benchmark by 2% per annum gross of fees

Commentary

The UK stock market enjoyed another quarter of positive performance as sentiment was boosted by improving global economic data. In the fund, positive contributions to relative returns in the fourth quarter included stock selection in the banks and software sectors. An overweight in the Non-life insurance sector and an underweight in beverages detracted, as did the fund's exposure to small cap stocks. At the stock level, the fund benefited from overweight positions in Kazakhmys and Antofagasta, as commodity prices strengthened, boosting the earnings outlook for mining companies. An overweight position in Micro Focus was also positive after the software developer said fiscal first half sales and earnings would beat analysts' expectations. Stock-level detractors included an overweight position in insurance group Aviva, which suffered a decline in nine month sales as high UK unemployment weighed on demand. An underweight position in SABMiller was also detrimental as the brewer's first half profit beat estimates and investors responded positively to its cost cutting plan. However, relative returns were boosted by the fund's underweight position in Lloyds, which announced the UK's biggest ever rights issue.

The UK stock market remains attractive for long term investors, with high dividend yields and prospects for solid earnings growth in 2010 providing good support. Concerns persist that the economic recovery may be sluggish, but interest rates should remain low as long as inflation expectations remain subdued.

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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 JP Morgan

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.

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