

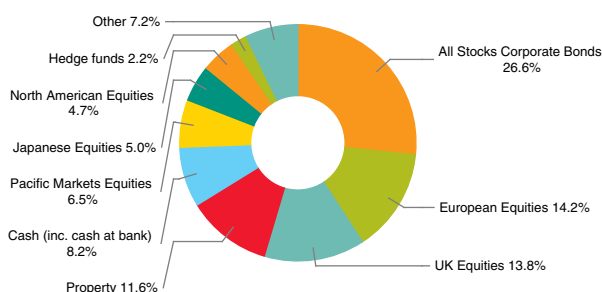
# Prudential Absolute Return fund (Series 3)



## Fund description

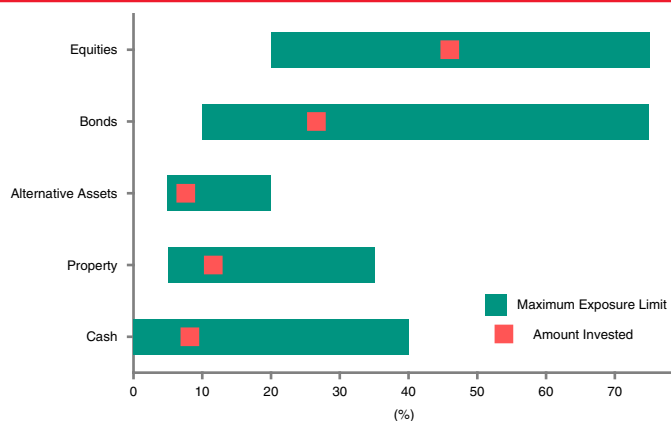
The investment strategy of the fund is to invest in an unconstrained and diversified mix of UK and overseas shares, bonds, property, cash and alternative assets. Active asset allocation decisions are based on the attractiveness of current market valuations compared to expected long-run returns for each asset class. The fund's target is to give a real return of around 5.6% per year (before charges) above the rate of inflation (CPI) over a rolling 5 year period.

## Fund breakdown



The asset mix is likely to vary in the future.

## Distribution within exposure limits



The asset mix is likely to vary in the future.

Source: M&G

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 |
|----------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Absolute Return fund | 12.4                | -11.8               | 13.3                | 8.6                 | 0.1                 |
| Benchmark            | 6.8                 | 10.5                | 6.1                 | 8.2                 | 10.5                |

## Key facts

|                             |                                 |
|-----------------------------|---------------------------------|
| Underlying fund size        | £110m                           |
| Number of holdings          | All M&G pooled fund range       |
| Underlying fund launch date | 28/02/2005                      |
| Portfolio Manager           | Martin Brookes                  |
| Benchmark                   | UK CPI + 5%p.a. (Target Return) |
| Investment Style            | Active multi-asset              |
| Sedol code                  | B07T4Z2                         |

**Performance Objective** To target a return of around 5.6% per year (before charges) above inflation over a 5-year rolling period. This is a target and not a guarantee.

## Commentary

Equities came under severe pressure during the quarter as investors' concerns over the inability of European policymakers to adequately resolve the eurozone debt crisis led to a significant increase in risk aversion.

At the asset allocation level, the fund's performance was hampered by its exposure to European and Asian equities, which lagged behind the UK and US markets. However, stock selection within Europe and Japan was positive as the underlying portfolios held up better than the broad market indices.

Performance was also helped by the fund's substantial holding in the conservatively positioned All Stocks Corporate Bond fund. Higher rated corporate bonds benefited from falling government bond yields and investors' search for assets they perceived to be safer, in particular asset-backed securities.

Given the lack of progress in solving the sovereign debt situation in Europe, the fund manager became less confident about stock valuations in July and therefore reduced the fund's exposure to US equities through the sale of futures.

Following significant falls in stockmarkets during the quarter, the fund manager bought European and Japanese equities in October. He believes that these assets are now attractively valued and discount a very pessimistic outcome for the current eurozone troubles. The fund manager remains cautiously optimistic about the outlook for equities, which he believes should benefit from a coordinated policy response to the debt crisis.

### Past performance of the fund to 30 September 2011

|                      | Quarter | 1 Year* | 3 Years* | 5 Years* |
|----------------------|---------|---------|----------|----------|
| Absolute Return fund | -7.7    | 0.1     | 7.2      | 4.0      |
| Benchmark            | 2.5     | 10.5    | 8.2      | 8.4      |

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.

# Prudential Absolute Return fund (Series 3)

## 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](http://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 M&G Investments.

### 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](http://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+0. This means that money received on day T buys units at the valuation date price applicable at close of business on the same day.

### 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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