

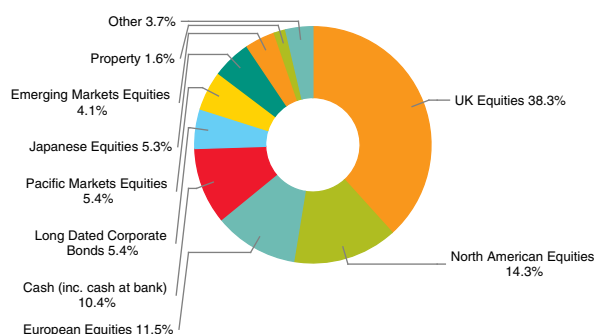
Prudential Discretionary fund (Series 3)



Fund description

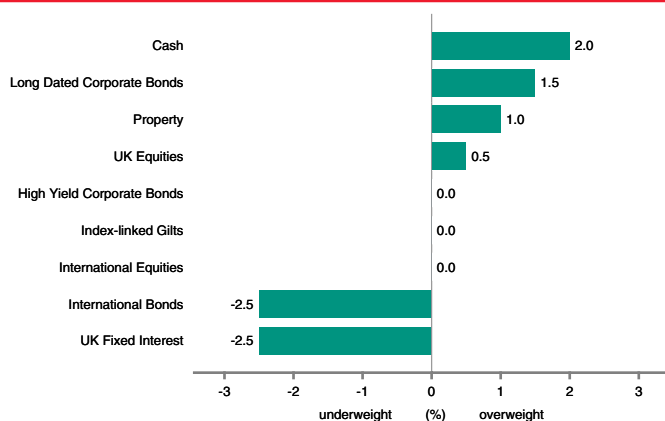
The investment strategy of the fund is to purchase units in the M&G PP Discretionary Fund. This fund aims to provide a traditional balanced approach to investment, holding a mix of UK and overseas shares, bonds, property and cash. The fund is actively managed against its benchmark of the BNY Mellon CAPS Balanced Pooled Fund Median. The significant numbers of stocks held in all areas reflect the prudent approach adopted by this fund. Both active stock selection and asset allocation are used to add value.

Fund breakdown



The asset mix is likely to vary in the future.

Target positions vs benchmark



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
Discretionary fund	11.5	-14.8	15.5	9.5	-3.1
Benchmark	15.6	-16.0	15.5	10.1	-3.3

Past performance of the fund to 30 September 2011

	Quarter	1 Year*	3 Years*	5 Years*
Discretionary fund	-12.0	-3.1	7.0	3.1
Benchmark	-11.9	-3.3	7.1	3.0

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.

Key facts

Underlying fund size	£811m
Number of holdings	12
Underlying fund launch date	20/04/1983
Portfolio Manager	Portfolio Management Group
Benchmark	BNY Mellon CAPS Balanced Pooled Fund Median (Gross)
Investment Style	Active multi-asset
Sedol code	3168574
Performance Objective	To outperform the benchmark by 1.15%-1.4% per year (before charges) over rolling 3-year periods.

Commentary

While equity holdings in the UK, Europe, Japan and emerging markets all declined in value during the review period, in terms of relative performance, they beat their comparative benchmarks, thanks to good stock selection. In particular, the emphasis of the UK Equity Dividend fund on higher income-paying stocks in 'defensive' industries, such as healthcare and food production, added value.

Conversely, equity positions in North America and Pacific markets lagged, with exposure to the financial sector weighing on the North America fund. In terms of tactical asset allocation, a short position in UK and overseas sovereign bonds cost some performance.

Towards the end of July, the fund manager trimmed the fund's long equity positions and held the proceeds in cash so as to protect the portfolio from increasing volatility. After the end of the quarter, he took advantage of the dramatic fall in global stockmarkets to increase exposure to equities.

The fund manager maintains a short position in UK and overseas sovereign debt, as he believes that there is little value in the asset class.

Finally, the fund manager maintains his targeted overweight position in commercial property, using it as a diversifier for a balanced portfolio.

Prudential Discretionary fund (Series 3)

Prudential risk rating

Medium

What type of funds are in this risk category?

These funds are predominantly multi-asset funds with a higher weighting in equities. The Property Fund is also in this category.

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 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 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.

