

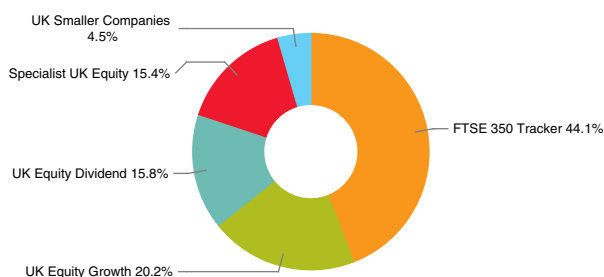
Prudential Equity fund (series 3)



Fund description

The fund invests in shares of UK Companies. The fund is actively managed against its performance benchmark of the FTSE All-Share Index. The fund is a "fund of funds" holding units in several more specialised UK equity funds giving access to a variety of methods for generating investment returns in differing market conditions. The range of investment approaches used and spread of stocks held across all areas of the market reflect the fund's prudent performance target.

Fund breakdown



Source: M&G
All figures are as at 31 December 2009, unless otherwise stated.

Key facts

Underlying fund size	£775m
Number of holdings	5
Underlying fund launch date	01/01/1971
Portfolio Manager	Nick Evans
Benchmark	FTSE All-Share Index
Investment Style	Prudent passive/Specialist
Sedol code	3169447
Performance Objective	0.75% to 1% gross per annum above the benchmark on a rolling 3 year basis

Commentary

In a robust environment for equity markets, the fund generated strong absolute returns over the quarter.

The UK Smaller Companies Fund was clearly ahead of its benchmark, with beneficial stock selection boosting returns. Specific contributors to performance included homeware retailer Dunelm, which generated better-than-expected profits.

The UK Equity Growth Fund also benefited from positive stock selection and the fund outperformed its benchmark. The choice of companies within the banking sector was particularly helpful. Elsewhere, a holding in miner Rio Tinto was advantageous as the stock gained because of higher commodity prices.

The Specialist UK Equity Fund was behind its benchmark, with a holding in Bank of Ireland dampening returns. Sentiment in the stock was subdued, reflecting the weakness of the Irish economy and a lack of certainty over government funding. Meanwhile, contributors to performance included children's retailer Mothercare and energy provider Aggreko.

A relatively light position in mining stocks led to underperformance by the UK Equity Dividend Fund compared with its benchmark. The sector was one of the strongest performers over the quarter, reflecting renewed optimism about prospects for economic recovery and higher commodity prices.

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
Equity fund	27.7	-26.4	3.6	14.7	21.8
Benchmark	30.1	-29.9	5.3	16.8	22.0

Past performance of the fund to 31 December 2009

	Quarter	1 Year*	3 Years*	5 Years*
Equity fund	3.8	27.7	-0.9	6.3
Benchmark	5.5	30.1	-1.3	6.5

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.

Prudential Equity fund (series 3)

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 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 <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+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.

Retirement has more potential with

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