

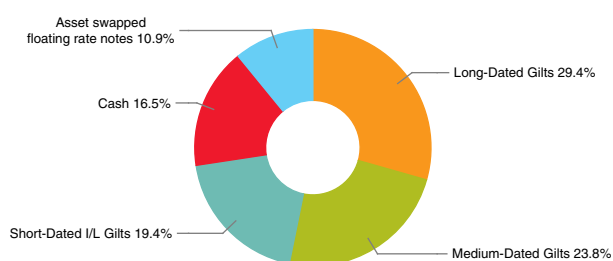
# Prudential Fixed Interest fund (series 3)



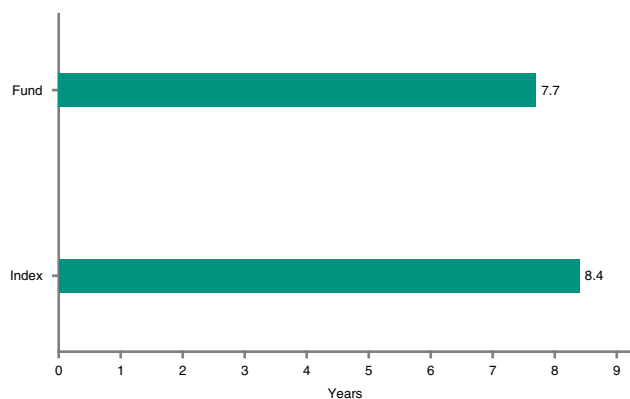
## Fund description

The fund invests in British government gilts and Sterling corporate bonds issued by UK and overseas borrowers. The fund is actively managed against its performance benchmark of the FTSE A British Government All Stocks Index. The fund can also invest in overseas government bonds. The values of any overseas holdings are protected from short-term exchange rate movements by hedging.

## Fund breakdown



## Duration



Source: M&G  
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
Fixed Interest fund	3.8	8.9	5.6	1.1	8.0
Benchmark	-1.2	12.8	5.3	0.7	7.9

### Past performance of the fund to 31 December 2009

	Quarter	1 Year*	3 Years*	5 Years*
Fixed Interest fund	-1.1	3.8	6.1	5.4
Benchmark	-2.0	-1.2	5.5	5.0

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	£171m
Number of holdings	27
Underlying fund launch date	21/04/1971
Portfolio Manager	David Lloyd
Benchmark	FTSE A British Government All Stocks Index
Investment Style	Prudent active
Sedol code	3168585
Performance Objective	0.75% gross per annum on a rolling 3 year basis

## Commentary

Expectations that the Bank of England (BoE) will soon end its quantitative easing (QE) programme pushed government bond (gilt) yields higher in the fourth quarter of 2009. Investor confidence in this area of the fixed income market was also unsettled by the suggestion that UK government bonds might lose their AAA rating.

The fund benefited from volatile conditions in the government bond market, caused by high levels of issuance and the purchase of gilts and corporate bonds by the BoE as part of its QE initiative.

A relatively large weighting in floating rate notes continued to deliver a significant positive contribution to fund performance.

The fund's holding in floating rate corporate bonds will be retained as these still provide a substantial yield advantage compared with gilts.

The fund manager will maintain the portfolio's short duration position since he expects gilt yields to continue to rise. In the event that the government bond market rallies, he will increase the size of the short duration position.

# Prudential Fixed Interest fund (series 3)

## Prudential risk rating

### Lower

#### What type of funds are in this risk category?

These funds may invest in fixed interest securities including gilts, index-linked and an element of corporate bonds. These types of investment are generally recognised as lower risk.

## 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](http://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.

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