

# Prudential Pre-Retirement fund (Series 3)



## Fund description

The investment strategy of the fund is to purchase units in the M&G PP Pre-Retirement Fund. This fund invests in long-dated bonds split equally between passively managed British government gilts and actively managed UK corporate bonds. The fund's benchmark is 50% tracking movements in the FTSE A British Government Over 15 Years Gilts Index and 50% aiming to outperform the iBoxx Sterling Over 15 Years Non-Gilts Index. The split between government and corporate bonds may alter from time to time to reflect changing economic and market conditions.

## Fund breakdown



The asset mix is likely to vary in the future.

## Top holdings

		%
1	UK (Govt of) 4.25% 07/12/27	4.5
2	UK (Govt of) 4.75% 07/12/30	4.2
3	UK (Govt of) 4.25% 07/06/32	4.2
4	UK (Govt of) 4.75% 07/12/38	4.2
5	UK (Govt of) 4.25% 07/12/55	3.8
6	UK (Govt of) 4.25% 07/03/36	3.7
7	UK (Govt of) 6% 07/12/28	3.6
8	UK (Govt of) 4.25% 07/12/40	3.5
9	UK (Govt of) 4.25% 07/12/46	3.3
10	UK (Govt of) 4.5% 07/12/42	3.3

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
Pre-Retirement fund	-3.2	2.6	16.3	10.0	7.4
Benchmark	-4.0	0.1	15.5	10.1	7.5

## Key facts

Underlying fund size	£71m
Number of holdings	2
Underlying fund launch date	31/01/2001
Portfolio Manager	Portfolio Management Group
Benchmark	50% FTSE A British Government Over 15 Years Gilts Index and 50% iBoxx Sterling Over 15 Years Non-Gilts Index
Investment Style	Combination of active and passive
Sedol code	3169403
Performance Objective	To match the performance of the benchmark as closely as possible.

## Commentary

The 'safe haven' status of UK government bonds served them well during the quarter and they rallied strongly. The yield on the benchmark 10-year gilt dropped to 2.1% on 12 September, its lowest level ever. In terms of returns, longer dated government bonds were the best performers overall, gaining just under 15% in the three months. The Bank of England remains committed to its policy of reviving the economy, leaving interest rates on hold since March 2009 and suggesting that more quantitative easing is a likelihood. This was confirmed in early October when the BoE pumped a further £75 billion into the UK economy via asset purchases. The policymaker maintains its view that inflation will return to target in the next two years, arguing that prices levels have risen because of the VAT increase earlier this year and higher global energy prices. In such a risk-averse environment, government bonds outperformed credit, especially high yield bonds which were sold amid concerns over the global economy.

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

	Quarter	1 Year*	3 Years*	5 Years*
Pre-Retirement fund	10.1	7.4	11.2	6.4
Benchmark	10.4	7.5	11.0	5.6

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.

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## 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?

- › 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

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.

