

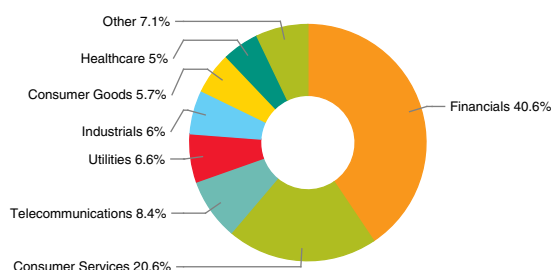
Prudential Socially Responsible fund (series 3)



Fund description

The fund invests in shares of UK companies which pass a set of socially responsible criteria which we feel are likely to be suitable for the majority of members. The fund is actively managed against a benchmark constructed in conjunction with EIRIS (Ethical Investment Research Services). Companies who pass the screening criteria (which are reviewed regularly) represent around 60% of the FTSE All-Share Index by market capitalisation and so the fund's returns may vary more than other funds which can access the whole market.

Fund breakdown



Top holdings

Rank	Company	%
1	HSBC	14.0
2	Standard Chartered	6.7
3	Vodafone	5.5
4	Barclays	4.1
5	Sainsbury (J)	3.4
6	National Grid	3.2
7	Lloyds Banking	2.8
8	Shire	2.8
9	Tesco	2.6
10	Cable & Wireless	2.4

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
Socially Responsible fund	26.4	-38.3	-6.4	20.2	14.9
Benchmark	29.3	-37.4	-4.0	20.6	15.2

Key facts

Underlying fund size	£20m
Number of holdings	67
Underlying fund launch date	08/12/1999
Portfolio Manager	Tim Short
Benchmark	A subset of the FTSE All Share Index subset, defined conjunction with EIRIS
Investment Style	Prudent active
Sedol code	3169436
Performance Objective	1% gross per annum above the benchmark on a rolling 3 year basis

Commentary

UK equities continued their upward trend as investor sentiment improved on hopes that the UK and the global economy were on the rebound. Banks, however, suffered from default fears in Dubai and the prospect of tougher capital requirements. In this climate, the fund's lower-than-index weighting in Barclays and Lloyds Banking added value. However, due to the attractive valuations available, the fund manager reduced the underweight in the banking sector to be better positioned for an eventual revival in lending. The fund's holding in Wellstream disappointed. Shares in the pipeline manufacturer declined after the company said earnings could be negatively affected by the ongoing uncertainty in the oil & gas market. However, the fund manager believes Wellstream is well placed to benefit from a recovery in oil prices.

As part of his strategy to make the portfolio more sensitive to market movements, the fund manager established a position in publisher Reed Elsevier and increased holdings in travel company Thomas Cook and bus operator National Express. The manager realised profits by trimming holdings in catering group Compass and beverage makers Diageo and SABMiller as their shares have performed well. The investment strategy remains unchanged. The manager continues to look for companies where good governance and growth prospects are significantly undervalued by the market.

Past performance of the fund to 31 December 2009

	Quarter	1 Year*	3 Years*	5 Years*
Socially Responsible fund	1.7	26.4	-9.9	0.2
Benchmark	0.5	29.3	-8.1	1.5

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 Socially Responsible 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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