

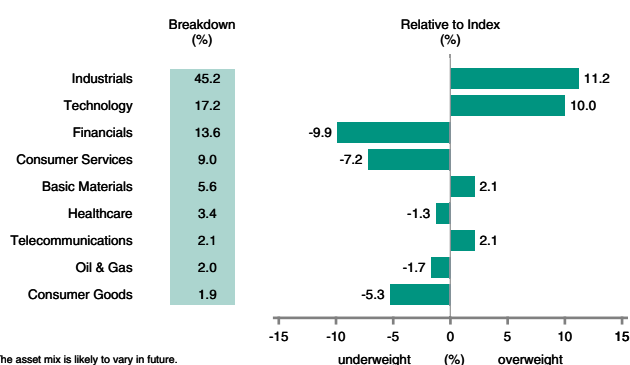
Prudential UK Smaller Companies fund (Series 3)



Fund description

The investment strategy of the fund is to purchase units in the M&G PP UK Smaller Companies Fund. This fund invests in the shares of smaller UK companies which are outside the FTSE 350 Index. The fund is actively managed against its benchmark of the FTSE Smaller Companies (ex-Investment Trusts) Index. Extensive use is made of in-house research resources to identify stocks and the well diversified portfolio reflects the prudent approach adopted by this fund.

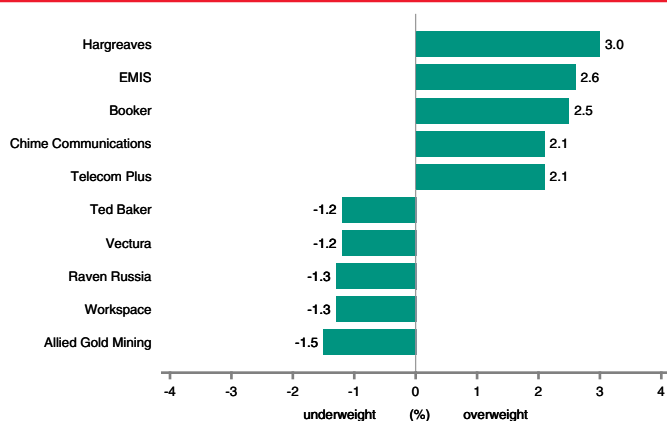
Fund distribution



The asset mix is likely to vary in future.

The asset mix is likely to vary in the future.

Top 5 over and underweight positions



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
UK Smaller Companies fund	13.2	-28.0	16.4	11.1	8.1
Benchmark	4.8	-38.4	25.5	-0.6	-4.5

Key facts

Underlying fund size	£42m
Number of holdings	75
Underlying fund launch date	01/08/2000
Portfolio Manager	Louise Nash
Benchmark	FTSE Smaller Companies (ex-Investment Trusts) Index
Investment Style	Active
Sedol code	3169469

Performance Objective To outperform the benchmark by 2% per year (before charges) over rolling 3-year periods.

Commentary

Smaller company shares endured an extremely difficult quarter as investors were unsettled by various factors, including the prospect of the world's major economies falling back into recession and the possibility that Greece might default on its government debt. Risk aversion meant that smaller companies underperformed their larger counterparts.

The largest positive contribution to the fund was generated by a stake in internet services provider Group NBT. As well as announcing that trading was improving, the business agreed to be acquired by private equity investor HgCapital at a significant premium to the prevailing share price.

On the other hand, a position in semiconductor manufacturer IQE lost ground. The fund manager believes that growth in the smartphone market will drive demand for IQE's wireless products and maintains exposure to this business.

During the quarter, the fund manager adjusted the portfolio's holdings in the support services sector. She participated in a share placing for WYG, a consultancy that provides expertise to infrastructure projects around the world. In her view, the group now has a sound financial base and is poised to benefit from its significant pipeline of international development opportunities.

WYG replaced Northgate in the portfolio as the van hire business was sold since the company had grown too large for the fund's benchmark, the FTSE Smaller Companies (excluding Investment Trusts) Index.

Past performance of the fund to 30 September 2011

	Quarter	1 Year*	3 Years*	5 Years*
UK Smaller Companies fund	-13.6	8.1	11.8	2.6
Benchmark	-14.4	-4.5	6.0	-5.1

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.

Prudential UK Smaller Companies 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?

- › 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

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.

