

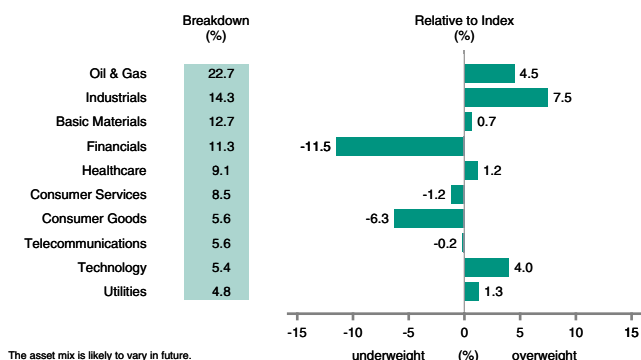
Prudential UK Specialist Equity fund (series 3)



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 follows a focused and pro-active approach working with around 50 companies from the FTSE 350 Index and around 30 smaller companies going through changes in their business which offer the prospect of strong growth in value to shareholders and where the manager believes the market has not recognised their potential.

Fund distribution



Key facts

Underlying fund size	£700m
Number of holdings	96
Underlying fund launch date	22/05/2000
Portfolio Manager	Tom Dobell
Benchmark	FTSE All-Share Index
Investment Style	Prudent active
Sedol code	3168433
Performance Objective	2.5% gross per annum above the benchmark on a rolling 3 year basis

Commentary

Shares in Bank of Ireland, a relatively new holding in the fund, came under pressure, reflecting the dire state of the Irish economy and uncertainty over government funding. Despite the weak sentiment in Bank of Ireland, the fund manager maintains his faith in the long-term potential of this company.

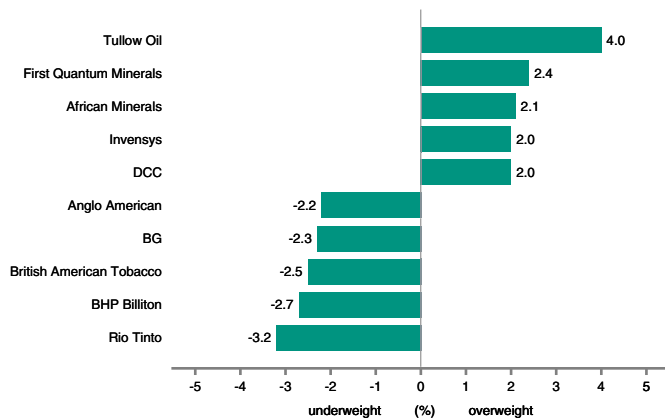
More positively, stocks from across many industrial sectors added significant value to fund performance. For example, businesses as varied as children's retailer Mothercare, energy provider Aggreko and chemicals company Croda International all contributed positively.

The period saw increased activity as the fund manager participated in a number of stock placings and fund raisings. Among others, he supported retailer JJB Sports, transport conglomerate National Express and gold miner Allied Gold in their efforts to either repair their balance sheets or take advantage of new business opportunities.

The fund manager sold out of holdings in mining business Rio Tinto and medical implant business Smith & Nephew in order to pursue more attractively valued opportunities elsewhere.

One of the fund's largest holdings is in copper mining business First Quantum Minerals. The fund manager's positive view of this business is based on its highly entrepreneurial management team and its broadly based portfolio of productive mines and new projects.

Top 5 over and underweight positions



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
UK Specialist Equity fund	40.0	-25.8	11.3	19.6	24.6
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*
UK Specialist Equity fund	4.6	40.0	5.0	11.5
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 UK Specialist 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.

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