

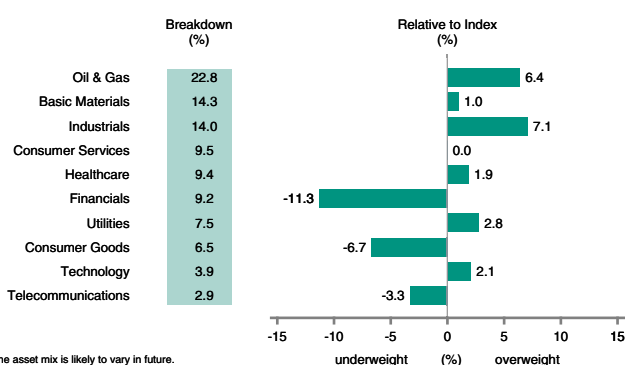
# Prudential UK Specialist Equity fund (Series 3)



## Fund description

The investment strategy of the fund is to purchase units in the M&G PP Recovery Fund. This fund seeks to invest in companies which are out of favour, in difficulty or whose prospects are not fully recognised by the market and where management is working to turn the business around. The fund invests primarily in the shares of UK listed companies but can also invest a limited amount in the shares of overseas companies and UK government bonds. The fund is actively managed against its benchmark, the FTSE All-Share Index.

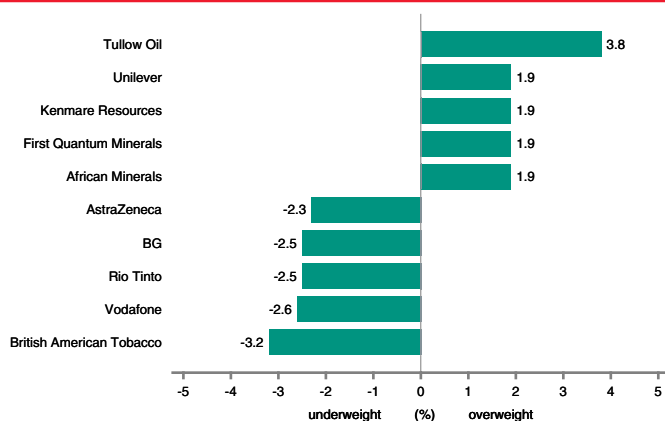
## Fund distribution



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 Specialist Equity fund	19.0	-18.9	21.8	11.4	-2.6
Benchmark	12.2	-22.3	10.8	12.5	-4.4

## Key facts

Underlying fund size	£774m
Number of holdings	101
Underlying fund launch date	22/05/2000
Portfolio Manager	Tom Dobell
Benchmark	FTSE All-Share Index
Investment Style	Active
Sedol code	3168433
Performance Objective	To outperform the benchmark by 2.5% per year (before charges) over rolling 3-year periods.

## Commentary

The portfolio's overweight stance in basic materials held back performance, although this was offset to a certain degree by good stock selection within the sector - AngloGold Ashanti, the South African gold company, stood out in particular. Tullow Oil led the list of positive contributors after the company reported a 'significant and potentially transformational' discovery in offshore French Guiana. Over the past 10 years, Tullow has transformed itself from a little-known small cap to an established member of the FTSE 100 Index, and the fund manager remains optimistic about the company's long-term prospects. The underweight in consumer goods was also detrimental (the fund has no exposure to British American Tobacco, Imperial Tobacco or Diageo as they do not meet the fund manager's criteria for recovery candidates), but the fund's relatively small exposure to financials added value.

Over the past three years in the wake of the global financial crisis, the fund manager has been refreshing the portfolio with new ideas, actively redeploying capital from cash and the fund's more mature holdings into new opportunities. At the same time, the fund manager has been backing his core holdings with greater conviction. The fund continues to have a large underweight in financials, mainly because of the banks where the fund manager has serious reservations about the quality of management teams and the opacity of the companies' balance sheets.

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

	Quarter	1 Year*	3 Years*	5 Years*
UK Specialist Equity fund	-14.2	-2.6	9.8	5.0
Benchmark	-13.5	-4.4	6.0	0.8

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 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?

- › 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

Exchange Rate fluctuations may cause the Sterling values of overseas investments to rise or fall.

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.



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