

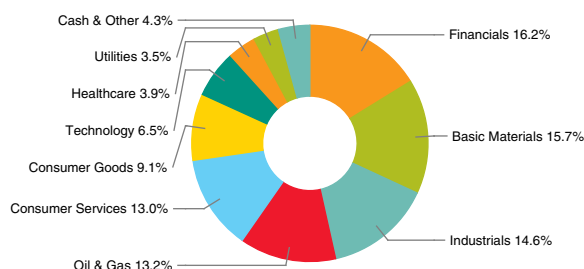
# Prudential Newton Income fund (Series 3)

**NEWTON**  
The Power of Ideas

## Fund description

The investment strategy of the fund is to purchase units in the Newton Income Fund. This fund aims to achieve capital growth and income from a portfolio of predominantly UK securities.

## Fund breakdown



The asset mix is likely to vary in the future.

## Top holdings

	%
1 BP	6.4
2 Rio Tinto	4.1
3 British American Tobacco	4.0
4 BHP Billiton	3.8
5 Lloyds Banking	3.5
6 Anglo American	3.4
7 BG	3.3
8 Barclays Bank	3.2
9 Prudential	2.4
10 Tesco	2.4

The asset mix is likely to vary in the future.

Source: Newton  
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
Newton Income fund	18.7	-10.2	8.3	14.2	-10.3
Benchmark	12.2	-22.3	10.8	12.5	-4.4

## Key facts

Underlying fund size	£1,135m
Number of holdings	91
Underlying fund launch date	01/05/1985
Portfolio Manager	Richard Wilmot
Benchmark	FTSE All-Share Index
Investment Style	Active
Sedol code	3420166
Performance Objective	To achieve capital growth and income.

## Commentary

Over the quarter, our overweight position in software manufacturer Autonomy was positive for performance after US-based Hewlett-Packard made a £25.50 per share bid – more than a 60% premium over its then share price. Elsewhere in the technology sector, our overweight holdings benefited from Autonomy's bid, as Imagination Technologies Group and ARM did well over the period.

Our avoidance of Vodafone Group was negative for performance as the company announced a £2 billion special dividend following the resumption of Verizon Wireless' dividend. The overweight positions in mining stocks Xstrata, Rio Tinto, Anglo American and BHP Billiton detracted from performance due to increasing concerns over the pace of economic growth and the sustainability of Chinese demand.

We used market volatility as an opportunity to increase the overweight positions in Lloyds Banking Group and Barclays, as their valuations had become more attractive. A new holding was established in the beer brewer SABMiller, with the investment case predicated on its high emerging-market exposure and an attractive valuation relative to earnings growth.

We sold Land Securities over concerns that the amount and timing of development pipelines would fall as growth slows down. Our reason for selling Standard Chartered was based on valuation grounds as well as concern over revenue growth in 2012.

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

	Quarter	1 Year*	3 Years*	5 Years*
Newton Income fund	-15.7	-10.3	3.5	3.4
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 Newton Income 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 Mellon Fund Managers Limited.

### 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+1. This means that money received on day T buys units at the valuation date price applicable at close of business 1 day later.

### 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.

