Prudential Newton International Growth fund (series 3)

NEWTON
The Power of Ideas

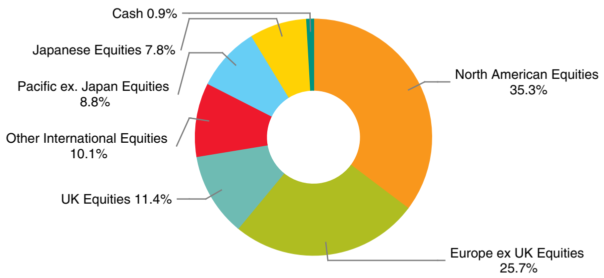
Fund description

The fund is actively managed and aims to provide capital growth from a portfolio of international securities. The fund has a well-diversified portfolio which takes strong positions in both stocks and countries.

Key facts

Underlying fund size	£928m
Number of holdings	127
Underlying fund launch date	01/06/1987
Portfolio Manager	Jon Bell
Benchmark	FTSE World Index
Investment Style	Active, Global Thematic
Sedol code	3420155
Performance Objective	To achieve capital growth from a portfolio of international securities.

Fund breakdown



Top holdings

	Top holdings	%
1	Roche	2.3
2	Sprint Nextel	1.9
3	Millicom Intl Cellular	1.8
4	Nestle	1.7
5	Total	1.7
6	Vodafone	1.6
7	GlaxoSmithKline	1.5
8	Jardine Matheson	1.5
9	Newcrest Mining	1.4
10	British American Tobacco	1.4

Source: Newton
All figures are as at 31 December 2009, unless otherwise stated.

Commentary

Strong stock selection in the consumer goods and oil and gas sectors boosted performance, while the fund's long-held underweight position in the financial sector was also beneficial. At the stock level, in the basic materials sector the Brazilian miner Vale and the UK-listed mining giant Anglo American both benefited from robust fundamentals: strong Chinese demand, a weak US dollar environment and potential for asset price inflation. Elsewhere in the sector, the fertiliser producer Mosaic, and agricultural chemical company Syngenta were both boosted by investor anticipation of a recovery in demand for agricultural products. Meanwhile, the Russian telecoms provider Sistema also enjoyed a strong quarter.

On the negative front, the Swiss biotech business Lonza continued to underperform following its profit warning. However, the company is now cutting costs and we continue to believe it is thematically well-placed in the long term. Meanwhile, Actelion lost ground as the market awaited results of pivotal drug trials which we believe will be positive for the company. In addition, the US mobile telecoms provider Sprint Nextel underperformed after its strong run in the first half of the year. We continue to believe that Sprint's turnaround will be successful and that its valuation is compelling. Meanwhile, the US higher education provider ITT Educational lost ground as regulatory concerns and a weak employment market continued to weigh on the sector.

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
Newton International Growth fund	22.4	-24.7	16.3	5.8	27.4
Benchmark	19.6	-18.2	9.5	6.5	24.5

Past performance of the fund to 31 December 2009

	Quarter	1 Year*	3 Years*	5 Years*
Newton International Growth fund	4.7	22.4	2.4	7.6
Benchmark	3.5	19.6	2.3	7.3

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.

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Prudential risk rating

Medium to Higher

What type of funds are in this risk category?

These funds offer a diverse geographical spread of equity investment. The funds within this category will have greater overseas exposure and underlying volatility than the "medium" sector.

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?

Ths 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 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+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.

Retirement has more potential with PRUDENTIAL

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