

# Prudential (Invesco Perpetual) Managed Trust

Manager's annual report for the  
year ended 30 November 2009  
(audited)

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<sup>+</sup> Collectively, these comprise the Manager's Report.

# Trust objective and policy

The objective of the Trust is to maximize the total long term return by investment in a portfolio of units and / or shares in regulated collective investment schemes which will provide exposure wholly or mainly to equity-type securities. The majority of the equity exposure of the fund will be in the UK. Up to 15% of the underlying funds may be invested in collective investment schemes which invest in non-equity-type securities.

## Manager's comments

The trust rose by 25.4%\* during the 12 month review period (in terms of total return with net income reinvested), compared to the IMA Active Managed Sector average, which rose by 27.8%.\*

The performance of the trust was similar to the peer group average, but there were wide disparities between regional performances over the 12 months under review. The primarily defensive stance of our UK holdings restricted returns which, although positive, fell short in the strong rally witnessed since March 2009. The rally favoured cyclical, high performing but volatile and low-quality stocks in which we were under-invested. In general, our preferences within the UK equity market lay with companies that have durable earnings and can grow their dividends. Typically they are also globally diversified. These characteristics can be found in companies in areas such as pharmaceuticals, tobacco, utilities and telecommunications. With many of these businesses being overlooked in favour of economically sensitive companies, an opportunity has been created for us to invest in quality growth businesses that we believe are fundamentally undervalued. Looking ahead, we anticipate a more difficult period for UK markets, given their strength over the year, and we believe that sectors which led the rally will falter. In our view, the businesses in which we are invested are those best positioned to assume leadership of the market. We are confident that our selected holdings can deliver earnings growth even in tough economic conditions, and we believe their resilience should be rewarded with a premium rating relative to the market. Our confidence is reflected by our additions to the Invesco Perpetual (IP) Income and High Income Funds over the period.

Similarly, the performance of our European investments lagged behind the sector average as we were deliberately underweight in areas such as consumer goods and financials (especially banks). Although these sectors have rallied, we remain concerned that the valuations of many companies in these areas contain overly optimistic assumptions, given

## Manager's comments (continued)

the still difficult economic and business backdrop. Currently, the bulk of our European portfolios remain invested in what we feel are good quality companies, typically multi-nationals with relatively low exposure to the economic cycle. Defensive sectors are offering excellent opportunities with strong and sustainable dividend yields, but we also see opportunities in certain cyclical areas where low valuations outweigh the extra risk brought by higher market sensitivity. We currently favour the pharmaceuticals, telecoms, media and industrials sectors in Europe. We reduced our holding in the IP European Equity Fund during the year, in order to utilise the proceeds in areas we viewed as offering the prospect of better returns.

Our US investments produced moderate performance over the review period. We anticipate that high-quality US companies with defensible, competitive advantages, strong balance sheets and cash-generative models will outperform. Valuations of such companies, certainly relative to many cyclicals and more volatile, low-quality companies which have led this year's rally, are increasingly attractive by our analysis.

Away from the disappointing returns of our holdings in western equity markets, where we were generally cautious and underweight in financials and consumer-facing stocks, our positive outlook for the rest of the world stood the trust in good stead. Strong real and relative performances from our holdings in emerging Europe, Latin America, Asia, Japan and also from corporate bonds significantly boosted the trust's performance. Our Japanese returns were especially strong and easily outpaced the rise in Japanese stockmarkets, benefiting from both excellent stock selection and our management team moving away from holding defensive stocks at the start of the review period. Japanese company valuations remain well below their long-term averages and we see attractive opportunities within selected areas of the Japanese equity market. In our view, particular value exists within large, globally orientated car and electronics groups, where current prices are not reflecting a potentially sharp recovery in profits. The trust also has strong representation in Japanese banks, brokers and real estate groups. In Asia, we currently have significant positions in sectors we believe can benefit from the long-term growth potential of rising consumer demand. This includes areas directly impacted by rising affluence among Asian consumers, such as household products, food and beverages. We also have exposure to the insurance and real estate sectors, which we believe will experience positive long-term trends as the process of urbanisation continues. Our Asian equity

## Manager's comments (continued)

exposure is mainly through the IP Asian Fund, which we partly took profits from, and has strong geographical positions in China and India reflecting our expectations that these countries will lead Asian consumption growth over the years ahead.

We continue to prefer corporate over government bonds, as we believe there are risks to medium-term government bond returns given the sharp increase in supply. Nonetheless, volatility continues to present opportunities in government bond markets. Despite corporate bonds having rallied considerably, we see value in a number of higher yielding investment-grade names and better quality high-yield issuers. We added to the IP Corporate Bond Fund earlier in the review period in order to take advantage of historically depressed corporate prices, but reduced our exposure more recently after strong bond price rises.

In conclusion, although in general equities can no longer be considered cheap, we do not view them, in their entirety, as being overvalued either. Our most cautious outlook would probably be towards the UK, but even here we believe that there are some truly compelling investment opportunities on offer. More globally, dividend yields are attractive, especially in developed markets, and there continues to be valuation support in countries, such as Japan, where our expectations for economic growth remain low.

\* Source: Morningstar, Inc.

Basis: Bid to bid with net income reinvested to 30 November 2009.

### **Invesco Fund Managers Limited** **Investment adviser**

Please note that the views expressed in this Report should not be taken as a recommendation or advice as to how the Prudential (Invesco Perpetual) Managed Trust or any holding mentioned in the Report is likely to perform. If you wish to obtain financial advice as to whether an investment is suitable for your needs, you should consult a financial adviser.

# Trust statistics

## Distribution dates and trust facts

Distribution type	xd	payment
Interim	01.06.10	31.07.10
Final	01.12.10	31.01.11

	Final distribution Acc 01.12.09 <sup>[a]</sup>	Total Expense Ratio <sup>[b]</sup> Acc 30.11.09	Acc 30.11.08
<b>Sterling</b>	<b>p</b>	<b>%</b>	<b>%</b>
<b>Class 'A'</b>	1.2222	2.10	2.04

The Portfolio Turnover Rate (PTR) for the 12 months ending 30 November 2009 was 1.69% compared with 4.75% for the year ending 30 November 2008. <sup>[c]</sup>

<sup>[a]</sup> The date on which the final distribution will be credited to Accumulation unitholders.

<sup>[b]</sup> The Total Expense Ratio (TER) shows the relevant annualised operating expenses from the most recent reporting period as a single percentage of the average net asset value over the same period.

<sup>[c]</sup> The Portfolio Turnover Rate (PTR) is a ratio that reflects the volume of trading within the trust over the course of a 12 month period. The PTR is calculated by taking the sum of all transactions in securities less the sum of all transactions in the trust's units and is expressed as a percentage of the trust's average net asset value.

## Trust performance

Performance of unit class.

	Net asset value per unit as at 30.11.09 Acc	Net asset value per unit as at 30.11.08 Acc	Net asset value % change Acc
<b>Sterling</b>	<b>p</b>	<b>p</b>	<b>%</b>
<b>Class 'A'</b>	175.16	140.54	+24.63

# Trust statistics

## Prices <sup>[a]</sup>

	Calendar year	Accumulation units	
		Highest	Lowest
Sterling Class 'A'	2004	p 138.24	p 113.80
	2005 <sup>[a]</sup>	162.70	130.84
	2006	190.12	160.57
	2007	207.56	186.20
	2008	199.84	129.87
	2009 <sup>[b]</sup>	180.85	128.25

<sup>[a]</sup> Up until 28 May 2005 the trust was dual priced and figures show the highest offer price and the lowest bid price. From 31 May 2005 the trust was single priced and from this date now shows both the highest price and lowest price.

<sup>[b]</sup> Up to 1 December 2009.

## Income

### Dividend income per unit

	Calendar year	Reinvested
		p
Sterling (net) Class 'A'	2004	0.9372
	2005	1.6519
	2006	1.1891
	2007	1.6466
	2008	1.8288
	2009 <sup>[a]</sup>	2.8045

<sup>[a]</sup> Up to final: ex-distribution date 1 December 2009.

Past performance is not a guide to future performance.

The price of units and the income from them can go down as well as up, and you may get back less than you invested.

# Trust statistics

## Net assets

	Year ended	Value per unit Acc	Number of units Acc
Sterling Class 'A'	Nov 2007	195.91	64,856,238
	Nov 2008	140.54	63,904,138
	Nov 2009	175.16	63,822,538

## Total net asset value of trust

Year ended	£
Nov 2007	127,060,000
Nov 2008	89,808,000
Nov 2009	111,793,000

# Portfolio

## Portfolio statement

as at 30 November 2009

Holding	Value £'000	30.11.09 %	30.11.08 %	
<b>Asia</b>				
3,750,333	Invesco Perpetual Asian Fund	11,148	9.97	
			9.97	
<b>Continental Europe</b>				
3,327,112	Invesco Perpetual Emerging European Fund	1,215	11.69	
1,746,244	Invesco Perpetual European Equity Fund	9,494	13.76	
5,172,822	Invesco Perpetual European Equity Income Fund	2,360	2.11	
<b>Japan</b>				
3,684,846	Invesco Perpetual Japan Fund	7,846	7.02	
			7.02	
<b>North America</b>				
5,908,504	Invesco Perpetual US Equity Fund	17,047	15.25	
			15.25	
<b>South America</b>				
1,047,927	Invesco Perpetual Latin American Fund	1,572	1.41	
			1.41	
<b>United Kingdom</b>				
3,130,968	Invesco Perpetual Corporate Bond Fund	4,155	54.47	
4,319,871	Invesco Perpetual High Income Fund	17,630	54.49	
1,105,048	Invesco Perpetual Income Fund	17,619	3.71	
5,340,898	Invesco Perpetual UK Growth Fund	14,875	15.77	
1,763,723	Invesco Perpetual UK Smaller Companies Equity Fund	6,617	15.76	
			13.31	
			5.92	
<b>Portfolio of investments (note 1b)</b>		<b>111,578</b>	<b>99.81</b>	<b>99.47</b>
<b>Net other assets</b>		<b>215</b>	<b>0.19</b>	<b>0.53</b>
<b>Net assets attributable to unitholders</b>		<b>111,793</b>	<b>100.00</b>	<b>100.00</b>

All holdings are in Accumulation shares.

# Financial statements

for the year ended 30 November 2009

## Statement of total return

	Note	2009		2008	
		£'000	£'000	£'000	£'000
<b>Income</b>					
Net capital gains / (losses)	3		20,373		(36,735)
Revenue	4	3,711		3,332	
Expenses	5	(1,862)		(2,141)	
Finance costs: Interest	12	0		(1)	
Net revenue before taxation		1,849		1,190	
Taxation	6	(161)		(122)	
Net revenue after taxation			1,688		1,068
<b>Total return before distributions</b>					
			22,061		(35,667)
Finance costs: Distributions	12		(1,789)		(1,181)
<b>Change in net assets attributable to unitholders from investment activities</b>					
			20,272		(36,848)

## Statement of change in unitholders' net assets

	2009		2008	
	£'000	£'000	£'000	£'000
<b>Opening net assets attributable to unitholders</b>				
		89,808		127,060
Amounts received on issue of units	7,386		6,036	
Amounts paid on cancellation of units	(7,434)		(7,588)	
		(48)		(1,552)
Stamp Duty Reserve Tax (SDRT)		(21)		(28)
Change in net assets attributable to unitholders from investment activities (see above)		20,272		(36,848)
Retained distributions on Accumulation units		1,782		1,176
<b>Closing net assets attributable to unitholders</b>				
		111,793		89,808

# Financial statements

## Balance sheet

	as at 30 November 2009		as at 30 November 2008	
	£'000	£'000	£'000	£'000
<b>Assets</b>				
Investment assets		111,578		89,330
Debtors				
Amounts receivable on issues	0		100	
Management fee rebates due	138		112	
Prepaid expenses	0		5	
Sales awaiting settlement	226		445	
Tax recoverable	58		39	
		422		701
Cash and bank balances	7		233	
		7		233
<b>Total other assets</b>		<b>429</b>		<b>934</b>
<b>Total assets</b>		<b>112,007</b>		<b>90,264</b>
<b>Liabilities</b>				
Creditors				
Amounts payable on cancellations	(122)		0	
Expenses payable	(90)		(9)	
Purchases awaiting settlement	0		(446)	
SDRT payable	(2)		(1)	
		(214)		(456)
<b>Total liabilities</b>		<b>(214)</b>		<b>(456)</b>
<b>Net assets attributable to unitholders</b>		<b>111,793</b>		<b>89,808</b>

# Financial statements

## Notes to the financial statements

### 1 Accounting policies

#### a ) **Basis of accounting**

The financial statements have been prepared in accordance with the historical cost convention, as modified by the revaluation of investments, and in accordance with the Statement of Recommended Practice for Authorised Funds issued by the Investment Management Association (IMA) in November 2008 (the IMA SORP 2008).

#### b ) **Basis of valuation of investments**

All investments are valued at their fair value as at 12 noon on 30 November 2009, being the last business day of the financial year. The fair value of authorised collective investment schemes is their single price.

#### c ) **Investment gains and losses**

Gains and losses on the realisation of investments and increases and decreases in the valuation of investments held at the balance sheet date are treated as capital.

#### d ) **Dividend and interest income**

Distributions from collective investment schemes are recognised net of attributable tax credits when the security is quoted ex-dividend.

Bank interest is recognised on an accruals basis and treated as revenue.

#### e ) **Equalisation**

Income received from investments in authorised collective investment schemes, which are purchased during the financial year, will include an element of equalisation which represents the average amount of income included in the price paid for shares. The equalisation is treated as a return of capital for taxation purposes and is not included in the distributable income.

#### f ) **Management fee rebates**

These are recognised on an accruals basis as either revenue or capital in accordance with the treatment of the management fee charged in the underlying collective investment schemes.

# Financial statements

## Notes to the financial statements (continued)

### 1 Accounting policies (continued)

#### g ) Expenses

For accounting purposes, all expenses (other than those relating to the purchase and sale of investments and Stamp Duty Reserve Tax) are charged against revenue for the year on an accruals basis.

#### h ) Taxation

The rate of corporation tax for the trust is 20%, with relief for double taxation taken where appropriate. The tax accounting treatment follows the principal amounts involved.

#### i ) Deferred taxation

Deferred tax is provided for in respect of timing differences that have originated but not reversed by the balance sheet date, with the exception of those regarded as permanent differences. Any liability to deferred tax is provided at the average rate of tax expected to apply. A deferred tax asset is recognised to the extent that it is expected to be utilised, based on the likelihood of taxable profits arising in the next twelve month period from which the future reversal of timing differences can be deducted. Deferred tax assets and liabilities are not discounted to reflect the time value of money.

#### j ) Distribution policy

The policy of the trust is to distribute all available income, excluding any items treated as capital in accordance with the above policies and after deduction of expenses properly chargeable against revenue.

Income attributable to Accumulation unitholders is retained at the end of each distribution period and represents a reinvestment of income. All remaining income is distributed in accordance with the Collective Investment Schemes sourcebook.

# Financial statements

## Notes to the financial statements (continued)

### 2 Risk management policy

In pursuing the trust's investment objective, as set out on page 1, the Manager accepts market price risk in relation to the investment portfolio, including currency risk within its underlying investments.

Generally, the Manager will not seek to hedge these exposures since he believes that, in the long term, such hedging would be detrimental to total return. Accordingly, although permitted by the Prospectus, the trust has not used derivative instruments.

The capital and revenue value of the trust's underlying investments can be significantly affected by currency translation movements, where their assets are denominated in currencies other than sterling which is the trust's functional currency. The fund manager reviews the underlying risk when considering asset allocation.

Since the objective of the trust is to deliver returns over the long term, transactions with the sole objective of realising short-term returns are generally not undertaken.

The trust's assets comprise securities that can be readily realised to meet obligations that may arise on the redemption of units. It is the Manager's policy that the trust should normally be close to fully invested but this is subject to the need to retain liquidity for the purpose of effecting the redemption of units, and the efficient management of the trust in accordance with its objective. There may, therefore, be occasions when there will be higher levels of liquidity, for example following the issue of units or the realisation of investments. Higher liquidity levels may also arise when the trust's asset allocation policy is changed.

These policies have been consistently applied since the beginning of the financial year (30.11.08: same).

# Financial statements

## Notes to the financial statements (continued)

### 3 Net capital gains/(losses)

	2009 £'000	2008 £'000
Non-derivative securities	19,869	(37,300)
Management fee rebates taken to capital	504	565
<b>Net capital gains / (losses)</b>	<b>20,373</b>	<b>(36,735)</b>

### 4 Revenue

	2009 £'000	2008 £'000
Annual payments	867	650
Bank interest	1	13
HM Revenue & Customs interest	1	0
Interest distributions	189	85
Management fee rebates	950	1,143
UK dividends	1,703	1,441
<b>Total revenue</b>	<b>3,711</b>	<b>3,332</b>

### 5 Expenses

	2009 £'000	2008 £'000
<b>Payable to the Manager or associate</b>		
Manager's periodic charge <sup>[a]</sup>	1,834	2,109
<b>Payable to the Trustee or associate</b>		
Trustee's fee (including VAT)	9	10
<b>Other expenses</b>		
Audit fee (including VAT)	7	7
Registration fees	11	14
Safe custody charge	1	1
	19	22
<b>Total expenses</b>	<b>1,862</b>	<b>2,141</b>

<sup>[a]</sup> This charge excludes management fee rebates received from Invesco Fund Managers Limited in relation to the annual management charge of the underlying collective investment schemes for which they act as Manager. These rebates have been recognised as either capital or revenue in notes 3 and 4 respectively.

# Financial statements

## Notes to the financial statements (continued)

### 6 Taxation

	2009 £'000	2008 £'000
<b>a ) Analysis of charge in the year</b>		
Corporation tax	134	38
Tax on annual payments	162	122
Double taxation relief	(134)	(38)
Prior period adjustment	(1)	0
Current tax charge (note 6b)	161	122
Deferred tax (note 6c)	0	0
<b>Total taxation</b>	<b>161</b>	<b>122</b>

### b ) Factors affecting taxation charge for the year

Net revenue before taxation	1,849	1,190
Corporation tax at 20%	370	238
Effects of:		
Tax on management fee rebates taken to capital	101	113
UK dividends <sup>[a]</sup>	(341)	(288)
Prior period expenses utilised	0	(38)
Revenue taxable in different periods	4	13
Tax on annual payments	162	122
Double taxation relief	(134)	(38)
Prior period adjustment	(1)	0
<b>Current tax charge (note 6a)</b>	<b>161</b>	<b>122</b>

[a] As an authorised unit trust this item is not subject to corporation tax.

### c ) Provision for deferred taxation

Provision at the start of the year	0	0
Deferred tax in profit and loss account (note 6a)	0	0
<b>Provision at the end of the year</b>	<b>0</b>	<b>0</b>

The trust does not have an unrecognised deferred tax asset at the year end (30.11.08: same).

# Financial statements

## Notes to the financial statements (continued)

### 7 Contingent liabilities and outstanding commitments

There were no contingent liabilities or outstanding commitments at the balance sheet date (30.11.08: same).

### 8 Related parties

Prudential Unit Trusts Limited, as Manager and The Royal Bank of Scotland plc, as Trustee, are regarded as controlling parties by virtue of having the ability to act in concert in respect of the operations of the trust. Prudential Unit Trusts Limited acts as principal on all the transactions of units in the trust except with in-specie transactions, where Prudential Unit Trusts Limited acts as an agent. The aggregate monies received through issues, and paid on cancellations, are disclosed in the statement of change in unitholders' net assets and note 12. Amounts due to / from Prudential Unit Trusts Limited in respect of unit transactions at the year end are disclosed in the balance sheet where applicable.

Amounts paid to Prudential Unit Trusts Limited in respect of the Manager's periodic charge and amounts paid to The Royal Bank of Scotland plc in respect of the Trustee's fee are disclosed in note 5. Amounts due at the year end are disclosed in the balance sheet where applicable.

At the balance sheet date, material unitholders from within Prudential plc, of which Prudential Unit Trusts Limited is a wholly owned subsidiary, have holdings totalling 95.80% (30.11.08: 95.64%) of the trust's units.

# Financial statements

## Notes to the financial statements (continued)

### 9 Financial instruments

The policies applied in the management of financial instruments are set out in note 2.

Short-term debtors and creditors have only been included in respect of the currency exposure when this is applicable (30.11.08: same).

#### Currency exposure

There was no direct currency exposure within the trust at the balance sheet date. However, there was significant foreign currency exposure within the trust's holdings of collective investment schemes since their assets are denominated in currencies other than sterling, with the effect that balance sheet and total returns can be affected by exchange rate fluctuations (30.11.08: same).

#### Interest rate profile

The interest-bearing financial assets of the trust consist of bank balances, on which interest is calculated at a variable rate by reference to sterling bank deposit rates and the trust's holdings in bond portfolios which are principally exposed to fixed and variable rate financial assets (30.11.08: same).

#### Fair values

There is no material difference between the carrying values and fair values of the financial instruments disclosed in the balance sheet (30.11.08: same).

### 10 Portfolio transaction costs

	2009 £'000	2008 £'000
a ) Purchases		
Total purchases including transaction costs	10,714	10,605
b ) Sales		
Total sales net of transaction costs	8,335	10,409

There were no significant transaction costs during the year (2008: same).

# Financial statements

## Notes to the financial statements (continued)

### 11 Unitholder funds

The trust contains Sterling Class 'A' (Accumulation) units.

The charging structure, as at 30 November 2009, is set out in the following table (30.11.08: same):

	Class 'A' %
<b>Initial charge:</b>	4.75
<b>Redemption charge:</b> <sup>[a]</sup>	n/a
<b>Manager's annual remuneration:</b>	1.85

[a] The Manager may, at not less than 60 days notice to unitholders in writing, make a charge on the redemption of units. At present no redemption charge is levied.

With the exception of the Manager's periodic charge and registration fees, which are directly attributable to individual unit classes, all income and expenses are apportioned to the trust's unit class pro-rata to the value of the net assets of the unit class on the day that the income or expenses are recognised.

The net asset value per unit and the number of units are given in the comparative table on page 6. The distribution per unit is given in the distribution table on page 18.

### 12 Finance costs

	2009 £'000	2008 £'000
<b>Accumulation units (sterling)</b>		
<b>Class 'A' - Interim</b>	1,002	447
- Final	780	729
Finance costs: Dividend distributions	1,782	1,176
Income deducted on cancellation of units	37	18
Income received on issue of units	(30)	(13)
<b>Finance costs: Distributions</b>	<b>1,789</b>	<b>1,181</b>
Finance costs: Interest	0	1
<b>Total finance costs</b>	<b>1,789</b>	<b>1,182</b>
Net revenue per statement of total return	1,688	1,068
Tax on management fee rebates taken to capital	101	113
Undistributed income brought forward	3	3
Undistributed income carried forward	(3)	(3)
<b>Finance costs: Distributions</b>	<b>1,789</b>	<b>1,181</b>

# Financial statements

## Distribution table

Dividend distributions on Accumulation units	Net income	Equalisation	Amount reinvested	
			2009	2008
Sterling Class 'A' - Interim	p	p	p	p
Group 1:	1.5823	-	1.5823	0.6870
Group 2:	0.5632	1.0191	1.5823	0.6870
<b>- Final</b>				
Group 1:	1.2222	-	1.2222	1.1418
Group 2:	0.7869	0.4353	1.2222	1.1418

Interim period 01.12.08 – 31.05.09

Final period 01.06.09 – 30.11.09

Group 1: Units purchased prior to a distribution period.

Group 2: Units purchased during a distribution period.

Equalisation applies only to units purchased during the distribution period (Group 2 units). It is the average amount of income included in the purchase price of all Group 2 units and is refunded to the holders of these units as a return of capital. Being capital it is not liable to Income Tax but must be deducted from the cost of units for Capital Gains Tax purposes.

# EU savings directive

as at 30 November 2009

The percentage of the Prudential (Invesco Perpetual) Managed Trust held in interest-bearing assets (as defined by the UK rules for the EU Savings Directive 2003/48/EC) is 3.67%.

# Statement of the Manager's responsibilities

The Collective Investment Schemes sourcebook (COLL), as issued (and amended) by the Financial Services Authority (FSA) requires the Manager to prepare the annual report and financial statements for each financial year which give a true and fair view of the financial affairs of the Scheme and of its net revenue and net gains for the year. In preparing the financial statements the Manager is required to:

- a) Select suitable accounting policies and then apply them consistently.
- b) Comply with requirements of the Statement of Recommended Practice for Authorised Funds issued by the Investment Management Association (IMA) in November 2008.
- c) Follow generally accepted accounting principles and applicable accounting standards.
- d) Keep proper accounting records which enable it to demonstrate that the financial statements as prepared comply with the above requirements.
- e) Make judgments and estimates that are reasonable and prudent.
- f) Prepare the financial statements on the going concern basis unless it is inappropriate to presume that this Scheme will continue in operation.

The Manager is responsible for the management of the Scheme in accordance with its Trust Deed, Prospectus and COLL.

The Manager is also responsible for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# Statement of the Trustee's responsibilities

## **In respect of the scheme and report of the trustee to the unitholders of the Prudential (Invesco Perpetual) Managed Trust for the year ended 30 November 2009**

The Trustee is responsible for the safekeeping of all the property of the Scheme (other than tangible moveable property) which is entrusted to it and for the collection of revenue that arises from that property.

It is the duty of the Trustee to take reasonable care to ensure that the Scheme is managed in accordance with the Financial Services Authority's Collective Investment Schemes sourcebook (COLL), as amended, the Scheme's Trust Deed and Prospectus, in relation to the pricing of, and dealings in, units in the Scheme; the application of revenue of the Scheme; and the investment and borrowing powers of the Scheme.

Having carried out such procedures as we considered necessary to discharge our responsibilities as Trustee of the Scheme, it is our opinion, based on the information available to us and the explanations provided, that, in all material respects, the Manager:

- i ) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Scheme's units and the application of the Scheme's revenue in accordance with the Trust Deed, Prospectus and COLL.
- ii ) has observed the investment and borrowing powers and restrictions applicable to the Scheme.

The Royal Bank of Scotland plc  
Trustee  
Edinburgh  
13 January 2010

## Directors' statement

This report has been prepared in accordance with the requirements of the Collective Investment Schemes sourcebook, as issued (and amended) by the Financial Services Authority.

G W MacDowall  
J R Talbot  
Directors  
Prudential Unit Trusts Limited  
13 January 2010

# Independent auditors' report

## **To the unitholders of the Prudential (Invesco Perpetual) Managed Trust ('the trust')**

We have audited the financial statements of the Prudential (Invesco Perpetual) Managed Trust for the year ended 30 November 2009 which comprise the statement of total return, the statement of change in unitholders' net assets, the balance sheet, the related notes and the distribution table. These financial statements have been prepared under the accounting policies set out therein.

### **Respective responsibilities of the Manager and Auditors**

The Manager's responsibilities for preparing the annual report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of the Manager's responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland) and the requirements of the Collective Investment Schemes sourcebook. This report, including the opinion has been prepared for and only for the unitholders of the trust as a body in accordance with paragraph 4.5.12 of the Collective Investment Schemes sourcebook and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Statement of Recommended Practice for Authorised Funds issued by the IMA in November 2008, the Collective Investment Schemes sourcebook and the Trust Deed. We also report to you whether, in our opinion, proper accounting records for the trust have not been kept or whether the financial statements are not in agreement with those records, and whether the information given in the Manager's Report is consistent with the financial statements. In addition, we state whether we have obtained all the information and explanations necessary for the purposes of our audit.

We read the other information contained in the annual report and consider whether it is consistent with the audited financial statements. This other information comprises only the Manager's Report and the other items set out on the contents page. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

## **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Manager in the preparation of the financial statements, and of whether the accounting policies are appropriate to the trust's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

## **Opinion**

In our opinion the financial statements:

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the financial position of the trust at 30 November 2009 and of the net revenue and the net gains of the property of the trust for the year then ended; and
- have been properly prepared in accordance with the Statement of Recommended Practice for Authorised Funds issued by the IMA in November 2008, the Collective Investment Schemes sourcebook and the Trust Deed.

We have obtained all the information and explanations we consider necessary for the purposes of the audit.

In our opinion the information given in the Manager's Report is consistent with the financial statements.

PricewaterhouseCoopers LLP  
Chartered Accountants and  
Statutory Auditors  
London  
13 January 2010

The financial statements are published at [www.pru.co.uk/managersreports](http://www.pru.co.uk/managersreports), which is a website maintained by Prudential UK ('Prudential'). The maintenance and integrity of the website maintained by Prudential or any of its subsidiaries is, so far as it relates to the trust, the responsibility of Prudential. The work carried out by the auditors does not involve consideration of the maintenance and integrity of this website and accordingly, the auditors accept no responsibility for any changes that have occurred to the financial statements since they were initially presented on the website. Visitors to the website need to be aware that legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in their jurisdiction.

# Notes to unitholders

Mr Trevor Cheal was appointed as a Director of Prudential Unit Trusts Limited on 4 February 2009.

The annual management charge is paid fortnightly in arrears from the Trust's Scheme Property. It was previously paid fortnightly in advance from the Trust's Scheme Property.

## General information

If you would like further details about any aspects of your investment please contact Customer Relations.

Prudential Unit Trusts Limited,  
PO Box 9022, Chelmsford, Essex CM99 2WA

Please remember to quote your name, customer number, and sign any written communication to Prudential. Failure to provide this may affect your ability to transact with us.

Alternatively, if you are unsure whether your investment remains suitable, you should seek financial advice.

Prudential Unit Trust prices can be obtained from our website at [www.pru.co.uk](http://www.pru.co.uk) or by telephoning Customer Relations on 0845 783 5500.

For security purposes and to improve the quality of our service, we may record and monitor telephone calls. You will require your customer number. Failure to provide this will affect your ability to transact with us.

Copies of the Prospectus are available on request free of charge.

Prudential Unit Trusts Limited is a member of the Investment Management Association.

You are classified as a 'Retail Client' as defined in the FSA Handbook unless we notify you in writing to the contrary.

### **Category of Trust**

The Prudential (Invesco Perpetual) Managed Trust is an Authorised Unit Trust Scheme within the meaning of the Financial Services & Markets Act 2000 and has been established as a 'non-UCITS' retail scheme.

## **Manager**

Prudential Unit Trusts Limited,  
Laurence Pountney Hill, London EC4R 0HH  
Telephone: 0845 783 5500  
(Authorised and regulated by the Financial Services Authority)

## **Directors**

T Cheal  
C I Jackson  
M Lewis  
G W MacDowall  
L U Midwinter  
L J Mumford  
W J Nott  
L J Scrine  
J R Talbot

## **Secretary**

M&G Management Services Limited

## **Investment adviser**

Invesco Fund Managers Limited,  
30 Finsbury Square, London EC2A 1AG  
(Authorised and regulated by the Financial Services Authority)

## **Registrar**

International Financial Data Services (UK) Limited,  
IFDS House, St. Nicholas Lane, Basildon, Essex SS15 5FS  
(Authorised and regulated by the Financial Services Authority)

## **Trustee**

The Royal Bank of Scotland plc,  
Trustee & Depositary Services, The Broadstone,  
50 South Gyle Crescent, Edinburgh EH12 9UZ  
(Authorised and regulated by the Financial Services Authority)

## **Independent auditors**

Each trust has its financial statements audited by an independent firm of auditors. The audited financial statements are published every year within the Manager's Annual Report.

PricewaterhouseCoopers LLP,  
Hay's Galleria, 1 Hay's Lane, London SE1 2RD



[www.pru.co.uk](http://www.pru.co.uk)

'Prudential' is a trading name of Prudential Unit Trusts Limited and Prudential Personal Equity Plans Limited. This name is also used by other companies within the Prudential Group, which between them provide a range of financial products including life assurance, pensions, savings and investment products. Prudential Unit Trusts Limited and Prudential Personal Equity Plans Limited are registered in England and Wales under numbers 1796126 and 2059989 respectively. Registered Office at Laurence Pountney Hill, London EC4R 0HH. Authorised and regulated by the Financial Services Authority.