

Prudential Growth Trust

Manager's interim report for the
six months ended 10 December 2011
(unaudited)

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⁺ Collectively, these comprise the Manager's Report.

Trust objective and policy

This Trust is a fund of funds investing in M&G's range of authorised collective investment schemes. Its sole objective is to achieve long term capital growth. The Trust will have significant holdings in schemes investing in UK and overseas equities.

Manager's comments

During the six months under review, the Prudential Growth Trust declined by 10.3%* in terms of total return (capital performance with net income reinvested), compared with the FTSE World Index which fell by 4.2%**.

The six months under review proved to be a very demanding time for stockmarket investors. Concerns over the ongoing eurozone government debt crisis, disillusionment over the ability of politicians to resolve this situation and its potential impact on the global economy meant that company share prices were extremely volatile during this time. In this tense environment, business fundamentals were largely ignored as investors focused on daily newsflow from the eurozone and, as a consequence, shares in even some of the best quality businesses in the world were sold amid fears that their profits might be at risk because of the debt crisis in Europe. What is more, disappointing data from the US and China, which suggested that the world's two biggest economies were slowing, also dampened investor confidence.

Those areas of the investment universe that are most exposed to the global economy and are therefore regarded as particularly vulnerable suffered the biggest declines during this time. As a result, many companies that operate in developing countries were shunned by investors, including those where there was no stock-specific news. This had a detrimental effect on the M&G Global Emerging Markets Fund and the M&G Asian Fund, which are both held in the trust. Nevertheless, Graham French, manager of the underlying trust, remains comfortable with both of these funds.

Another holding in the trust is the M&G Global Basics Fund, which invests in companies that are well placed to benefit from global demand for 'basic' products, whether they are raw materials or consumer goods. The fund has a relatively large position in commodity-related stocks, many of which struggled during the period amid concerns over the economy and falling raw materials prices. Gold mining companies were one of the exceptions to this trend since they

Manager's comments (continued)

benefited from the 'safe haven' status of gold and positions in gold mining companies, in particular Centerra Gold and Resolute Mining, added value to the M&G Global Basics Fund. In addition, this fund has a relatively large allocation to consumer goods-related businesses, whose performance tends to be stable and therefore relatively resilient given that such companies are more likely to do well even if the economy weakens. For example, holdings in Singapore-based drinks and property conglomerate Fraser & Neave and oral care products giant Colgate-Palmolive contributed positively to the M&G Global Basics Fund and therefore the underlying trust.

Having a relatively large weighting in consumer goods companies also proved beneficial for the M&G Global Dividend Fund also held in the Prudential Growth Trust. This fund delivered a positive contribution to the underlying trust, helped by its positions in tobacco company Reynolds American in the US, food producer Heinz from the US and Australian drinks distributor Coca-Cola Amatil.

Ahead of the trust's probable closure in February 2012, the fund manager did not make any changes to its holdings during the review period. As at 10 December 2011 (the end of the review period), the trust was invested in the M&G Global Basics Fund, the M&G Asian Fund, the M&G Global Emerging Markets Fund, the M&G Global Growth Fund, the M&G Recovery Fund and the M&G Global Dividend Fund.

Given the ongoing problems in the eurozone, these are uncertain times for stockmarket investors and company share prices - even those of the best quality businesses - are likely to remain unsettled for some time to come. As always, we believe that taking a long-term approach is the best policy and this means focusing on long-term company fundamentals rather than short-term news. After all, many businesses worldwide are in decent shape having cut costs and generally improved their finances during the previous downturn.

We are also encouraged by the fact that structural growth drivers, such as the growth in consumer demand across Asia and Latin America, remain firmly in place. The transformation of developing countries like India and Brazil into industrialised nations is a long-term phenomenon and a hugely exciting opportunity for those companies equipped with the right assets and business strategy to harness this development.

Manager's comments (continued)

We are committed to holding a core portfolio of highly diversified funds with distinct investment approaches and international exposure. Stock selection remains of paramount importance and the fund managers of the funds held in the trust remain focused on those companies that they believe can create value for shareholders.

* Source: Morningstar, Inc.

Basis: Bid to bid with net income reinvested to 9 December 2011 (the nearest measurable period).

** Source: Morningstar, Inc.

Basis: Capital performance with net income reinvested to 9 December 2011 (the nearest measurable period).

Please note that the views expressed in this Report should not be taken as a recommendation or advice as to how the Prudential Growth 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
Final	11.06.12	10.08.12
Total Expense Ratio ^[a]		
	10.12.11	10.06.11
Sterling	%	%
Class 'A'	1.65	1.65

[a] 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.

Trust performance

Performance of unit class.

	Net asset value per unit as at 10.12.11 Acc	Net asset value per unit as at 10.06.11 Acc	Net asset value % change Acc
Sterling	p	p	%
Class 'A'	80.57	89.78	-10.26

Prices

	Calendar year	Accumulation units	
		Highest	Lowest
Sterling		p	p
Class 'A'	2006	64.07	54.41
	2007	74.25	63.06
	2008	76.19	45.90
	2009	76.47	46.14
	2010	92.32	72.20
	2011 ^[a]	93.90	74.57

[a] Up to 12 December 2011.

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

Income

Dividend income per unit

	Calendar year	Reinvested
Sterling (net)		p
Class 'A'	2006	0.3133
	2007	0.3767
	2008	0.4940
	2009	0.6020
	2010	0.5450
	2011 [a]	0.3850

[a] The Prudential Growth Trust distributes annually, therefore there is no interim distribution.

Net assets

	Period ended	Value per unit Acc	Number of units Acc
Sterling		p	
Class 'A'	Jun 2009	60.41	73,786,930
	Jun 2010	76.64	73,719,930
	Jun 2011	89.78	75,230,930
	Dec 2011	80.57	75,629,930

Total net asset value of trust

	Period ended	£
	Jun 2009	44,572,000
	Jun 2010	56,501,000
	Jun 2011	67,545,000
	Dec 2011	60,937,000

Portfolio

Portfolio statement

as at 10 December 2011

Holding ^[a]	Value £'000	10.12.11 %	10.06.11 %
Global		79.49	80.88
1,324,942 M&G Asian Fund	11,095	18.21	
1,870,289 M&G Global Basics Fund	11,711	19.22	
3,407,117 M&G Global Dividend Fund	4,341	7.12	
5,780,067 M&G Global Emerging Markets Fund	10,727	17.60	
5,331,145 M&G Global Growth Fund	10,565	17.34	
United Kingdom		15.53	15.48
8,535,360 M&G Recovery Fund Sterling Class 'C' (Income)	9,465	15.53	
Portfolio of investments	57,904	95.02	96.36
Net other assets	3,033	4.98	3.64
Net assets attributable to unitholders	60,937	100.00	100.00

[a] Unless otherwise stated, all holdings are in Sterling Class 'A' (Income) shares.

Portfolio transactions

For the six months ended 10 December 2011

	2011 £'000	2010 £'000
Total purchases	0	244
Total sales	0	250

Financial statements (unaudited)

for the six months ended 10 December 2011

Statement of total return

	2011		2010	
	£'000	£'000	£'000	£'000
Income				
Net capital (losses) / gains		(7,153)		8,297
Revenue	684		278	
Expenses	(504)		(101)	
Net revenue before taxation	180		177	
Taxation	0		0	
Net revenue after taxation		180		177
Total return before distributions		(6,973)		8,474
Finance costs: Equalisation		0		1
Change in unitholders' funds from investment activities		(6,973)		8,475

Statement of change in unitholders' funds

	2011		2010	
	£'000	£'000	£'000	£'000
Opening net assets		67,545		56,501
Amounts received on issue of units	2,966		1,836	
Amounts paid on cancellation of units	(2,593)		(1,750)	
		373		86
Stamp Duty Reserve Tax		(8)		(17)
Change in unitholders' funds from investment activities (see above)		(6,973)		8,475
Closing net assets		60,937		65,045

The opening net assets attributable to unitholders for 2011 differs to the closing position in 2010 by the change in net assets attributable to unitholders for the second half of the comparative financial year.

Financial statements (unaudited)

Balance sheet

	as at 10 December 2011		as at 10 June 2011	
	£'000	£'000	£'000	£'000
Assets				
Investment assets		57,904		65,089
Debtors	31		65	
Cash and bank balances	3,701		2,449	
Total other assets		3,732		2,514
Total assets		61,636		67,603
Liabilities				
Creditors				
Other creditors	(699)		(58)	
Total liabilities		(699)		(58)
Net assets attributable to unitholders		60,937		67,545

Financial statements (unaudited)

Note to the financial statements

Accounting policies

The interim financial statements have been prepared on the same basis as the audited annual financial statements for the year ended 10 June 2011. They are in accordance with the historical cost convention, as modified by the revaluation of investments, and the Statement of Recommended Practice for Authorised Funds issued by the Investment Management Association in October 2010.

EU savings directive

as at 10 December 2011

The percentage of the Prudential Growth Trust held in interest-bearing assets (as defined by the UK rules for the EU Savings Directive 2003/48/EC) is 6.07%.

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

23 January 2012

Notes to unitholders

Please note that, effective from 3 October 2011, State Street Bank and Trust Company has been assisting the Trustee in the performance of its function as Custodian of the Scheme Property.

The Royal Bank of Scotland (RBS), the Trustee of the trust has transferred its Trustee and Depositary Services business to National Westminster Bank, which took effect on 28 October 2011.

As Trustee, the National Westminster Bank Plc has the same duties and responsibilities as RBS and this change of Trustee will have no impact on the way the trust is operated.

Mrs Lavinia Darby resigned as a director of Prudential Unit Trusts Limited on 23 December 2011.

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 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. All literature provided will be in English.

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

You are classified as a 'Retail Client' as defined in the FSA Rules unless we notify you in writing to the contrary. As a retail client you benefit from the highest level of protection under FSA Rules.

Category of Trust

The Prudential Growth 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

C I Jackson
M Lewis
G W MacDowall
L J Mumford
W J Nott
L J Scrine
J R Talbot
J Warburton

Secretary

M&G Management Services Limited

Investment adviser

M&G Investment Management Limited,
Laurence Pountney Hill, London EC4R 0HH
(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)

With effect from 28 October 2011,
National Westminster Bank Plc, Trustee & Depositary Services,
The Broadstone, 50 South Gyle Crescent, Edinburgh EH12 9LD
(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,
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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.