

Prudential With-Profits fund

This document has been produced to provide factual information on Prudential's With-Profits funds and should not be used as financial advice. If you are unsure what bonus series you are invested in or if there is information or terminology included that you would like to discuss, then please contact your adviser.



Key facts

Fund size **£56.1 billion as at 31 December 2012**

Prudential Financial
Strength rating* **AA**

Portfolio Manager **Martin Brookes**

Investment Style **Prudent Active**

Performance Objective To offer competitive long term returns

* Standard & Poor's as at September 2011

Commentary

The global outlook improved during the last quarter on signs of a US economic recovery and a pickup in domestic activity in China. Most of Europe, however, remained mired in recession.

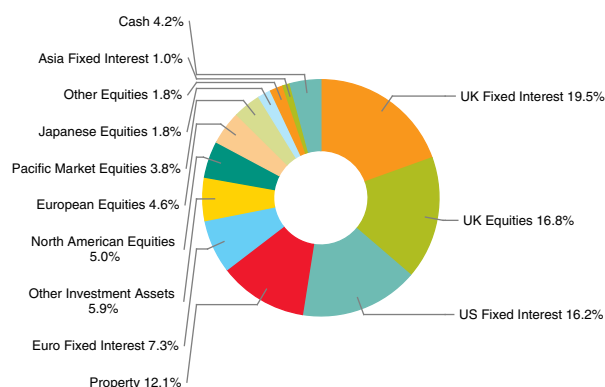
Although there were renewed concerns about the imminence of the so-called US "fiscal cliff" early in 2013, generally speaking investor risk appetite improved considerably during the quarter. Peripheral European bond yields (eg Spain and Italy) fell considerably following the European Central Bank's promise to support them if required. Such was the power of the sentiment transformation here that these assets proved to be among the best performers for the year as a whole. By contrast, the government bonds of the safe haven economies, US, UK and Germany, rose considerably during the quarter. Equity markets, as a consequence of this environment, enjoyed a very good quarter, with Japan and Europe doing exceptionally well, while the UK and US approached post-crisis highs.

Looking forward, we think markets are by no means out of the woods. While the world economy should do better in 2013 than last year, growth will still be anaemic and the opportunity for policymakers to call the party off early remains.

Fund description

The fund offers the prospect of competitive long-term real returns whilst smoothing the peaks and troughs of day-to-day market movements. Investment returns are passed to policyholders through bonuses. The fund is invested in a diversified portfolio of UK and overseas shares, bonds, property and cash. A significant proportion of the fund is invested in shares and property which can be expected to produce attractive long-term returns, but the return on these assets can be volatile and so the fund is actively managed to optimise the returns while controlling risk.

Fund breakdown



Source: Prudential as at 31 December 2012
Asset allocations are regularly reviewed and may vary from time to time, but will always be consistent with the fund objective.

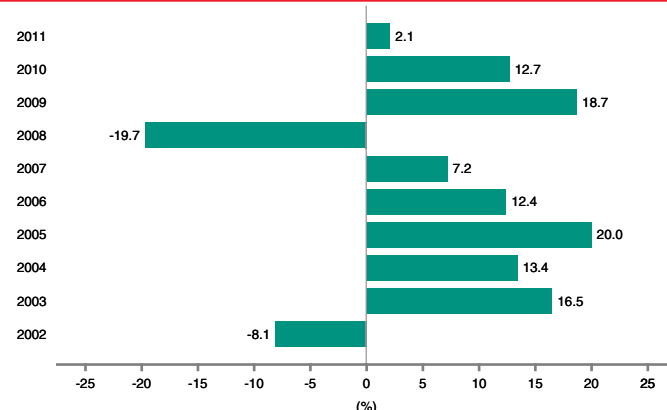
Prudential risk rating

Lower to Medium

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

Underlying investment returns



Source: Prudential. The above are calendar year returns for the With-Profits fund (before charges, tax and effects of smoothing).

The value of your policy will be sent out in your annual statement or is available on request. The value will depend on when you actually invested allowing for tax, charges and smoothing. The value could change by more or less than the underlying investment return of the overall fund. Past performance is not a reliable indicator of future performance.

- 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
- > You should also consider discussing your decision and the appropriateness of a fund's risk rating with an adviser.

Prudential With-Profits fund

Performance (applicable from 6 April 2012)

For investments in the With-Profits fund, the value of the policy depends on how much profit the fund makes and how we decide to distribute that profit. Policyholders receive a distribution of profits by means of bonuses, or other methods as specified in the relevant policy documentation. There are two types of bonus, regular (or reversionary) and final (or terminal) bonus.

The performance figures shown are overall annualised returns for contributions made on the dates specified. The returns include both regular and final bonuses added to a benefit paid at normal retirement date, but make no allowance for any applicable initial charges, allocation rates or early cash in charges (explicit charges).

Final bonus may vary and is not guaranteed. The rate of future bonuses cannot be guaranteed. The value of an investment may go down as well as up and the fund value in the future may be less than the payments you have made. Please bear in mind that inflation will reduce what you can buy in the future.

Please read the important information below and the Key Features document for the relevant contract.

The performance figures are declared by Prudential Assurance Company Limited, usually each February.

For the Unitheld returns shown, it is assumed that the contribution was invested without any allowance made for any explicit charges on 6 April 1, 3, 5 or 10 years ago and realised on or after 6 April 2012 to secure benefits at normal retirement age. For the Cash Accumulation returns shown, it is assumed that 1, 3, 5 or 10 scheme revision dates ending after 15 March 2012 have passed since the contribution was invested.

Bonus Series	1 Year*	3 Years*	5 Years*	10 Years*
Unitheld L With-Profits Returns	4.30%	6.60%	4.25%	6.90%
Unitheld N With-Profits Returns	4.30%	6.60%	4.25%	6.85%
Cash Accumulation MPP With-Profits Returns	4.30%	6.60%	4.25%	6.90%
Cash Accumulation AVC With-Profits Returns	4.30%	6.60%	4.25%	6.85%

Source: Prudential. * overall annualised returns

The value of your policy will be sent out in your annual statement or is available on request. The value will depend on when you actually invested allowing for tax, charges and smoothing. Past performance is not a reliable indicator of future performance.

With-Profits bonus series explained

Cash Accumulation With-Profits

Cash Accumulation MPP With-Profits is used solely by the oldest "pre 101" money purchase contracts for occupational pension schemes typically established from 1974.

Cash Accumulation AVC With-Profits is used solely by Additional Voluntary Contribution contracts as part of an occupational scheme (but not where VCs are paid through another Prudential group pension contract).

Unitheld With-Profits

Unitheld L With-Profits is used by the "101" money purchase contracts for occupational pension schemes and grouped personal pension contracts (including the "Shout/Xafinity" contracts) typically established from 06/04/1987 where holdings are expressed in terms of units.

Unitheld N With-Profits is used by the "Select" group personal pension (established 1997) and "Money Purchase Plan/Group Personal Pension" money purchase contracts for occupational pension schemes and group personal pension contracts established since 2001 where holdings are expressed in terms of units.

Important information

Who manages the funds?

Prudential Assurance Company Limited holds the assets of the With-Profits fund through custodians. Prudential has delegated the investment management of the fund through agreements with various investment managers including M&G Investments.

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 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.

Its purpose is to provide an insight into how the fund(s) 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.

Other important information

If money invested in the With-Profits fund is taken out at any time other than on death or normal retirement date, a Market Value Reduction (MVR) may be applied; this may have the effect of reducing the fund value.

For details on MVR and charges applicable to your investment, please refer to the Key Features document for the relevant contract. For a copy of the Key Features document, please contact your pensions department for scheme members or usual Prudential contact for trustees and advisers.

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Authorised and regulated by the Financial Services Authority. M&G Investments is a trading name of Prudential Pensions Limited and M&G Investment Management Limited whose business addresses are at Laurence Pountney Hill, London EC4R 0HH and Prudential Property Investment Managers Limited whose business address is Princeton House, 271-273 High Holborn, London WC1V 7NE. Part of Prudential plc. Prudential Pensions Limited and M&G Investment Management Limited are authorised and regulated by the Financial Services Authority.

Prudential Deposit fund

Fund description

The Prudential Deposit Fund earns a variable rate of interest. The current practice, which we can review at anytime, is to set the interest rate on the first of each month, in line with the Bank of England base rate at the time. The Deposit Fund is backed by the assets held within Prudential's With-Profits Fund. Any interest is declared monthly and there are no explicit charges. Interest once added is guaranteed and withdrawals from this fund are not subject to a Market Value Reduction (MVR).

Performance

	Past Performance to 31 December 2012					
	Quarter 4**	1 Year*	2 Years*	3 Years*	4 Years*	5 Years*
Deposit fund	0.12%	0.50%	0.50%	0.50%	0.56%	1.42%
Benchmark	0.13%	0.50%	0.50%	0.50%	0.54%	1.35%

	12 months to the end of December				
	2008	2009	2010	2011	2012
Deposit fund	4.93%	0.75%	0.50%	0.50%	0.50%
Benchmark	4.69%	0.65%	0.50%	0.50%	0.50%

Source: Prudential. *Annualised. **This is an annualised rate based on the 3-month deposit rates to 31 December 2012.

It is important to remember that past performance is not a reliable indicator of future performance. Future Deposit fund rates cannot be guaranteed.

Risk rating – Minimal

- > 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
- > You should also consider discussing your decision and the appropriateness of a fund's risk rating with an adviser.

Fund benchmark

Benchmark

Bank of England Base Rate

As noted the Deposit fund interest rate is currently set in line with the Bank of England Base Rate on the 1st of each month. The interest rate will then remain fixed for the rest of the month. Should the Bank of England Base Rate change during the month, a change in Deposit fund interest rate will take effect at the beginning of the next month.

Important information

Who is this factsheet for and what does it do?

This factsheet is intended for the trustees, advisers and members of additional voluntary contribution arrangements administered by Prudential.

Its purpose is to provide an insight into how the Deposit fund 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.

How are the performance figures calculated?

Performance is measured by looking at the return after charges earned on a lump sum investment made on the first of the month over the period specified.

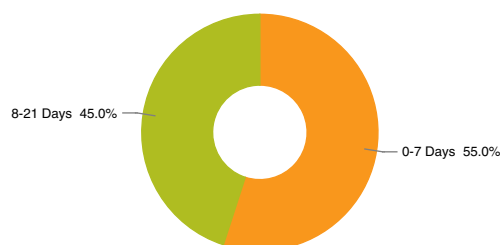
Prudential Cash fund (Series 3)



Fund description

The investment strategy of the fund is to purchase units in the M&G PP Cash Fund. This fund aims to provide a return consistent with investing in interest bearing deposits and/or short-term UK Government bonds. The fund is actively managed with the aim of beating its benchmark of the London Interbank 7 Day Deposit rate.

Maturity profile



The asset mix is likely to vary in the future.

Top holdings

		%
1	M&G Time Deposits 0.43% 16/01/13	23.7
2	M&G Time Deposits 0.41% 03/01/13	21.7
3	M&G Time Deposits 0.43% 03/01/13	21.7
4	M&G Time Deposits 0.43% 09/01/13	19.5
5	Cash	13.4

Key facts

Underlying fund size	£211m
Number of holdings	5
Underlying fund launch date	28/04/1982
Portfolio Manager	Prudential Capital
Benchmark	London Interbank 7 Day Deposit Rate
Investment Style	Active
Sedol code	3168110
Performance Objective	To beat the London Interbank 7 Day Deposit rate.

Commentary

The fund moved into reverse repurchase agreements (or 'reverse repos'), following the ABI's approval of these as a permitted instrument in the Treasury and Deposit sector. Reverse repos provide collateral (typically short term gilts) against cash deposits made by the fund.

As with short-term money market deposits, reverse repos are transacted with banks from M&G's counterparty credit risk panel. At the end of the quarter, all of the fund's assets were invested in reverse repos with a maturity of no more than one month.

The fund continues to be actively managed with a focus on capital preservation and liquidity.

The asset mix is likely to vary in the future.

Source: M&G

All figures are as at 31 December 2012, unless otherwise stated.

Performance

Past performance of the fund over each of the last 5 years to the end of December

	31/12/07 - 31/12/08	31/12/08 - 31/12/09	31/12/09 - 31/12/10	31/12/10 - 30/12/11	30/12/11 - 31/12/12
Cash fund	1.0	3.8	2.3	0.5	0.5
Benchmark	4.8	0.6	0.5	0.5	0.5

Past performance of the fund to 31 December 2012

	Quarter	1 Year*	3 Years*	5 Years*
Cash fund	0.1	0.5	1.1	1.6
Benchmark	0.1	0.5	0.5	1.4

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 Cash fund (Series 3)

Prudential risk rating

Minimal

What type of funds are in this risk category?

These funds may invest in a combination of deposits, money market instruments and other interest bearing securities.

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
- You should also consider discussing your decision and the appropriateness of a fund's risk rating with an adviser.

Important information

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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 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

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.

Please note if charges exceed the growth on the fund the value of your fund will fall.

For any fund there may be a delay in buying, selling or switching of units. These delays will only apply in exceptional circumstances and we will let you know if they apply to you. For more information please refer to your policy or scheme documentation.



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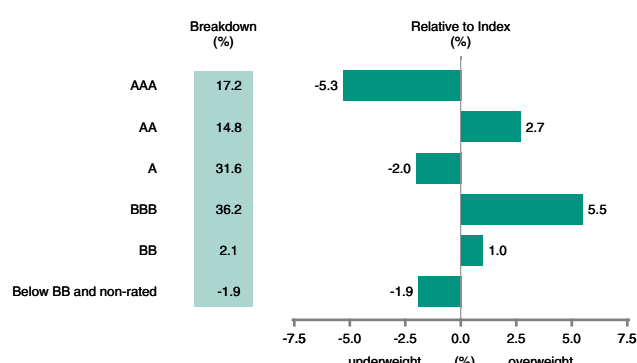
Prudential Corporate Bond fund (Series 3)



Fund description

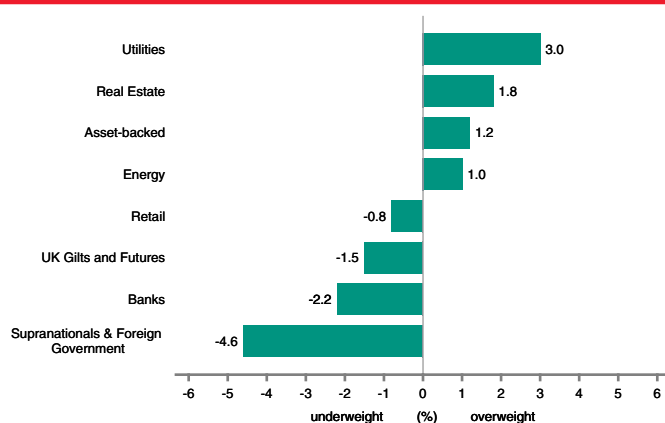
The investment strategy of the fund is to purchase units in the M&G PP All Stocks Corporate Bond Fund. This fund invests mainly in high quality Sterling corporate bonds across the range of maturities. The fund is actively managed against its performance benchmark of the iBoxx Sterling Non-Gilts Index. The fund may also hold British government gilts and derivatives (such as options and swaps) together with limited amounts of non-sterling and high yield corporate bonds where this may prove beneficial in the shorter term.

Credit ratings and positions



The asset mix is likely to vary in the future.

Sector positions vs benchmark



The asset mix is likely to vary in the future.

Source: M&G

All figures are as at 31 December 2012, unless otherwise stated.

Key facts

Underlying fund size	£4,420m
Number of holdings	505
Underlying fund launch date	05/01/2000
Portfolio Manager	Jamie Hamilton
Benchmark	iBoxx Sterling Non-Gilts Index
Investment Style	Active
Sedol code	3168563
Performance Objective	To outperform the benchmark by 0.80% per year (before charges) over rolling 3-year periods.

Commentary

Credit markets continued to rally during the period as investors grew more confident, following moves by the European Central Bank (ECB) in the previous quarter to stabilise the eurozone sovereign debt markets.

In particular, the ECB has announced that it stands ready to buy unlimited amounts of short-dated government debt if a member state requests assistance.

The fund's performance benefited from an overweight position in credit and an underweight in assets perceived to be safer, such as sovereign and supranational debt. Within credit, high yield securities did particularly well and the fund's stock selection added value.

The rally in credit has now gone a long way and the fund manager feels that the market is ignoring some of the macroeconomic risks. Therefore he has moved the portfolio closer to the benchmark, taking profits on a number of high yield and asset-backed security positions and increasing the fund's holdings in government debt.

While longer term corporate bonds offer value when compared with government bonds, in the near term, he believes investors are no longer being adequately rewarded for taking riskier positions.

The fund manager has maintained the portfolio's duration close to that of the benchmark. Gilt yields are still benefiting from 'safe haven' status and continued quantitative easing by the Bank of England.

Performance

Past performance of the fund over each of the last 5 years to the end of December

	31/12/07 - 31/12/08	31/12/08 - 31/12/09	31/12/09 - 31/12/10	31/12/10 - 30/12/11	30/12/11 - 31/12/12
Corporate Bond fund	-3.1	14.5	9.4	8.2	14.4
Benchmark	-4.1	10.8	8.4	6.9	13.0

Past performance of the fund to 31 December 2012

	Quarter	1 Year*	3 Years*	5 Years*
Corporate Bond fund	2.5	14.4	10.6	8.5
Benchmark	2.0	13.0	9.4	6.8

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 Corporate Bond fund (Series 3)

Prudential risk rating

Lower to Medium

What type of funds are in this risk category?

Some of these funds invest in fixed interest securities, predominantly corporate bonds, with higher yielding corporate bonds placed towards the top end of this range as they carry higher default risk. The other funds in this category invest in a wide range of assets which help to provide risk diversification.

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.
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Important information

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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 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

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.

For any fund there may be a delay in buying, selling or switching of units. These delays will only apply in exceptional circumstances and we will let you know if they apply to you. For more information please refer to your policy or scheme documentation.



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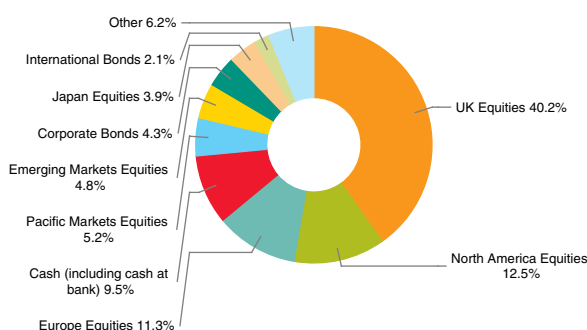
Prudential Discretionary fund (Series 3)



Fund description

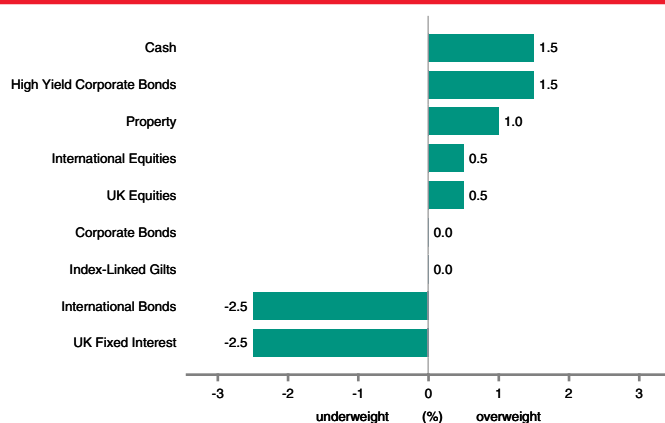
The investment strategy of the fund is to purchase units in the M&G PP Discretionary Fund. This fund aims to provide a traditional balanced approach to investment, holding a mix of UK and overseas shares, bonds, property and cash. The fund is actively managed against its benchmark of the BNY Mellon CAPS Balanced Pooled Fund Median. The significant numbers of stocks held in all areas reflect the prudent approach adopted by this fund. Both active stock selection and asset allocation are used to add value.

Fund breakdown



The asset mix is likely to vary in the future.

Target positions vs benchmark



The asset mix is likely to vary in the future.

Source: M&G

All figures are as at 31 December 2012, unless otherwise stated.

Key facts

Underlying fund size	£855m
Number of holdings	13
Underlying fund launch date	20/04/1983
Portfolio Manager	Portfolio Management Group
Benchmark	BNY Mellon CAPS Balanced Pooled Fund Median (Gross)
Investment Style	Active multi-asset
Sedol code	3168574
Performance Objective	To outperform the benchmark by 1.15%-1.4% per year (before charges) over rolling 3-year periods.

Commentary

Investors' appetite for risk was sustained in the fourth quarter and riskier assets, such as equities, performed better than UK gilts and overseas sovereigns, which delivered negative returns. The fund's short positions in UK fixed interest and international bonds therefore proved beneficial, as was a small overweight presence in Japanese equities.

An above-index position in high yield corporate bonds also added value, while in overseas equity markets, all countries apart from the US generated strong positive performance. The Emerging Markets Fund, in particular, produced a solid outperformance over the final three months of the year, but a number of the underlying funds came in slightly behind their respective benchmarks.

The strategy for the fund remains unchanged and no significant alterations were made over the quarter. The fund maintained its short position in UK gilts and overseas sovereigns and is still overweight in high yield corporate bonds.

Despite continued problems in the eurozone, uncertainty over budgetary issues in the US and slower growth in China, the fund manager believes that most economies will ultimately resolve their difficulties, leading to a healthier outlook for the longer term, although global economic growth may well be only modest.

Performance

Past performance of the fund over each of the last 5 years to the end of December

	31/12/07 - 31/12/08	31/12/08 - 31/12/09	31/12/09 - 31/12/10	31/12/10 - 30/12/11	30/12/11 - 31/12/12
Discretionary fund	-18.2	23.0	13.8	-3.6	11.9
Benchmark	-19.9	21.4	14.4	-4.9	10.7

Past performance of the fund to 31 December 2012

	Quarter	1 Year*	3 Years*	5 Years*
Discretionary fund	3.0	11.9	7.1	4.3
Benchmark	3.0	10.7	6.9	3.6

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 Discretionary fund (Series 3)

Prudential risk rating

Medium

What type of funds are in this risk category?

These funds are predominantly multi-asset funds with a higher weighting in equities. The Property Fund is also in this category.

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
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Can I get advice?

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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 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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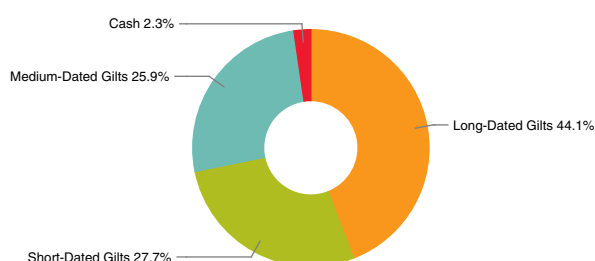
Prudential Fixed Interest fund (Series 3)



Fund description

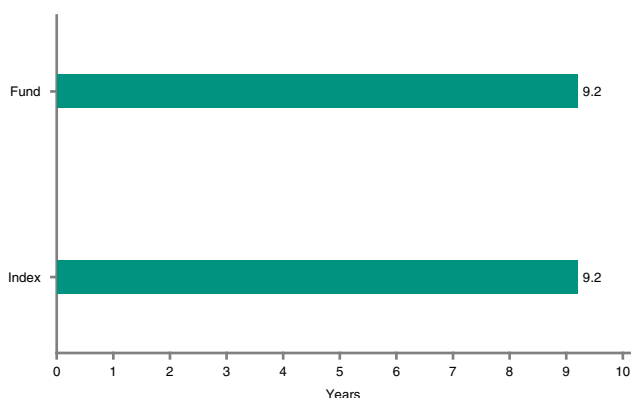
The investment strategy of the fund is to purchase units in the M&G PP Fixed Interest Fund. This fund invests in British government gilts and Sterling corporate bonds issued by UK and overseas borrowers. The fund is actively managed against its benchmark of the FTSE A British Government All Stocks Index. The fund can also invest in overseas government bonds. The values of any overseas holdings are protected from short-term exchange rate movements by hedging.

Fund breakdown



The asset mix is likely to vary in the future.

Duration



The asset mix is likely to vary in the future.

Source: M&G

All figures are as at 31 December 2012, unless otherwise stated.

Key facts

Underlying fund size	£102m
Number of holdings	11
Underlying fund launch date	21/04/1971
Portfolio Manager	Miles Tym
Benchmark	FTSE A British Government All Stocks Index
Investment Style	Active
Sedol code	3168585
Performance Objective	To outperform the benchmark by 0.75% per year (before charges) over rolling 3-year periods.

Commentary

During the period the fund manager bought index-linked gilts which had become very attractively priced. In his opinion, the market was underestimating the 'stickiness' of inflation, ie that it will remain higher than the market is expecting. However, by the end of the quarter, he had closed the position following gains.

He also took profits on long-dated bonds where the fund was overweight. This area of the yield curve may come under pressure as the UK Debt Management Office (DMO) has announced that it will be issuing gilts up to a maturity of 60 years.

The fund has no large positions relative to the benchmark at the moment and carries minimal duration risk. The fund manager prefers maturities of 30 years as he believes there has been oversupply. Since the DMO is increasing issuance at the ultra-long end, it may also raise issuance at the shorter end of the yield curve, in order to maintain the average maturity of outstanding debt. This should reduce the supply of 30-year bonds.

The fund manager does not think the market is offering significant long-term value, but the turning point in yields may still be a long way off as base rates are likely to stay low for some time. Gilt yields have continued to benefit from their 'safe haven' status and from further quantitative easing by the Bank of England.

Performance

Past performance of the fund over each of the last 5 years to the end of December

	31/12/07 - 31/12/08	31/12/08 - 31/12/09	31/12/09 - 31/12/10	31/12/10 - 30/12/11	30/12/11 - 31/12/12
Fixed Interest fund	8.9	3.8	8.2	17.0	2.6
Benchmark	12.8	-1.2	7.2	15.6	2.7

Past performance of the fund to 31 December 2012

	Quarter	1 Year*	3 Years*	5 Years*
Fixed Interest fund	0.0	2.6	9.1	8.0
Benchmark	-0.4	2.7	8.4	7.2

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 Fixed Interest fund (Series 3)

Prudential risk rating

Lower

What type of funds are in this risk category?

These funds may invest in fixed interest securities including gilts, index-linked gilts and an element of corporate bonds. These types of investment are generally recognised as low risk.

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.
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Who manages the funds?

This fund is managed by M&G Investments.

How are the performance figures calculated?

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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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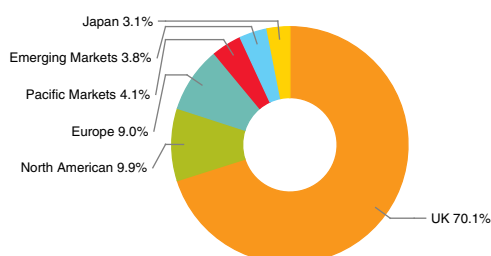
Prudential Global Equity fund (Series 3)



Fund description

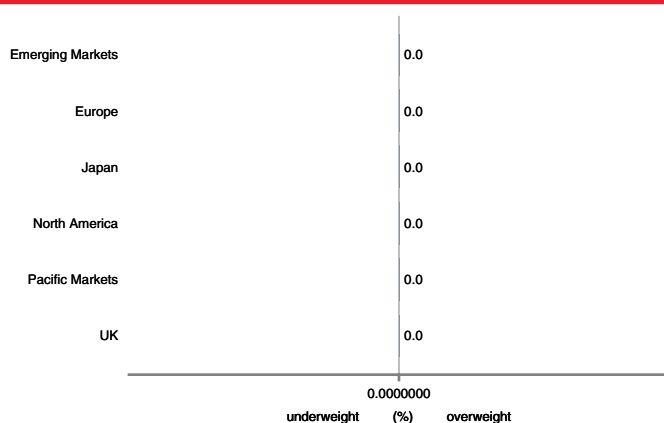
The investment strategy of the fund is to purchase units in the M&G PP Global Equity Fund. This fund invests in the shares of UK and overseas companies. The fund is actively managed with a benchmark of 70% in UK equities and 30% in overseas equities (in the same proportions as the average overseas equity distribution in the BNY Mellon CAPS Balanced Pooled Fund Survey). The significant numbers of stocks held in each region reflect the prudent approach adopted by this fund. Both active stock selection and asset allocation are used to add value.

Fund breakdown



The asset mix is likely to vary in the future.

Target positions vs benchmark



The asset mix is likely to vary in the future.

Source: M&G

All figures are as at 31 December 2012, unless otherwise stated.

Key facts

Underlying fund size	£210m
Number of holdings	2
Underlying fund launch date	24/06/1992
Portfolio Manager	Portfolio Management Group
Benchmark	Mix of FTSE and MSCI Regional Indices
Investment Style	Active
Sedol code	3168596
Performance Objective	To outperform the benchmark by 1.0% per year (before charges) over rolling 3-year periods.

Commentary

In an environment that favoured riskier assets, all equity markets apart from the US produced positive returns. The US stockmarket was slightly negative in sterling terms, largely because of uncertainty over budget negotiations.

While the Emerging Markets Fund outperformed its benchmark and the Japan and Pacific Basin funds were flat, most of the other underlying funds detracted from performance during the quarter.

Specific contributors from the underlying Emerging Markets Fund included a holding in Petra Foods, a Singapore-based chocolate manufacturer with operations across Asia. The company's shares jumped after it agreed to sell its cocoa-ingredients business at an attractive price.

During the quarter the fund manager removed the small long position in UK equities, as he feels the UK market was not showing much additional value over other equity markets compared to previous months. There continues to be uncertainty over the US debt ceiling and the underlying strength of its economic growth. Persistent unease about Europe and, to a lesser extent, China, as well as the pace of global expansion is likely to remain going forward.

The fund currently has no strong geographical preference. In the fund manager's opinion, most economies are expected to find some sort of resolution to their problems, although growth is likely to be weak at best for the near term.

Performance

Past performance of the fund over each of the last 5 years to the end of December

	31/12/07 - 31/12/08	31/12/08 - 31/12/09	31/12/09 - 31/12/10	31/12/10 - 30/12/11	30/12/11 - 31/12/12
Global Equity fund	-24.5	27.9	15.5	-5.5	14.9
Benchmark	-27.4	27.9	14.9	-5.4	12.6

Past performance of the fund to 31 December 2012

	Quarter	1 Year*	3 Years*	5 Years*
Global Equity fund	3.6	14.9	7.8	3.9
Benchmark	3.9	12.6	7.0	2.6

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 Global Equity fund (Series 3)

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?

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Other important information

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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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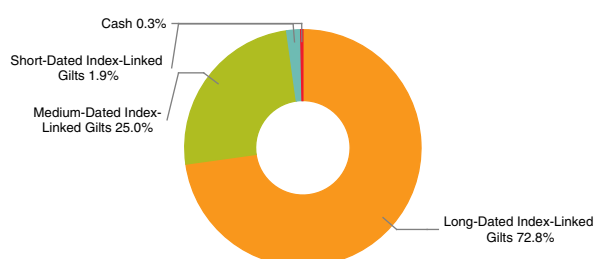
Prudential Index-Linked fund (Series 3)



Fund description

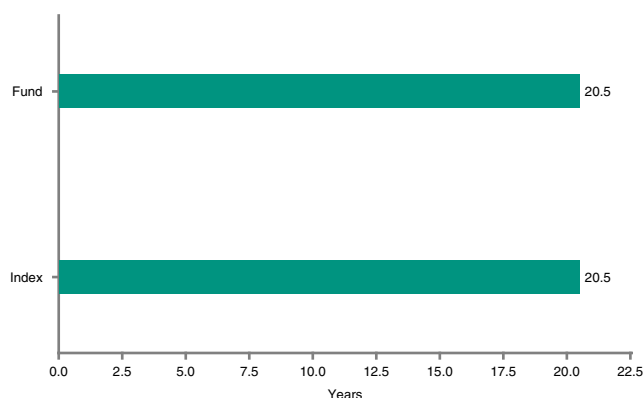
The investment strategy of the fund is to purchase units in the M&G PP Index-Linked Fund. This fund invests mainly in British Government index-linked gilts, typically with over five years to maturity. The fund is actively managed against its benchmark of the FTSE British Government Over 5 Years Index-Linked Index. The fund can also invest in index-linked corporate bonds and overseas index-linked government bonds. The values of any overseas holdings are protected from short-term exchange rate movements by hedging.

Fund breakdown



The asset mix is likely to vary in the future.

Duration



The asset mix is likely to vary in the future.

Source: M&G

All figures are as at 31 December 2012, unless otherwise stated.

Performance

Past performance of the fund over each of the last 5 years to the end of December

	31/12/07 - 31/12/08	31/12/08 - 31/12/09	31/12/09 - 31/12/10	31/12/10 - 30/12/11	30/12/11 - 31/12/12
Index-Linked fund	2.1	7.2	11.5	26.0	1.4
Benchmark	3.3	5.6	9.0	23.3	0.5

Past performance of the fund to 31 December 2012

	Quarter	1 Year*	3 Years*	5 Years*
Index-Linked fund	5.2	1.4	12.5	9.3
Benchmark	5.0	0.5	10.6	8.1

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.

Key facts

Underlying fund size	£312m
Number of holdings	13
Underlying fund launch date	20/04/1983
Portfolio Manager	Miles Tym
Benchmark	FTSE British Government Over 5 Years Index-Linked Index
Investment Style	Active
Sedol code	3168604
Performance Objective	To outperform the benchmark by 0.75% per year (before charges) over rolling 3-year periods.

Commentary

There were limited opportunities to generate excess returns during the period as the index-linked gilt market was relatively stable. Opportunities to enhance performance came from relative value trades.

The fund had been fully invested ahead of an announcement from the Office of National Statistics (ONS) on the basis for the future calculation of the Retail Prices Index (RPI) and carried minimal duration risk relative to the benchmark. After the period-end the ONS announced that there would be no change in the calculation of RPI.

During the fourth quarter the UK Debt Management Office (DMO) revealed that it would be issuing gilts up to a maturity of 60 years – an increase in maturity of 10 years over existing bonds. As a result the fund manager believes 50-year index-linked gilts may come under pressure. In addition, he thinks the DMO may increase the issue of shorter dated bonds, ie 10- and 20-year maturities, to keep the average maturity of the overall market constant. Consequently he has an overweight position in 30-year maturities; where previously there has been oversupply, he now expects an undersupply.

The fund manager remains prepared to act on relative value opportunities within the yield curve, and he will carry on identifying assets that appear expensive or inexpensive, and moving between them accordingly.

Prudential Index-Linked fund (Series 3)

Prudential risk rating

Lower

What type of funds are in this risk category?

These funds may invest in fixed interest securities including gilts, index-linked gilts and an element of corporate bonds. These types of investment are generally recognised as low risk.

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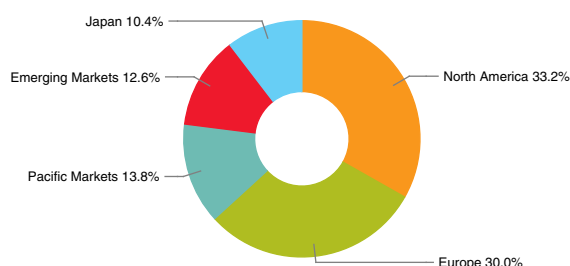
Prudential International Equity fund (Series 3)



Fund description

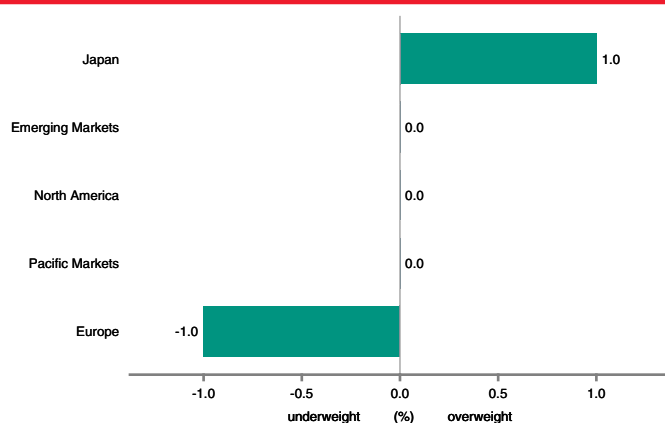
The investment strategy of the fund is to purchase units in the M&G PP International Equity Fund. This fund invests in the shares of companies in all the major overseas equity markets. The fund is actively managed against a benchmark mix of the regional market indices in the same proportions as the average overseas equity distribution in the BNY Mellon CAPS Balanced Pooled Fund Survey. The significant number of stocks held in each region reflect the prudent approach adopted by this fund. Both active stock selection and asset allocation are used to add value.

Geographical weighting



The asset mix is likely to vary in the future.

Target positions vs benchmark



The asset mix is likely to vary in the future.

Source: M&G

All figures are as at 31 December 2012, unless otherwise stated.

Key facts

Underlying fund size	£451m
Number of holdings	6
Underlying fund launch date	15/04/1981
Portfolio Manager	Portfolio Management Group
Benchmark	Mix of FTSE and MSCI Regional Indices
Investment Style	Active
Sedol code	3168626
Performance Objective	To outperform the benchmark by 1.0% per year (before charges) over rolling 3-year periods.

Commentary

Investors' appetite for risk remained healthy in the fourth quarter and all equity markets, apart from the US, produced positive returns. The US stockmarket was down slightly in sterling terms, largely because of uncertainty over protracted budget negotiations.

The funds exposure to North America equities detracted, hurt by stock selection. The underweight in Europe cost some performance as well given that this was the best performing region over the quarter.

Looking at specific markets, the underlying M&G Global Emerging Markets Fund was ahead of its benchmark, helped by a holding in Petra Foods, a Singapore-based chocolate manufacturer with operations across Asia.

The portfolio is invested in a range of international equities, with the largest portion representing the US, followed by Europe, Pacific markets, emerging markets and Japan. Although the position in Japan is relatively small, compared with other holdings in the portfolio, it is slightly long relative to the composite benchmark.

Uncertainty about the situation in the eurozone continues to linger and difficulties over the US budget have yet to be settled. Furthermore, questions remain over the underlying strength of the US economy and there is a lack of certainty about Chinese economic activity. Despite these issues, the fund manager believes that ultimately most markets will resolve their problems, though economic expansion is expected to remain modest at best for the immediate future.

Performance

Past performance of the fund over each of the last 5 years to the end of December

	31/12/07 - 31/12/08	31/12/08 - 31/12/09	31/12/09 - 31/12/10	31/12/10 - 30/12/11	30/12/11 - 31/12/12
International Equity fund	-20.4	25.2	15.1	-10.2	13.9
Benchmark	-21.3	22.5	15.8	-9.8	13.1

Past performance of the fund to 31 December 2012

	Quarter	1 Year*	3 Years*	5 Years*
International Equity fund	3.7	13.9	5.6	3.2
Benchmark	3.9	13.1	5.7	2.6

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 International Equity fund (Series 3)

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?

- 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
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Important information

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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 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.

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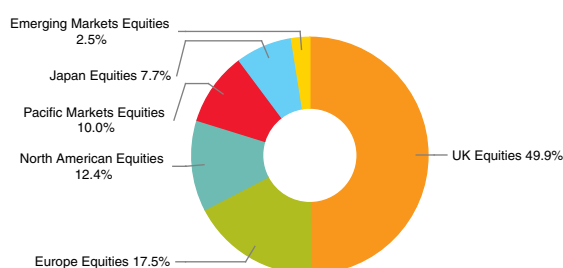
Prudential Long Term Growth fund (Series 3)



Fund description

The investment strategy of the fund is to purchase units in the M&G PP Long Term Growth Fund. This fund invests in the shares of companies around the world with about 50% invested in the UK and 50% overseas, roughly in proportion to each region's economic importance. The fund is passively managed with a benchmark of 50% tracking the FTSE All-Share Index and 50% tracking a mix of overseas regional market indices using fixed weights broadly reflecting each region's Gross Domestic Product. The split between UK and overseas equities and between overseas regions may alter from time to time to reflect changing economic and market conditions.

Geographical breakdown



The asset mix is likely to vary in the future.

Top holdings

	%
1 HSBC	3.3
2 BP	2.3
3 Royal Dutch Shell 'A'	2.3
4 Vodafone	2.1
5 GlaxoSmithKline	1.9
6 British American Tobacco	1.7
7 Royal Dutch Shell 'B'	1.6
8 BHP Billiton	1.3
9 Diageo	1.3
10 Rio Tinto	1.2

The asset mix is likely to vary in the future.

Source: M&G

All figures are as at 31 December 2012, unless otherwise stated.

Performance

Past performance of the fund over each of the last 5 years to the end of December

	31/12/07 - 31/12/08	31/12/08 - 31/12/09	31/12/09 - 31/12/10	31/12/10 - 30/12/11	30/12/11 - 31/12/12
Long Term Growth fund	-24.3	26.8	15.6	-6.9	13.1
Benchmark	-25.2	26.2	15.0	-6.8	13.0

Key facts

Underlying fund size	£184m
Number of holdings	6
Underlying fund launch date	31/01/2001
Portfolio Manager	Portfolio Management Group
Benchmark	50% FTSE All-Share Index & 50% composite of FTSE World and MSCI Regional Market Indices
Investment Style	Passive
Sedol code	3168637
Performance Objective	To match the performance of the benchmark as closely as possible.

Commentary

Most stockmarkets rose towards year-end on hopes of a US budget deal and further stimulus measures from policymakers. Better global manufacturing and business confidence reports and more central bank interventions lessened concerns over the growth outlook. Investors generally favoured riskier assets, including equities, where valuations are deemed to be at low levels, and high yield corporate bonds.

Improved investor sentiment lifted the FTSE All-Share Index by 3.8% in the final quarter. Sectors more sensitive to global demand, including technology and financials, pushed ahead on indications of stronger growth in the US and China. In contrast, defensive stocks such as telecommunications and pharmaceuticals fell.

The FTSE World North America Index lost 0.8% in the final three months, although it gained 10.7% over the year in sterling terms. In the last quarter, market sentiment swung between optimism following President Obama's re-election and signs of an economic upturn to Pessimism over protracted budget negotiations.

European shares rallied on efforts by member states to keep the eurozone intact, including releasing bailout funds to Greece and easing its repayment terms. Asian stocks advanced along with other global indices on encouraging economic data from China and the US. Much of the region benefited, helped also by firmer local demand. Some more export-reliant economies, however, were held back by falling overseas demand, including Taiwan.

Past performance of the fund to 31 December 2012

	Quarter	1 Year*	3 Years*	5 Years*
Long Term Growth fund	4.3	13.1	6.7	3.1
Benchmark	4.2	13.0	6.6	2.7

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 Long Term Growth fund (Series 3)

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?

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Who manages the funds?

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How are the performance figures calculated?

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How are the fund prices calculated?

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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'.

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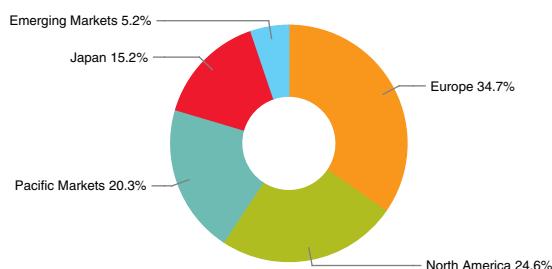
Prudential Overseas Equity Passive fund (Series 3)



Fund description

The fund invests in all the major overseas equity markets. Most of the fund is passively managed with a benchmark mix of the regional market indices using fixed weights broadly reflecting each region's Gross Domestic Product. Tracking is achieved by replicating the larger companies in each region's index plus carefully modelling stratified samples of the remainder of the companies in each index. The strategic split between the regions may alter periodically to reflect changing economic and market conditions.

Fund breakdown



The asset mix is likely to vary in the future.

Top holdings

	%
1 Nestlé	1.4
2 Samsung Electronics	1.3
3 Novartis	1.1
4 Roche	1.0
5 BHP Billiton	0.8
6 Sanofi	0.8
7 Total	0.8
8 Toyota Motor	0.8
9 Commonwealth Bank of Australia	0.6
10 Siemens	0.6

The asset mix is likely to vary in the future.

Source: M&G

All figures are as at 31 December 2012, unless otherwise stated.

Performance

Past performance of the fund over each of the last 5 years to the end of December

	31/12/07 - 31/12/08	31/12/08 - 31/12/09	31/12/09 - 31/12/10	31/12/10 - 30/12/11	30/12/11 - 31/12/12
Overseas Equity Passive fund	-19.4	22.7	15.9	-10.5	13.8
Benchmark	-20.4	22.4	15.5	-10.2	13.6

Key facts

Underlying fund size	£92m
Number of holdings	5
Underlying fund launch date	15/12/1999
Portfolio Manager	Portfolio Management Group
Benchmark	Mix of FTSE and MSCI regional indices of fixed weights broadly reflecting each region's GDP
Investment Style	Passive
Sedol code	3169395
Performance Objective	To match the performance of the benchmark as closely as possible.

Commentary

Most stockmarkets rose towards year-end on hopes of a US budget deal and further stimulus measures from policymakers. Better global manufacturing and business confidence reports and more central bank interventions lessened concerns over the growth outlook. Investors generally favoured riskier assets, including equities, where valuations are deemed to be at low levels.

In the US, market sentiment swung between optimism following President Obama's re-election and signs of an economic upturn to pessimism over protracted budget negotiations. Stockmarket gains toward the end of the year were restrained by fears Congress would fail to agree a deficit-cutting plan in time to avert automatic spending cuts and tax increases, potentially tipping the US back into recession.

European shares rallied on efforts by member states to keep the eurozone intact, including releasing bailout funds to Greece and easing its repayment terms.

Asian stocks advanced along with other global indices on encouraging economic data from China and the US. Much of the region benefited, helped also by firmer local demand. Some more export-reliant economies, however, were held back by falling overseas demand, including Taiwan. Japan's shares were buoyed by the Liberal Democratic Party's decisive victory in December.

Past performance of the fund to 31 December 2012

	Quarter	1 Year*	3 Years*	5 Years*
Overseas Equity Passive fund	4.7	13.8	5.7	3.2
Benchmark	4.6	13.6	5.6	2.8

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 Overseas Equity Passive fund (Series 3)

Prudential risk rating

Medium to Higher

What type of funds are in this risk category?

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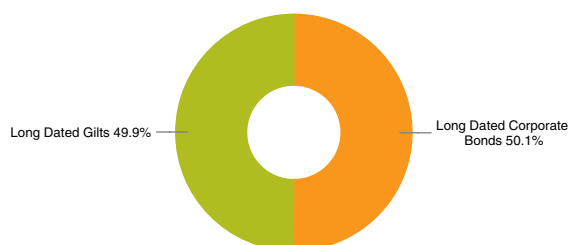
Prudential Pre-Retirement fund (Series 3)



Fund description

The investment strategy of the fund is to purchase units in the M&G PP Pre-Retirement Fund. This fund invests in long-dated bonds split equally between passively managed British government gilts and actively managed sterling corporate bonds. The fund's benchmark is 50% tracking movements in the FTSE A British Government Over 15 Years Gilts Index and 50% aiming to outperform the iBoxx Sterling Over 15 Years Non-Gilts Index. The split between government and corporate bonds may alter from time to time to reflect changing economic and market conditions.

Fund breakdown



The asset mix is likely to vary in the future.

Top holdings

		%
1	UK (Govt of) 4.25% 07/06/32	4.9
2	UK (Govt of) 4.75% 07/12/30	4.4
3	UK (Govt of) 4.5% 07/12/42	4.1
4	UK (Govt of) 4.75% 07/12/38	4.0
5	UK (Govt of) 4.5% 07/09/34	3.7
6	UK (Govt of) 4.25% 07/03/36	3.6
7	UK (Govt of) 4.25% 07/12/40	3.6
8	UK (Govt of) 4.25% 07/12/55	3.6
9	UK (Govt of) 6% 07/12/28	3.4
10	UK (Govt of) 4.25% 07/12/46	3.1

The asset mix is likely to vary in the future.

Source: M&G

All figures are as at 31 December 2012, unless otherwise stated.

Performance

Past performance of the fund over each of the last 5 years to the end of December

	31/12/07 - 31/12/08	31/12/08 - 31/12/09	31/12/09 - 31/12/10	31/12/10 - 30/12/11	30/12/11 - 31/12/12
Pre-Retirement fund	6.6	4.2	9.2	18.9	8.5
Benchmark	4.0	3.7	9.1	19.0	7.9

Key facts

Underlying fund size	£82m
Number of holdings	2
Underlying fund launch date	31/01/2001
Portfolio Manager	Portfolio Management Group
Benchmark	50% FTSE A British Government Over 15 Years Gilts Index and 50% iBoxx Sterling Over 15 Years Non-Gilts Index
Investment Style	Combination of active and passive
Sedol code	3169403
Performance Objective	To match the performance of the benchmark as closely as possible.

Commentary

The fund's strategic asset allocation remains 50% UK long dated gilts and 50% UK long dated corporate bonds. The fund is rebalanced to these weightings shortly after each quarter end.

Growing risk appetite, prospects of higher returns and record-low interest rates boosted demand for UK corporate bonds in 2012. In aggregate, corporates gained 2.1% over the quarter and 13.1% for the whole year, compared with a 0.4% loss and 2.7% gain, respectively for the FTSE British Government All Stocks Index. Despite worsening public finances, government borrowing costs have stayed low due to the perception of gilts as a safe haven.

The UK exited recession in the third quarter, helped by the London Olympics, but the economy is expected to contract again by year-end, keeping public finances under great strain. The euro-region debt crisis, global slowdown and squeeze on household income from rising fuel and food prices have weighed heavily on spending, exports and investment. Consequently, the government has stretched out its austerity measures to 2018 after missing its debt-reduction targets.

Past performance of the fund to 31 December 2012

	Quarter	1 Year*	3 Years*	5 Years*
Pre-Retirement fund	0.9	8.5	12.1	9.4
Benchmark	0.7	7.9	11.9	8.6

Source: Prudential. * annualised

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Prudential Pre-Retirement fund (Series 3)

Prudential risk rating

Lower

What type of funds are in this risk category?

These funds may invest in fixed interest securities including gilts, index-linked and an element of corporate bonds. These types of investment are generally recognised as lower risk.

What is the risk rating?

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Prudential Property fund (Series 3)



Fund description

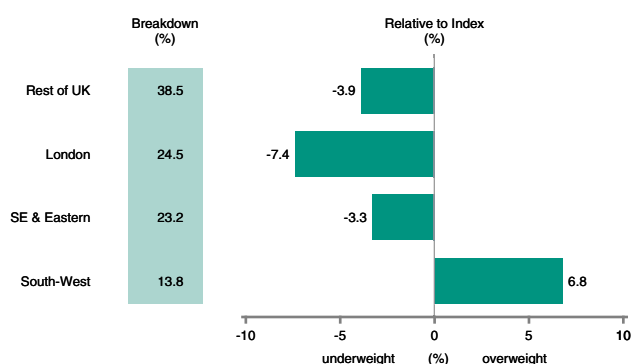
The investment strategy of the fund is to purchase units in the M&G PP Property Fund. This fund invests directly in commercial property in the UK, including retail, office and industrial properties and provides returns through a combination of rental income and capital growth. At times the fund may have significant levels of cash (short term deposits) in advance of purchasing or following the sale of property. This may lead to lower than expected returns. The fund is actively managed against its benchmark, the IPD UK Pooled Property Fund All Balanced Index.

Fund distribution and relative positions by sector



The asset mix is likely to vary in the future.

Fund distributions and relative positions by area



The asset mix is likely to vary in the future.

Source: M&G Index data as at 30 September 2012

All figures are as at 31 December 2012, unless otherwise stated.

Key facts

Underlying fund size	£589m
Number of holdings	68
Underlying fund launch date	17/03/1971
Portfolio Manager	Dermot Kiernan
Benchmark	IPD UK Pooled Property Fund All Balanced Index
Investment Style	Active
Sedol code	3169414

Performance Objective To outperform the benchmark by 0.5% per year (net of charges) over rolling 3-year periods.

Commentary

Returns for commercial property were marginally positive over the fourth quarter, with the return from income offsetting a decline in capital values. The polarisation in investor demand between prime, defensive assets and riskier property continued.

The fund strategy remains focused on income as the core component of total return, actively managing the portfolio to protect and add value, and undertaking purchases and sales perceived to be mis-priced by the market.

The fund acquired a warehouse unit in Redhill, Surrey. The property adjoins an existing ownership, providing an opportunity for future redevelopment as well as an attractive income return.

The part sale of the fund's holding in Hampstead was completed at a significant uplift over valuation. The sale of a small office scheme in Milton Keynes also completed, again at a premium to book value.

Performance

Past performance of the fund over each of the last 5 years to the end of December

	31/12/07 - 31/12/08	31/12/08 - 31/12/09	31/12/09 - 31/12/10	31/12/10 - 30/12/11	30/12/11 - 31/12/12
Property fund	-22.0	4.4	10.0	7.5	-5.6
Benchmark	-23.9	-1.8	12.2	6.8	0.2

Past performance of the fund to 31 December 2012

	Quarter	1 Year*	3 Years*	5 Years*
Property fund	0.7	-5.6	3.7	-1.9
Benchmark	-0.4	0.2	6.1	-2.3

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 Property fund (Series 3)

Prudential risk rating

Medium

What type of funds are in this risk category?

These funds are predominantly multi-asset funds with a higher weighting in equities.

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
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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 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

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.

This fund invests in property and land. This can be difficult to sell - so you may not be able to sell/cash in this investment when you want to. We may have to delay acting on your instructions to sell your investment.

You should look upon your investment in property as being long-term. There are large costs when we buy and sell property. The allowance for these costs amongst other factors can lead to short-term falls in the price of units in the Property fund.

The value of property is generally a matter of a Valuer's opinion rather than fact. Under certain circumstances, in the interest of other investors, we reserve the right to defer any early encashment or switch between funds. Other than in very exceptional circumstances we would not expect delays to be longer than six months in the case of units held in the fund. At other times the fund may have significant levels of cash (short-term deposits) in advance of purchasing or following the sale of property and/or land.

For any fund there may be a delay in buying, selling or switching of units. These delays will only apply in exceptional circumstances and we will let you know if they apply to you. For more information please refer to your policy or scheme documentation.



Prudential Socially Responsible fund (Series 3)

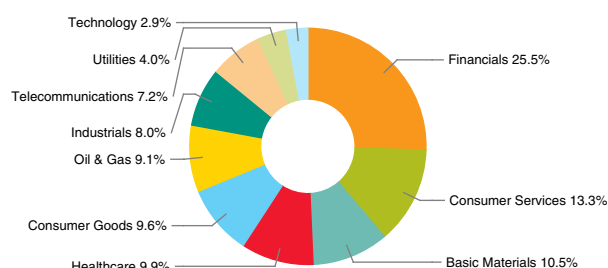


Fund description

The investment strategy of the fund is to purchase units in the M&G PP Light Green Fund. This fund aims to invest in the shares of UK companies which demonstrate good environmental, social and governance policies.

The fund is actively managed against its benchmark, the FTSE4Good UK Equity Index, which is limited to those companies in the FTSE All-Share Index which meet set ethical criteria. The fund's investments will generally be limited to those stocks that comprise the benchmark.

Fund breakdown



The asset mix is likely to vary in the future.

Top holdings

	%
1 Royal Dutch Shell 'B'	7.2
2 HSBC	6.4
3 Vodafone	5.1
4 Rio Tinto	4.8
5 GlaxoSmithKline	4.6
6 BHP Billiton	4.4
7 Standard Chartered	4.0
8 Diageo	3.8
9 Tesco	2.7
10 Centrica	2.4

The asset mix is likely to vary in the future.

Source: M&G

All figures are as at 31 December 2012, unless otherwise stated.

Performance

Past performance of the fund over each of the last 5 years to the end of December

	31/12/07 - 31/12/08	31/12/08 - 31/12/09	31/12/09 - 31/12/10	31/12/10 - 30/12/11	30/12/11 - 31/12/12
Socially Responsible fund	-38.3	26.4	13.3	-11.1	22.3
Benchmark	-37.4	29.3	15.4	-7.5	22.2

Key facts

Underlying fund size	£28m
Number of holdings	60
Underlying fund launch date	08/12/1999
Portfolio Manager	Richard O'Connor
Benchmark	FTSE4Good UK Equity Index
Investment Style	Active
Sedol code	3169436
Performance Objective	To outperform the benchmark by 1% per year (before charges) over rolling 3-year periods.

Commentary

UK equities performed strongly in the fourth quarter, in common with many stockmarkets globally. Investors responded positively to signs that growth in China was accelerating and in the US, there was a compromise agreement to avoid the economy going over the so-called 'fiscal cliff'.

Global automotive distributor and retailer Inchcape and Invensys, which manufactures systems to optimise operational performance, added value. Inchcape's third-quarter interim statement revealed that demand for new cars was strong, whilst Invensys sold its rail division, which was well received by investors. The fund's positions in sandwich retailer Greggs and currency printer De La Rue detracted from performance. Greggs released a trading update warning of a fall in sales, whilst De La Rue disclosed that a number of its customers were delaying their orders.

Activity during the quarter was minimal. This was in contrast to the previous quarter, when at the end of the period, the fund's benchmark was changed to the FTSE4GoodUK Index. The fund manager made a number of significant changes to the holdings at that time. Notably, there was a reduction in the overweight in financials and a fall in the underweight in oil & gas. The latter was a result of the purchase of shares in Royal Dutch Shell.

The fund continues to be diversified across sectors, preserving a balance Between more defensive companies, which tend to perform well in weak markets, and those which are more sensitive to economic activity.

Past performance of the fund to 31 December 2012

	Quarter	1 Year*	3 Years*	5 Years*
Socially Responsible fund	4.3	22.3	7.2	-0.8
Benchmark	4.9	22.2	9.2	1.1

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 Socially Responsible 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?

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Other important information

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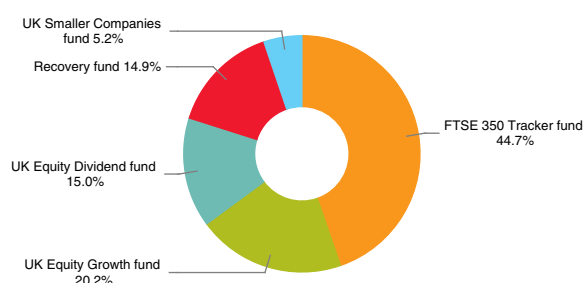
Prudential Equity fund (Series 3)



Fund description

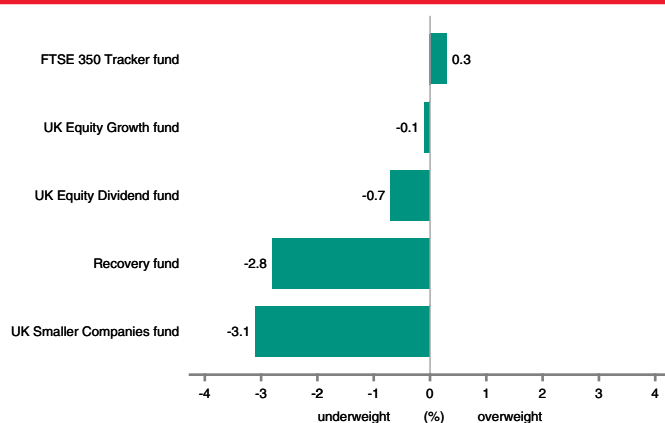
The investment strategy of the fund is to purchase units in the M&G PP UK Equity Fund. This fund invests in the shares of UK Companies. The fund is actively managed against its benchmark, the FTSE All-Share Index. The fund is a "fund of funds" holding units in several more specialised UK equity funds giving access to a variety of methods for generating investment returns in differing market conditions. The range of investment approaches used and spread of stocks held across all areas of the market reflect the fund's prudent performance objective.

Fund breakdown



The asset mix is likely to vary in the future.

Performance of underlying holdings relative to indices



The asset mix is likely to vary in the future.

Source: M&G

All figures are as at 31 December 2012, unless otherwise stated.

Performance

Past performance of the fund over each of the last 5 years to the end of December

	31/12/07 - 31/12/08	31/12/08 - 31/12/09	31/12/09 - 31/12/10	31/12/10 - 30/12/11	30/12/11 - 31/12/12
Equity fund	-26.4	29.3	14.1	-2.0	13.6
Benchmark	-29.9	30.1	14.5	-3.5	12.3

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.

Key facts

Underlying fund size	£674m
Number of holdings	5
Underlying fund launch date	01/01/1971
Portfolio Manager	Garfield Kiff
Benchmark	FTSE All-Share Index
Investment Style	Active / Passive
Sedol code	3169447
Performance Objective	To outperform the benchmark by 0.75% - 1.0% per year (before charges) over rolling 3-year periods.

Commentary

Investors had a healthy appetite for risk during the quarter and UK equities produced solid returns over the period under review.

Smaller companies in particular found favour with investors and they outperformed their larger counterparts. Despite producing a robust performance, the UK Smaller Companies Fund was behind its comparative benchmark. Contributors to this fund's performance included a holding in support services company WYG on the back of strong profitability and cash generation.

Against a backdrop of rallying equity markets, the UK Equity Growth Fund trailed its benchmark marginally. Performance in this underlying fund was helped by favourable stock selection as well as some strong performances from the fund's holdings in the mining, general financial, insurance and telecommunications sectors.

Meanwhile, the UK Equity Dividend Fund was also slightly behind its benchmark, with its more defensive positioning holding back the portfolio amid the fourth quarter's 'risk-on' environment. Nonetheless, the fund's tilt towards medium-sized companies added value as they outperformed larger firms.

Finally, the Recovery Fund lagged its benchmark as stock selection within basic materials detracted from performance.

Past performance of the fund to 31 December 2012

	Quarter	1 Year*	3 Years*	5 Years*
Equity fund	3.4	13.6	8.3	3.8
Benchmark	3.8	12.3	7.5	2.5

Prudential 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?

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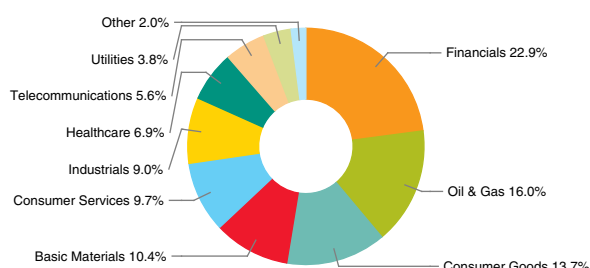
Prudential UK Equity Passive fund (Series 3)



Fund description

The investment strategy of the fund is to purchase units in the M&G PP UK Equity Passive Fund. This fund invests in the shares of UK companies. The fund is passively managed tracking movements in its benchmark, the FTSE All-Share Index. Tracking this Index is achieved by the fund replicating the holdings of all the companies which make up the FTSE 100 Index plus holding a carefully modelled stratified sample of the remainder of the companies in the FTSE All-Share Index.

Fund breakdown



The asset mix is likely to vary in the future.

Top holdings

%

1	HSBC	6.7
2	BP	4.5
3	Royal Dutch Shell 'A'	4.5
4	Vodafone	4.3
5	GlaxoSmithKline	3.7
6	British American Tobacco	3.4
7	Royal Dutch Shell 'B'	3.2
8	BHP Billiton	2.5
9	Diageo	2.5
10	Rio Tinto	2.5

The asset mix is likely to vary in the future.

Source: M&G

All figures are as at 31 December 2012, unless otherwise stated.

Performance

Past performance of the fund over each of the last 5 years to the end of December

	31/12/07 - 31/12/08	31/12/08 - 31/12/09	31/12/09 - 31/12/10	31/12/10 - 30/12/11	30/12/11 - 31/12/12
UK Equity Passive fund	-29.3	30.4	14.8	-3.5	12.4
Benchmark	-29.9	30.1	14.5	-3.5	12.3

Past performance of the fund to 31 December 2012

	Quarter	1 Year*	3 Years*	5 Years*
UK Equity Passive fund	3.9	12.4	7.6	2.8
Benchmark	3.8	12.3	7.5	2.5

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.

Key facts

Underlying fund size	£535m
Number of holdings	517
Underlying fund launch date	04/02/1998
Portfolio Manager	Nigel Booth
Benchmark	FTSE All-Share Index
Investment Style	Passive
Sedol code	3169458
Performance Objective	To match the performance of the benchmark as closely as possible.

Commentary

Improved investor sentiment lifted the FTSE All-Share Index by 3.8% in the final quarter of 2012. Sectors more sensitive to global demand, including technology and financials, pushed ahead on indications of stronger growth in the US and China. In contrast, defensive stocks such as telecommunications and pharmaceuticals, which are perceived as more resilient to an economic downturn, fell. On the whole, healthy balance sheets and globally diversified revenue streams are helping companies to weather the UK's faltering domestic economy.

The UK exited a double-dip recession in the third quarter, growing 0.9% quarter-on-quarter, as the London Olympics and a post-Jubilee rebound encouraged household spending. However, with the economy expected to shrink again in the final quarter and for the year as a whole, consumer and government spending are likely to remain restrained.

Prudential UK Equity Passive fund (Series 3)

Prudential risk rating

Higher

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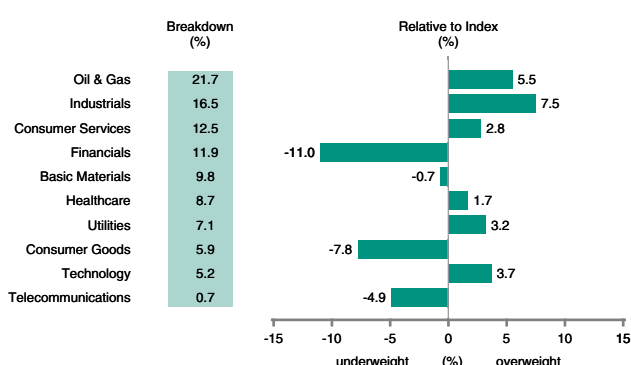
Prudential UK Specialist Equity fund (Series 3)



Fund description

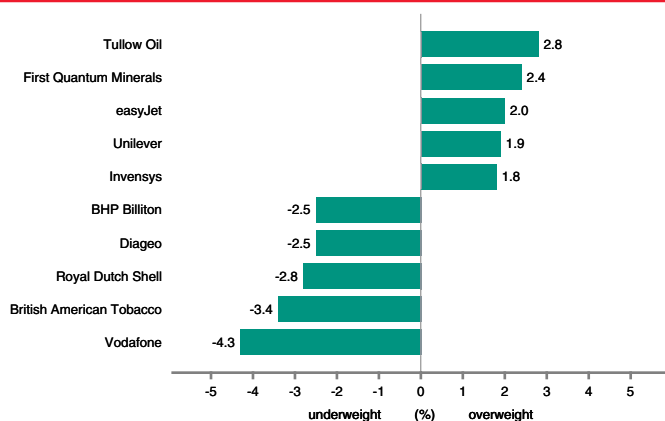
The investment strategy of the fund is to purchase units in the M&G PP Recovery Fund. This fund seeks to invest in companies which are out of favour, in difficulty or whose prospects are not fully recognised by the market and where management is working to turn the business around. The fund invests primarily 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 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 31 December 2012, unless otherwise stated.

Key facts

Underlying fund size	£834m
Number of holdings	93
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

Stockmarkets rose in the final quarter of 2012, with investors prepared to believe that central banks would take the necessary steps to support the global economy. Despite the improvement in share prices, investors still appear wary of taking on much risk and remain focused on the short term. They have been seeking certainty of earnings and cash flow and are unprepared to give much, if any, credit for potential value. They have also been unforgiving if companies disappoint by, for example, failing to meet development targets. Despite several holdings in the fund generating substantial value, these were, on balance, outweighed by some negative factors.

From an asset allocation standpoint, a lack of exposure to banks, which continued to rally from a very low base, weighed on the fund. However, the main factor depressing returns was stock selection, especially among miners and industrial firms. The key detractors included Kenmare Resources, Aggreko and Gulf Keystone Petroleum. The fund manager actively engages with businesses in the fund struggling with specific issues to ensure that such problems should be temporary and surmountable.

More positively, stakes in Invensys, easyJet and Inchcape added substantial value.

The fund manager remains committed to applying the simple, consistent investment strategy, backing the companies he has identified as capable of turning themselves around, by giving them the support and time that they require.

Performance

Past performance of the fund over each of the last 5 years to the end of December

	31/12/07 - 31/12/08	31/12/08 - 31/12/09	31/12/09 - 31/12/10	31/12/10 - 30/12/11	30/12/11 - 31/12/12
UK Specialist Equity fund	-25.8	40.0	17.7	-5.0	10.5
Benchmark	-29.9	30.1	14.5	-3.5	12.3

Past performance of the fund to 31 December 2012

	Quarter	1 Year*	3 Years*	5 Years*
UK Specialist Equity fund	1.2	10.5	7.3	5.1
Benchmark	3.8	12.3	7.5	2.5

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
- 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 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.

For any fund there may be a delay in buying, selling or switching of units. These delays will only apply in exceptional circumstances and we will let you know if they apply to you. For more information please refer to your policy or scheme documentation.



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