

# 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 **£56.5 billion as at 28 June 2013**

Prudential Financial  
Strength rating\* **AA**

Portfolio Manager **Matthew Williams**

Investment Style **Prudent Active**

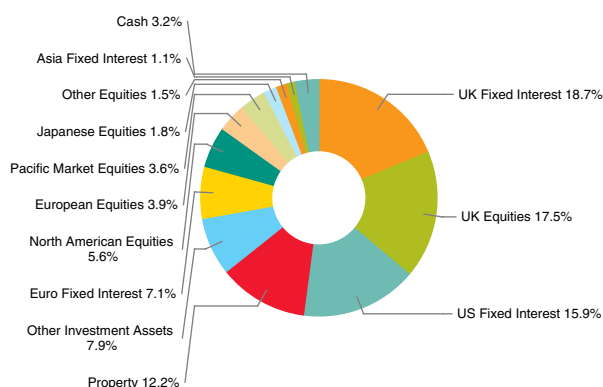
Performance Objective To offer competitive long term returns

\* Standard & Poor's as at 25 October 2012

## 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 28 June 2013

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

## Commentary

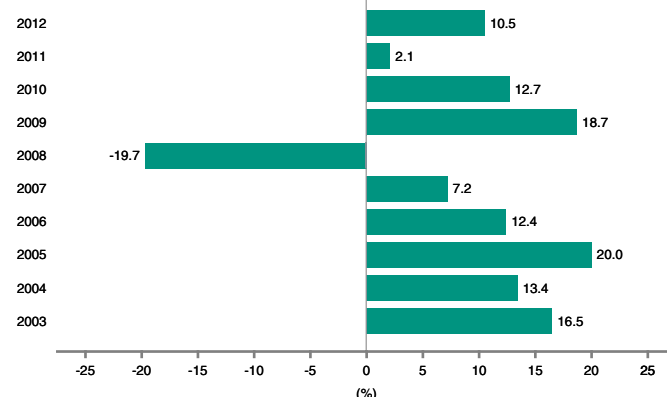
Volatility returned to financial markets during the second quarter, principally because of a feature of the economic environment that has been in short supply recently, namely stronger economic news!

Data from the US economy, in particular from the labour and housing markets, continued to surprise positively during the quarter, while things in the UK appeared to be improving. Meanwhile, even the Eurozone economies seemed to have stopped getting worse.

Towards the end of the quarter, policymakers in the US, namely the US Federal Reserve, responded quite rationally to this news by indicating that, if the data continued to improve, they would scale back ('taper') their extraordinary asset purchase programme since the economy no longer needed such support. Markets responded quite dramatically to this news. Sovereign bond yields rose across the board, in as violent a move as we have seen for many years. Risk markets also responded, with global equities falling over 6% and credit spreads widening out too.

As ever, though, look at market levels, not short term changes, and the message is different. Equity markets still ended the quarter on average up on the end of 2012 and credit indices little changed. Only sovereign bond yields were meaningfully different.

## 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](http://www.pru.co.uk/factsheets)
- > You should also consider discussing your decision and the appropriateness of a fund's risk rating with an adviser.

# Prudential With-Profits fund

## Performance (applicable from 6 April 2013)

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 2013 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 2013 have passed since the contribution was invested.

Bonus Series	1 Year*	3 Years*	5 Years*	10 Years*
Unitheld L With-Profits Returns	5.30%	5.55%	6.50%	6.55%
Unitheld N With-Profits Returns	5.30%	5.55%	6.50%	6.55%
Cash Accumulation MPP With-Profits Returns	5.30%	5.55%	6.50%	6.55%
Cash Accumulation AVC With-Profits Returns	5.30%	5.55%	6.50%	6.50%

Source: Prudential. \* overall annualised returns

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## 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 28 June 2013					
	Quarter 2	1 Year*	2 Years*	3 Years*	4 Years*	5 Years*
Deposit fund	0.12%	0.50%	0.50%	0.50%	0.50%	0.95%
Benchmark	0.13%	0.50%	0.50%	0.50%	0.50%	0.89%

	12 months to the end of June				
	2009	2010	2011	2012	2013
Deposit fund	2.79%	0.50%	0.50%	0.50%	0.50%
Benchmark	2.48%	0.50%	0.50%	0.50%	0.50%

Source: Prudential. \*Annualised

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](http://www.pru.co.uk/factsheets)
- You should also consider discussing your decision and the appropriateness of a fund's risk rating with an adviser.

## 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.

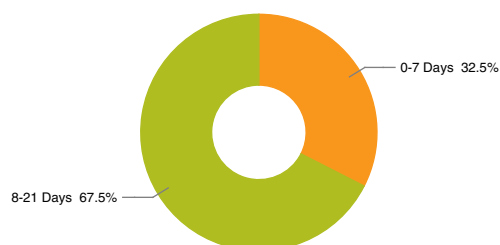
# Prudential Cash fund (Series 3)



## 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% 10/07/13	23.1
2	M&G Time Deposits 0.44% 17/07/13	22.4
3	M&G Time Deposits 0.43% 03/07/13	22.3
4	M&G Time Deposits 0.42% 24/07/13	21.9
5	Cash	10.3

## Key facts

Underlying fund size	£216m
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

During the second quarter of 2013, the performance of the fund was in line with its benchmark, the London Interbank 7 Day Deposit Rate.

Following the ABI's approval of the product as a permitted instrument in the Treasury and Deposit sector, the fund moved into reverse repurchase agreements (or 'reverse repos'), which provide collateral (typically short-term gilts) against cash deposits made by the fund. This was completed in the third quarter of 2012.

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 this quarter, the fund's assets remain 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 28 June 2013, unless otherwise stated.

## Performance

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

	30/06/08 - 30/06/09	30/06/09 - 30/06/10	30/06/10 - 30/06/11	30/06/11 - 29/06/12	29/06/12 - 28/06/13
Cash fund	-1.8	6.1	0.5	0.5	0.4
Benchmark	2.5	0.5	0.5	0.5	0.4

Past performance of the fund to 28 June 2013

	Quarter	1 Year*	3 Years*	5 Years*
Cash fund	0.1	0.4	0.5	1.1
Benchmark	0.1	0.4	0.5	0.9

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](http://www.pru.co.uk/factsheets)
- You should also consider discussing your decision and the appropriateness of a fund's risk rating with an adviser.

## Important information

### Who is this factsheet for and what does it do?

This factsheet is intended for the trustees, sponsors, advisers and members of occupational pension schemes using Prudential group pension contracts and Prudential grouped personal pensions and Stakeholder pension contracts.

Its purpose is to provide an insight into how investment markets and funds have performed over the period and is provided for information only.

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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](http://www.pru.co.uk/funds) and choose 'Prudential Corporate Pension Fund Prices' then filter on (Series 3).

### How are the fund prices calculated?

This fund operates on a single swinging price basis, based on the valuation of the underlying assets and cash flows into and out of the fund. This valuation price will be the published price.

### What is the dealing cycle?

This fund is forward priced which means that the member receives the next available unit price after their instruction has been received.

This fund has a dealing cycle of T+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

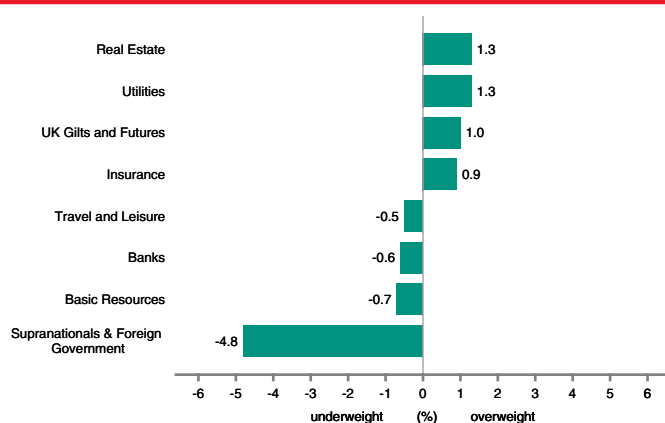
The investment strategy of the fund is to purchase units in the M&G PP All Stocks Corporate Bond Fund. This fund invests mainly in high quality Sterling corporate bonds across the range of maturities. The fund is actively managed against its performance benchmark of the iBoxx Sterling Non-Gilts Index. 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.  
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 28 June 2013, unless otherwise stated.

## Key facts

Underlying fund size	£4,801m
Number of holdings	528
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

The fund was ahead of its benchmark in the second quarter, but fell in absolute terms. Credit markets, which had been rallying as investors' risk appetite grew, paused for breath during the period.

The decline in bond prices was triggered by comments from Federal Reserve Chairman Ben Bernanke, who suggested quantitative easing in the US may begin to be wound down later on this year, if the economy continues to improve.

The fund's performance benefited from positions in specific issues rather than relative weightings in credit and sovereign and supranational debt.

The rally in credit markets has now gone a long way and the fund manager believes that credit spreads are around fair value. Given the possibility for volatility, the fund remains close to the benchmark.

There is a slight increase in the underweight position in supranational debt, where the fund manager believes investors are not being adequately rewarded for the level of risk.

The recent sell-off in debt markets has unwound some of the strength seen in the first quarter of the year. The fund manager expects relative performance will be driven by individual opportunities and purchases of late have included subordinate bank debt and selective exposure to investment grade bonds.

## Performance

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

	30/06/08 - 30/06/09	30/06/09 - 30/06/10	30/06/10 - 30/06/11	30/06/11 - 29/06/12	29/06/12 - 28/06/13
Corporate Bond fund	3.5	17.6	6.1	10.3	7.8
Benchmark	1.2	15.9	5.2	9.0	6.5

Past performance of the fund to 28 June 2013

	Quarter	1 Year*	3 Years*	5 Years*
Corporate Bond fund	-2.7	7.8	8.1	9.0
Benchmark	-2.9	6.5	6.9	7.5

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 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?

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## Important information

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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](http://www.pru.co.uk/funds) and choose 'Prudential Corporate Pension Fund Prices' then filter on (Series 3).

### How are the fund prices calculated?

This fund operates on a single swinging price basis, based on the valuation of the underlying assets and cash flows into and out of the fund. This valuation price will be the published price.

### What is the dealing cycle?

This fund is forward priced which means that the member receives the next available unit price after their instruction has been received.

This fund has a dealing cycle of T+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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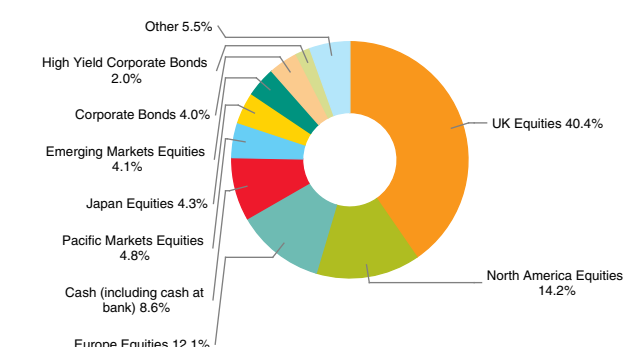
# Prudential Discretionary fund (Series 3)



## Fund description

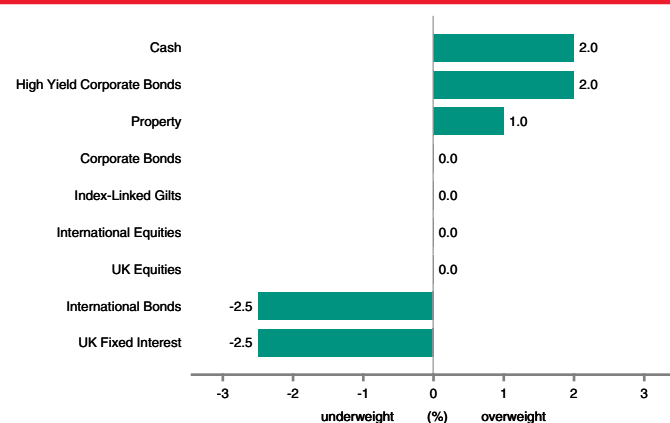
The investment strategy of the fund is to purchase units in the M&G PP Discretionary Fund. This fund aims to provide a traditional balanced approach to investment, holding a mix of UK and overseas shares, bonds, property and cash. The fund is actively managed against its benchmark of the BNY Mellon CAPS 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 28 June 2013, unless otherwise stated.

## Key facts

Underlying fund size	£906m
Number of holdings	14
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 were unnerved by the possibility of the Federal Reserve cutting back its liquidity support as well as China's tightening monetary policy and weaker economic growth. As a result, most asset classes fell during the quarter.

Against a backdrop of negative returns, the fund declined modestly, but was ahead of its benchmark. Although equities were generally weak over the quarter, the fund's relative performance was supported by strong stock selection in UK, US and European equities.

Bonds generally underperformed equities and a short position in gilts and overseas sovereigns helped the fund's relative returns.

The fund manager is neutral regarding UK and international equities. He still has some concerns about interest rate risks and he is consequently retaining a short position in UK gilts and overseas sovereigns, while he is long high yield corporate bonds, cash and property.

The situation in Europe continues to present challenges, but the economies of the US and UK appear to be moving in the right direction, although progress is slow and temporary upsets are being thrown up along the way. Meanwhile, economic growth in China seems to be slowing, leading to weaker demand, which in turn is affecting its Asian neighbours. Japan is an exception as the fall in the yen is making its exports more competitive.

## Performance

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

	30/06/08 - 30/06/09	30/06/09 - 30/06/10	30/06/10 - 30/06/11	30/06/11 - 29/06/12	29/06/12 - 28/06/13
Discretionary fund	-10.9	18.6	21.7	-2.1	15.5
Benchmark	-13.0	19.2	20.2	-3.5	16.1

### Past performance of the fund to 28 June 2013

	Quarter	1 Year*	3 Years*	5 Years*
Discretionary fund	-0.7	15.5	11.2	7.8
Benchmark	-1.2	16.1	10.8	7.5

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 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](http://www.pru.co.uk/factsheets)
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## Important information

### Who is this factsheet for and what does it do?

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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](http://www.pru.co.uk/funds) and choose 'Prudential Corporate Pension Fund Prices' then filter on (Series 3).

### How are the fund prices calculated?

This fund operates on a single swinging price basis, based on the valuation of the underlying assets and cash flows into and out of the fund. This valuation price will be the published price.

### What is the dealing cycle?

This fund is forward priced which means that the member receives the next available unit price after their instruction has been received.

This fund has a dealing cycle of T+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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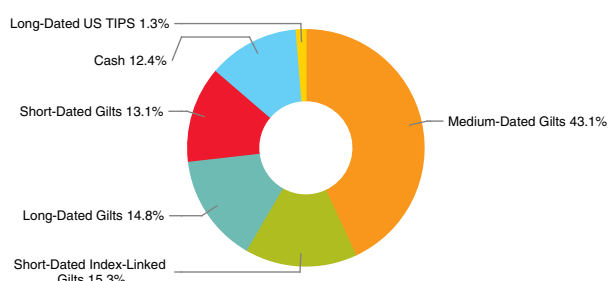
# Prudential Fixed Interest fund (Series 3)



## Fund description

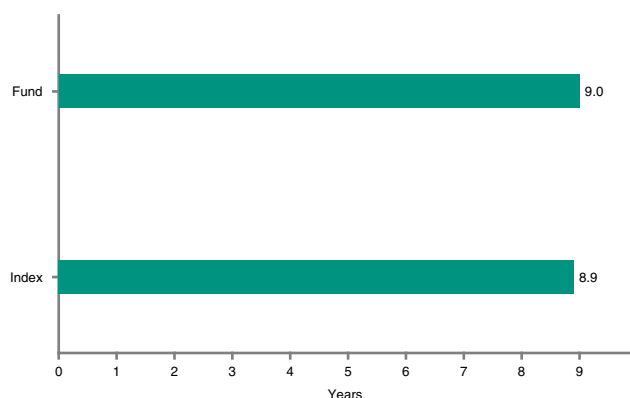
The investment strategy of the fund is to purchase units in the M&G PP Fixed Interest Fund. This fund invests in British government gilts and Sterling corporate bonds issued by UK and overseas borrowers. The fund is actively managed against its benchmark of the FTSE A British Government All Stocks Index. 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 28 June 2013, unless otherwise stated.

## Key facts

Underlying fund size	£106m
Number of holdings	9
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

The fund outperformed the benchmark during the second quarter, but fell sharply in absolute terms. During the period, US Federal Reserve Chairman Ben Bernanke made comments which indicated that the central bank would begin tapering purchases of bonds later on this year, if the economy continued to recover as expected.

The markets re-priced subsequent to his comments, which the fund manager regards as a healthy development, as bond market yields were unrealistically low, as a result of quantitative easing.

He continued to focus on relative value trades, moving between different maturity areas of the yield curve. Performance was driven by a number of incremental transactions, rather than one single trade and a marginally short duration position.

The fund manager believes that short-dated (three-year) UK index-linked gilts are very attractively priced as inflation is currently high and he expects it to remain 'sticky'. These assets had sold off along with global index-linked bonds on the back of a fall in commodity prices and the effect this would have on inflation.

In his view, new issues of ultra-long and 30-year bonds are cheap relative to other maturities; he is correspondingly long of the former and short of the latter issues.

The fund manager remains prepared to act on relative value opportunities

## Performance

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

	30/06/08 - 30/06/09	30/06/09 - 30/06/10	30/06/10 - 30/06/11	30/06/11 - 29/06/12	29/06/12 - 28/06/13
Fixed Interest fund	10.6	10.9	3.8	16.8	-2.0
Benchmark	12.9	6.7	3.1	15.9	-2.4

### Past performance of the fund to 28 June 2013

	Quarter	1 Year*	3 Years*	5 Years*
Fixed Interest fund	-3.5	-2.0	5.9	7.8
Benchmark	-3.8	-2.4	5.3	7.1

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 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?

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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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### 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

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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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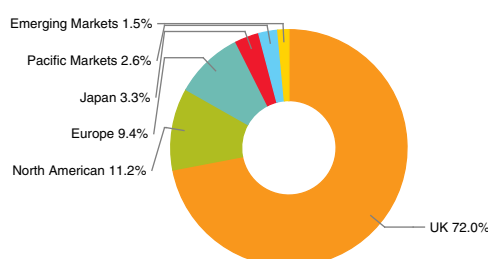
# Prudential Global Equity fund (Series 3)



## Fund description

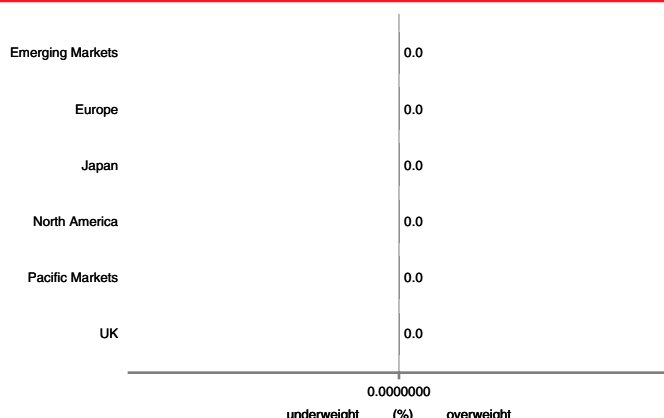
The investment strategy of the fund is to purchase units in the M&G PP Global Equity Fund. This fund invests in the shares of UK and overseas companies. The fund is actively managed with a benchmark of 70% in UK equities and 30% in overseas equities (in the same proportions as the average overseas equity 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 28 June 2013, unless otherwise stated.

## Key facts

Underlying fund size	£228m
Number of holdings	7
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 a difficult quarter, most asset classes were weak as investors were unnerved about the possibility of the US Federal Reserve starting to reduce its asset purchasing programme as early as this year.

Against this backdrop, the fund fell modestly, but was ahead of its composite benchmark, with returns supported by stock selection in Europe, the UK and the US. Within the underlying European equity fund, performance benefited from an overweight position in the retail sector and a relatively large presence in pharmaceutical companies.

Individual holdings that added value included Belgian supermarket operator Delhaize, due to earnings that were ahead of analysts' estimates.

The fund manager currently has neutral positions across the portfolio. He is reasonably positive about prospects for the US, but in his opinion, US equities are less attractively valued than previously. By contrast, he feels that European equities represent good value, but that the difficulties faced by the European nations have yet to be fully resolved. Meanwhile, the fund had previously been long Japanese equities, but the fund manager trimmed the exposure to take advantage of good performance.

While Europe is still struggling with muted growth and continued high unemployment, the fund manager feels that the economies of both the US and UK are moving gradually in the right direction, albeit slowly and with some setbacks.

## Performance

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

	30/06/08 - 30/06/09	30/06/09 - 30/06/10	30/06/10 - 30/06/11	30/06/11 - 29/06/12	29/06/12 - 28/06/13
Global Equity fund	-16.1	21.3	26.1	-3.2	19.7
Benchmark	-18.3	21.8	24.5	-4.6	19.0

### Past performance of the fund to 28 June 2013

	Quarter	1 Year*	3 Years*	5 Years*
Global Equity fund	-0.5	19.7	13.5	8.2
Benchmark	-1.3	19.0	12.2	7.0

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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### Who manages the funds?

This fund is managed by M&G Investments.

### 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?

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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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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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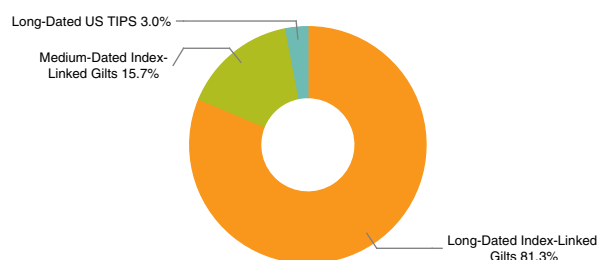
# Prudential Index-Linked fund (Series 3)



## Fund description

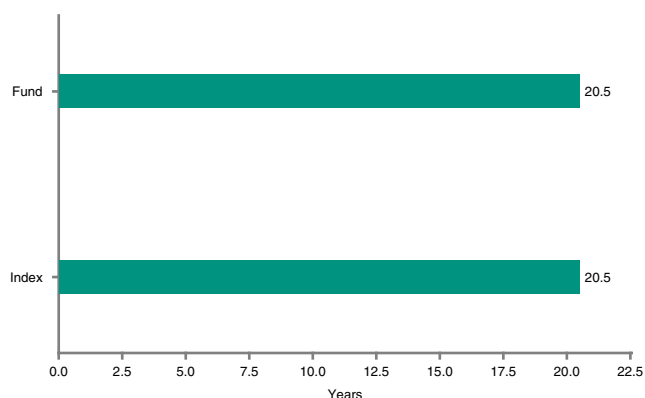
The investment strategy of the fund is to purchase units in the M&G PP Index-Linked Fund. This fund invests mainly in British Government index-linked gilts, typically with over five years to maturity. The fund is actively managed against its benchmark of the FTSE British Government Over 5 Years Index-Linked 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 28 June 2013, unless otherwise stated.

## Key facts

Underlying fund size	£343m
Number of holdings	7
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

Index-linked government bonds fell sharply over the quarter and the fund marginally underperformed the benchmark. Most of the underperformance came in June and was due to the fund's underweight in long-dated index-linked gilts. It had been expected that this maturity would weaken ahead of an issue by the UK Debt Management Office (DMO), but this has not happened yet.

Elsewhere, the fund's overweight in US Treasury Inflation Protected Securities (TIPS) - a position that is hedged back into sterling - and underweight in UK index-linked gilts detracted from performance. Stock-specific positions did however offset some of this impact.

The DMO has revealed that it will be issuing gilts up to a maturity of 60 years - an increase in maturity of 10 years over existing bonds, which the fundmanager expects will happen in the third quarter. As a result, he is running an underweight in 50-year gilts as he believes these bonds may come under pressure.

The fund manager remains prepared to act on relative value opportunities along the yield curve. He will carry on identifying assets that appear expensive or inexpensive and moving between them accordingly. He believes the best opportunities will result from attractive valuations following bond syndications, and he will continue taking advantage of these. The fund's duration is neutral relative to the benchmark and it has an allocation to US TIPS, which are hedged back into sterling.

## Performance

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

	30/06/08 - 30/06/09	30/06/09 - 30/06/10	30/06/10 - 30/06/11	30/06/11 - 29/06/12	29/06/12 - 28/06/13
Index-Linked fund	-3.5	13.6	10.7	19.3	3.4
Benchmark	-0.6	8.4	9.7	16.9	2.7

### Past performance of the fund to 28 June 2013

	Quarter	1 Year*	3 Years*	5 Years*
Index-Linked fund	-7.5	3.4	11.0	8.4
Benchmark	-7.4	2.7	9.6	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 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.

## What is the risk rating?

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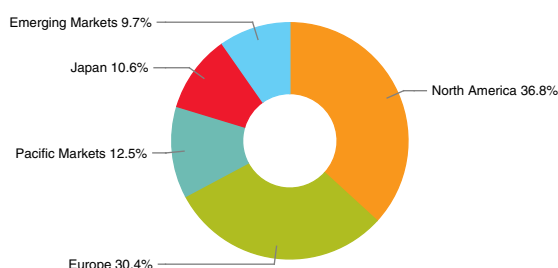
# Prudential International Equity fund (Series 3)



## Fund description

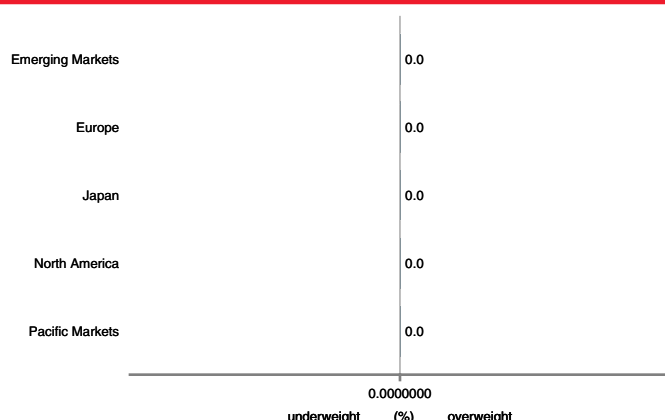
The investment strategy of the fund is to purchase units in the M&G PP International Equity Fund. This fund invests in the shares of companies in all the major overseas equity markets. The fund is actively managed against a benchmark mix of the regional market indices in the same proportions as the average 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 28 June 2013, unless otherwise stated.

## Key facts

Underlying fund size	£88m
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

Concerns that the US may start cutting back its asset purchase programme earlier than had been anticipated led to significant investor unease and most asset classes were weak over the quarter. Worries about slowing economic growth and liquidity issues in China added to investors' anxiety.

Against this challenging backdrop, the fund fell slightly, but was ahead of its composite benchmark. Performance was supported by stock selection in the US and European equity portions of the fund.

Equity contributors from the US included insurance company Lincoln National and health services firm Cigna, while a holding in French car parts maker Valeo was also beneficial for returns.

The fund manager is maintaining neutral positions in the portfolio, owing to a lack of a marked preference for any particular market.

In his opinion, the US economy is moving in the right direction, albeit slowly and with some setbacks. He is less positive about the situation in Europe, which has still to tackle some fundamental issues in its various economies. However, European equities remain attractively valued.

Meanwhile, Japan's exporters have been boosted by the weak yen, which makes its products less expensive for foreign purchasers. However, many other Asian markets have seen their exports become less competitive as a result. Asian countries are also coming under pressure because of a slowdown in Chinese economic activity and demand.

## Performance

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

	30/06/08 - 30/06/09	30/06/09 - 30/06/10	30/06/10 - 30/06/11	30/06/11 - 29/06/12	29/06/12 - 28/06/13
International Equity fund	-12.4	23.0	21.9	-7.5	22.7
Benchmark	-13.4	23.1	21.6	-8.0	21.4

### Past performance of the fund to 28 June 2013

	Quarter	1 Year*	3 Years*	5 Years*
International Equity fund	-0.1	22.7	11.4	8.3
Benchmark	-0.5	21.4	10.7	7.7

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 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](http://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](http://www.pru.co.uk/funds) and choose 'Prudential Corporate Pension Fund Prices' then filter on (Series 3).

### How are the fund prices calculated?

This fund operates on a single swinging price basis, based on the valuation of the underlying assets and cash flows into and out of the fund. This valuation price will be the published price.

### What is the dealing cycle?

This fund is forward priced which means that the member receives the next available unit price after their instruction has been received.

This fund has a dealing cycle of T+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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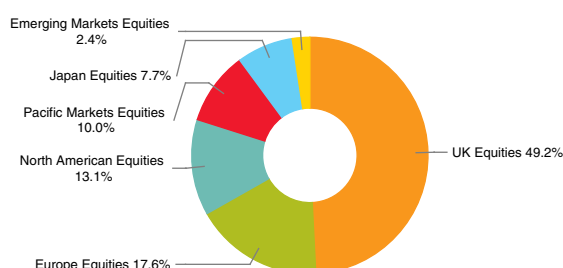
# Prudential Long Term Growth fund (Series 3)



## 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 Vodafone	2.4
3 BP	2.3
4 GlaxoSmithKline	2.1
5 Royal Dutch Shell 'A'	2.1
6 British American Tobacco	1.7
7 Royal Dutch Shell 'B'	1.5
8 Diageo	1.2
9 AstraZeneca	1.0
10 BG Group	1.0

The asset mix is likely to vary in the future.

Source: M&G

All figures are as at 28 June 2013, unless otherwise stated.

## Performance

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

	30/06/08 - 30/06/09	30/06/09 - 30/06/10	30/06/10 - 30/06/11	30/06/11 - 29/06/12	29/06/12 - 28/06/13
Long Term Growth fund	-16.0	21.8	24.4	-6.1	20.4
Benchmark	-16.8	21.5	24.3	-6.1	20.4

## Key facts

Underlying fund size	£186m
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

The fund's strategic asset allocation remains 50% UK and 50% overseas equities. The fund is rebalanced to these weightings shortly after each quarter end.

Global markets fell sharply in the second half of the quarter on prospects of a cutback in liquidity support in the US, compounded by fears over China's tightening monetary policy and slowing growth. US and Japanese equities held up relatively well, but stocks in the Pacific Basin and emerging markets struggled. Overall, the FTSE World Index ended the quarter almost flat after regaining momentum in the final few days.

The FTSE All-Share Index fell 1.7% over the quarter, with the basic materials sector, mining in particular, its biggest laggard. General retailers bucked the downward trend, while defensive stocks with more resilient earnings, such as telecoms, pharmaceuticals and healthcare, also outperformed.

The S&P 500 Index reached record highs in mid-May before retreating on mixed economic data and comments from the Federal Reserve about possibly tapering its monetary stimulus this year.

European shares held up reasonably well amid the general sell-off. Asian stock markets sold off across the board.

### Past performance of the fund to 28 June 2013

	Quarter	1 Year*	3 Years*	5 Years*
Long Term Growth fund	-0.3	20.4	12.0	7.5
Benchmark	-1.0	20.4	12.0	7.3

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 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?

- These risk ratings have been developed by Prudential to help provide an indication of a fund's potential level of risk and reward based on the type of assets which may be held by the fund. Other companies may use different descriptions and as such these risk ratings should not be considered as generic across the fund management industry.
- We regularly review our fund risk ratings, so they may change in the future. If, in our view, there is a material change in the fund's level of risk, for example due to a significant change to the assets held by the fund or in the way the fund is managed, we will provide information on the new risk rating. We recommend that you make sure you understand the risk rating of any fund before you invest. You will find this information at [www.pru.co.uk/factsheets](http://www.pru.co.uk/factsheets)
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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](http://www.pru.co.uk/funds) and choose 'Prudential Corporate Pension Fund Prices' then filter on (Series 3).

### How are the fund prices calculated?

This fund operates on a single swinging price basis, based on the valuation of the underlying assets and cash flows into and out of the fund. This valuation price will be the published price.

### What is the dealing cycle?

This fund is forward priced which means that the member receives the next available unit price after their instruction has been received.

This fund has a dealing cycle of T+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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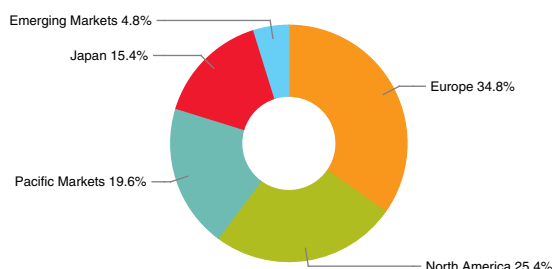
# Prudential Overseas Equity Passive fund (Series 3)



## 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	1.5
2 Roche	1.2
3 Novartis	1.2
4 Samsung Electronics	0.9
5 Toyota Motor	0.8
6 Sanofi	0.8
7 Commonwealth Bank of Australia	0.7
8 Total	0.7
9 Hartford Financial Services	0.7
10 Lockheed Martin	0.7

The asset mix is likely to vary in the future.

Source: M&G

All figures are as at 28 June 2013, unless otherwise stated.

## Performance

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

	30/06/08 - 30/06/09	30/06/09 - 30/06/10	30/06/10 - 30/06/11	30/06/11 - 29/06/12	29/06/12 - 28/06/13
Overseas Equity Passive fund	-12.9	22.2	22.6	-9.2	23.2
Benchmark	-13.2	21.8	22.9	-9.1	22.8

## Key facts

Underlying fund size	£97m
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

Global markets fell sharply in the second half of the quarter on prospects of a cutback in liquidity support in the US, compounded by fears over China's tightening monetary policy and slowing growth. US and Japanese equities held up relatively well, but stocks in the Pacific Basin and emerging markets struggled.

The S&P 500 Index reached record highs in mid-May before retreating on mixed economic data and comments from the Federal Reserve (Fed) about possibly tapering its monetary stimulus this year. European shares held up reasonably well amid the general sell-off.

Asian stock markets sold off across the board. Equities in China nose-dived on fears that a credit squeeze would further hinder economic growth which has decelerated recently. South Korea was weighed down by heightened political tensions with North Korea and export competition from a weaker Japanese yen.

Japanese shares were extremely volatile during the quarter, reaching five-year highs in May before pulling back sharply. Uncertainty over government structural reforms, particularly the sustainability of unlimited bond purchases, hurt market sentiment along with the Fed's comments and China's liquidity problems.

Emerging market investments were among the biggest underperformers over the quarter after the Fed signalled a winding down of its credit-easing measures.

### Past performance of the fund to 28 June 2013

	Quarter	1 Year*	3 Years*	5 Years*
Overseas Equity Passive fund	-0.5	23.2	11.1	7.9
Benchmark	-0.4	22.8	11.1	7.7

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 Overseas Equity Passive 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?

This fund is managed by M&G Investments.

### How are the performance figures calculated?

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### What is the dealing cycle?

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### Other important information

Exchange Rate fluctuations may cause the Sterling values of overseas investments to rise or fall.

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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% STK 07/06/32	5.0
2	UK (Govt of) 4.75% STK 07/12/30	4.4
3	UK (Govt of) 4.5% STK 07/12/42	3.9
4	UK (Govt of) 4.75% STK 07/12/38	3.8
5	UK (Govt of) 4.5% BDS 07/09/34	3.5
6	UK (Govt of) 4.25% GILT 07/12/40	3.5
7	UK (Govt of) 4.25% STK 07/03/36	3.4
8	UK (Govt of) 4.25% STK 07/12/55	3.4
9	UK (Govt of) 6% STK 07/12/28	3.2
10	UK (Govt of) 4.25% STK 07/12/46	3.0

The asset mix is likely to vary in the future.

Source: M&G

All figures are as at 28 June 2013, unless otherwise stated.

## Performance

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

	30/06/08 - 30/06/09	30/06/09 - 30/06/10	30/06/10 - 30/06/11	30/06/11 - 29/06/12	29/06/12 - 28/06/13
Pre-Retirement fund	9.3	12.8	3.6	21.6	-0.3
Benchmark	7.3	12.7	3.6	21.7	-0.2

## Key facts

Underlying fund size	£71m
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.

UK government bonds (gilts) fell alongside other asset classes following the US Federal Reserve announcing plans to scale back its stimulus programme. As gilt yields steepened on fears of higher global interest rates, the FTSE UK Government All Stocks Index lost 3.8% over the quarter. Rising gilt yields and renewed risk aversion also pulled corporate bond yields higher over the period.

In May the Bank of England raised its growth forecasts as the UK avoided a 'triple-dip' recession, with the economy expanding 0.3% quarter-on-quarter in the first three months of 2013. However, the economy is not recovering fast enough to reduce the budget deficit. Despite tax rises and deep spending cuts, public borrowing remains stubbornly high, rising slightly in 2012-13 from the previous year. Inflation, as measured by the Consumer Prices Index, rose 2.7% in May, up from 2.4% in April, well above the Bank's 2% target.

Earlier in the quarter, yield-hungry investors eagerly snapped up corporate debt, including Apple's mammoth \$17 billion offering. Issuers had been exploiting demand, raising cheap debt in near-record quantities. Low default rates and an improving US economy had supported the corporate bond market, especially in the high yield sector.

### Past performance of the fund to 28 June 2013

	Quarter	1 Year*	3 Years*	5 Years*
Pre-Retirement fund	-5.0	-0.3	7.9	9.1
Benchmark	-5.1	-0.2	7.9	8.8

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 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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### Who manages the funds?

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### How are the performance figures calculated?

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### What is the dealing cycle?

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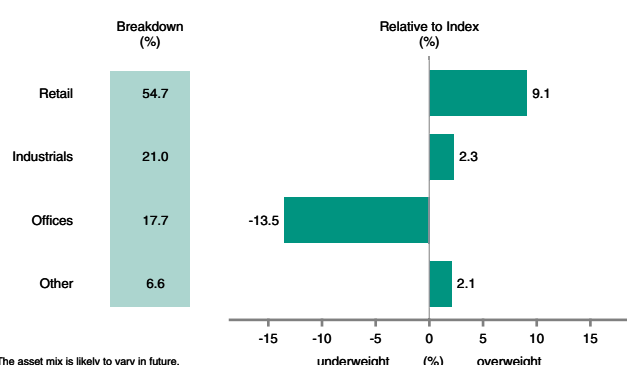
# Prudential Property fund (Series 3)



## 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



## Key facts

Underlying fund size	£621m
Number of holdings	67
Underlying fund launch date	17/03/1971
Portfolio Manager	Dermot Kiernan
Benchmark	All Balanced Property Fund component of the AREF/IPD UK Quarterly Property Fund 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

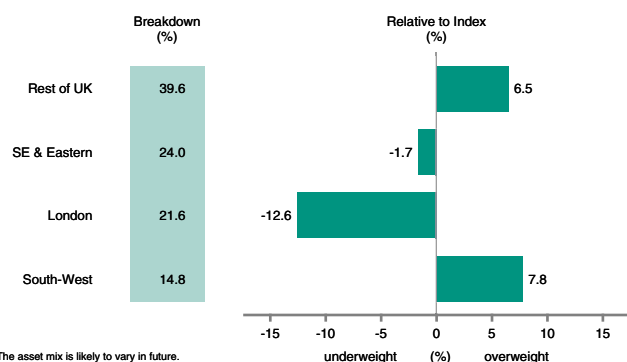
Returns for commercial property were positive over the second quarter, with income the primary component but capital growth recorded a modest increase after six quarters of falls. There are increasing signs that investors are becoming less risk averse, encouraged by the potential for growth from a prolonged decline in new construction and an improving outlook for the UK economy.

The Fund strategy remains focused on income as the core component of total return, actively managing the portfolio to protect income and enhance value, and undertaking purchases and sales to take advantage of market mispricing.

The Fund exchanged contracts to purchase an office in Guildford, and a warehouse in Barking, East London at a combined price of £23.5m. Guildford has completed since quarter end and Barking is imminent. Both investments provide attractive income yields with the opportunity for rental growth.

Terms were agreed to acquire a new build office in Croydon (£33.4m) and a modern industrial unit in Milton Keynes (£9.7m). The purchase of Croydon completed early in Q3.

## Fund distributions and relative positions by area



The asset mix is likely to vary in the future.

Source: M&G Index data as at 31 March 2013

All figures are as at 28 June 2013, unless otherwise stated.

## Performance

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

	30/06/08 - 30/06/09	30/06/09 - 30/06/10	30/06/10 - 30/06/11	30/06/11 - 29/06/12	29/06/12 - 28/06/13
Property fund	-22.7	16.9	7.3	-3.2	2.4
Benchmark	-27.2	19.0	7.7	4.0	1.7

Past performance of the fund to 28 June 2013

	Quarter	1 Year*	3 Years*	5 Years*
Property fund	0.7	2.4	2.1	-0.8
Benchmark	1.4	1.7	4.2	-0.5

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 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](http://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](http://www.pru.co.uk/funds) and choose 'Prudential Corporate Pension Fund Prices' then filter on (Series 3).

### How are the fund prices calculated?

This fund operates on a single swinging price basis, based on the valuation of the underlying assets and cash flows into and out of the fund. This valuation price will be the published price.

### What is the dealing cycle?

This fund is forward priced which means that the member receives the next available unit price after their instruction has been received.

This fund has a dealing cycle of T+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.

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# Prudential Socially Responsible fund (Series 3)

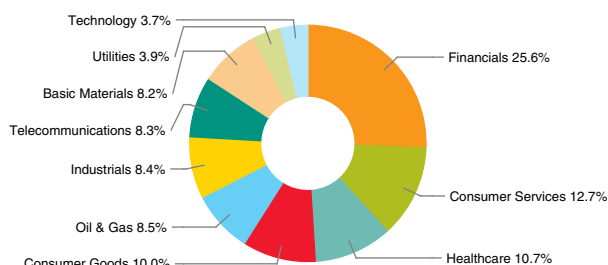


## Fund description

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'	6.5
2	HSBC	6.4
3	Vodafone	5.6
4	GlaxoSmithKline	5.1
5	Diageo	3.6
6	Rio Tinto	3.3
7	Standard Chartered	3.2
8	BHP Billiton	3.2
9	Tesco	2.5
10	Centrica	2.3

The asset mix is likely to vary in the future.

Source: M&G

All figures are as at 28 June 2013, unless otherwise stated.

## Performance

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

	30/06/08 - 30/06/09	30/06/09 - 30/06/10	30/06/10 - 30/06/11	30/06/11 - 29/06/12	29/06/12 - 28/06/13
Socially Responsible fund	-26.9	25.6	16.1	-3.4	24.6
Benchmark	-20.4	25.5	20.1	-1.8	23.3

## Key facts

Underlying fund size	£31m
Number of holdings	61
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 continued to rally in the second quarter, but halfway through the period they fell back - in common with markets globally - on news that quantitative easing in the US may be wound down later on this year.

Soft drinks manufacturer Britvic and financial advisor St James's Place added value. Britvic released first-half profits ahead of estimates and announced plans to cut costs significantly. Meanwhile, St. James's Place reported strong net inflows.

The fund's positions in Standard Chartered and Talk Talk Telecom detracted from performance. Standard Chartered's lacklustre trading statement disappointed investors and highlighted weakness in South Korea and Singapore. Shares in Talk Talk came under pressure after one of its competitors, BT, announced it would offer free sports content to its broadband customers.

Activity during the quarter was minimal; in media, shares were purchased in UBM, whilst the holding in Informa was reduced. Meanwhile, in insurance, part of the position in Aviva was sold to fund the purchase of shares in Resolution.

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 28 June 2013

	Quarter	1 Year*	3 Years*	5 Years*
Socially Responsible fund	0.3	24.6	11.8	5.1
Benchmark	-0.9	23.3	13.3	7.9

Source: Prudential. \* annualised

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# 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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### Who manages the funds?

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### Other important information

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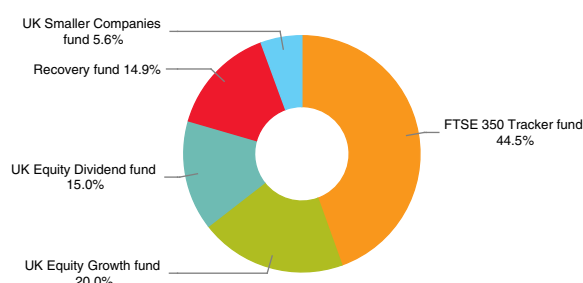
# Prudential Equity fund (Series 3)



## Fund description

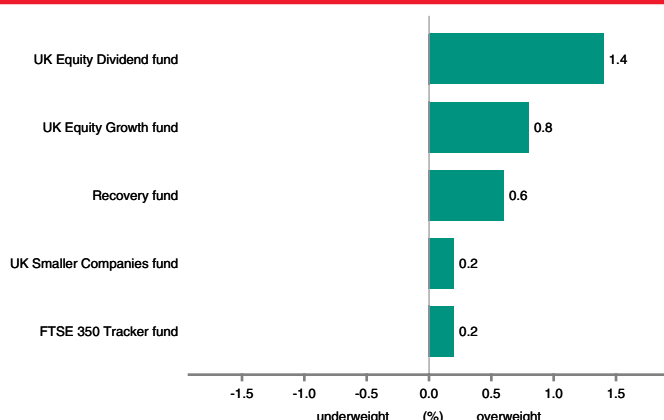
The investment strategy of the fund is to purchase units in the M&G PP UK Equity Fund. This fund invests in the shares of UK Companies. The fund is actively managed against its benchmark, the FTSE All-Share Index. The fund is a "fund of funds" holding units in several more specialised UK equity funds 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 28 June 2013, unless otherwise stated.

## Key facts

Underlying fund size	£722m
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

Despite the volatile trading environment, small caps outperformed their larger counterparts, with digital print head manufacturer Xaar leading performance for the Smaller Companies Fund. Shares in the firm were boosted as investors started to appreciate the extent of its growth prospects.

The performance of the Recovery Fund was supported by positive stock selection as well as asset allocation. Holdings that added value included budget airline Easyjet, where management steps have resulted in steady increases in passenger numbers and revenues.

Meanwhile, the UK Equity Dividend Fund continued to benefit from its high-yield / mid-cap focus and from underweighting the poorly performing mining sector. The fund's high-yield focus was reflected at a sector level through positive contributions to performance from overweighting pharmaceutical, insurance and telecommunication companies.

Finally, the UK Equity Growth Fund was rewarded for its mid-cap emphasis, especially within industrial companies. Sector allocation also made a positive contribution due to underweight exposures to the poorly performing miners and the fast-moving consumer goods sectors, such as beverages, where valuations had become stretched.

## Performance

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

	30/06/08 - 30/06/09	30/06/09 - 30/06/10	30/06/10 - 30/06/11	30/06/11 - 29/06/12	29/06/12 - 28/06/13
Equity fund	-17.7	20.4	26.5	-1.5	18.3
Benchmark	-20.5	21.1	25.6	-3.1	17.9

### Past performance of the fund to 28 June 2013

	Quarter	1 Year*	3 Years*	5 Years*
Equity fund	-0.9	18.3	13.8	7.9
Benchmark	-1.7	17.9	12.8	6.7

Source: Prudential. \* annualised

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# 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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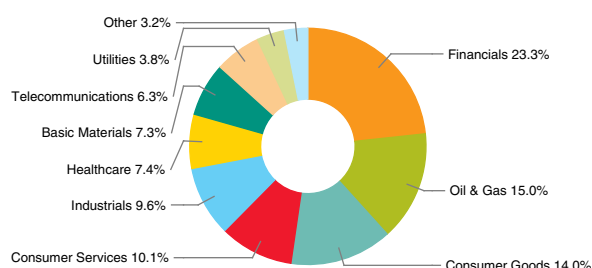
# Prudential UK Equity Passive fund (Series 3)



## Fund description

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

## Fund breakdown



The asset mix is likely to vary in the future.

## Top holdings

	%
1 HSBC	6.7
2 Vodafone	4.9
3 BP	4.6
4 GlaxoSmithKline	4.3
5 Royal Dutch Shell 'A'	4.2
6 British American Tobacco	3.4
7 Royal Dutch Shell 'B'	3.0
8 Diageo	2.5
9 AstraZeneca	2.1
10 BG Group	2.0

The asset mix is likely to vary in the future.

Source: M&G

All figures are as at 28 June 2013, unless otherwise stated.

## Performance

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

	30/06/08 - 30/06/09	30/06/09 - 30/06/10	30/06/10 - 30/06/11	30/06/11 - 29/06/12	29/06/12 - 28/06/13
UK Equity Passive fund	-19.6	21.1	25.7	-3.2	18.0
Benchmark	-20.5	21.1	25.6	-3.1	17.9

### Past performance of the fund to 28 June 2013

	Quarter	1 Year*	3 Years*	5 Years*
UK Equity Passive fund	-1.5	18.0	12.8	6.9
Benchmark	-1.7	17.9	12.8	6.7

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.

## Key facts

Underlying fund size	£423m
Number of holdings	525
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

UK equities pulled back from previous highs on news of the US Federal Reserve's plans to reduce its asset-buying programme, coupled with concerns over China's slower pace of expansion. The FTSE All-Share Index fell 1.7% over the quarter, with the basic materials sector, mining in particular, its biggest laggard. General retailers bucked the downward trend, while defensive stocks with more resilient earnings, such as telecoms, pharmaceuticals and healthcare, also outperformed.

On the economic front, the UK's current account deficit - the gap between imports and exports - amounted to 3.6% of GDP in 2012, the biggest shortfall as a proportion of national income since 1989. However, signs are that the UK economy is slowly recovering. For example, retail sales recorded a larger-than-expected 2.1% rise in May, up 1.9% from a year earlier, according to the Office for National Statistics.

# Prudential UK Equity Passive fund (Series 3)

## Prudential risk rating

### Higher

#### What type of funds are in this risk category?

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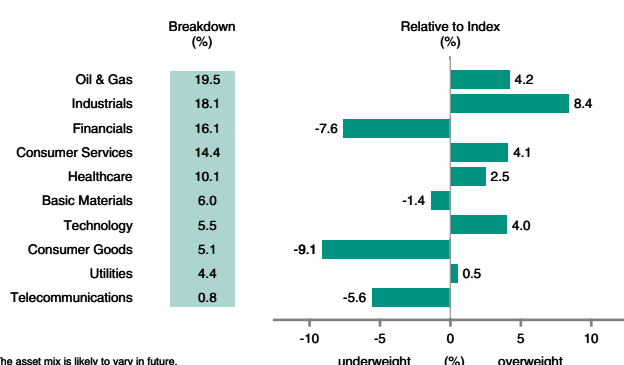
# Prudential UK Specialist Equity fund (Series 3)



## 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



## Key facts

Underlying fund size	£835m
Number of holdings	89
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

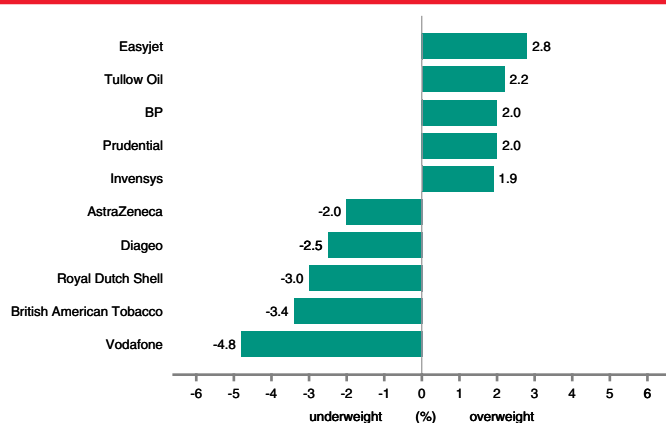
Although equity markets started the second quarter positively, with investors encouraged by better jobs data in the US and a rate cut in Europe, the prospect that economic stimulus measures might be withdrawn in the US led to a significant correction. The UK stock market fell modestly during the review period.

Once again, Easyjet was the largest positive contributor to performance, with the action taken by the group's management being rewarded with steady increases in passenger numbers and revenues that have resulted in upward momentum in the share price. Other stakes to deliver strong returns included Homeserve, Invensys and Mothercare, whose revival plans are taking shape.

The fund manager remains committed to his long-term investment approach, focusing on the discovery of unloved businesses that he believes can, over time and with the appropriate levels of support, be guided back to health. On going economic uncertainty, combined with the reluctance of banks to supply companies with the finance they require, is presenting him with many opportunities to back companies that he believes will generate robust returns in the future.

The fund manager is encouraged both by the performance of the holdings that are seeing their turnaround achieve traction and by his conviction that there is a tremendous amount of latent value within the portfolio. In his opinion, this value will eventually be realised through materially higher share prices.

## Top 5 over and underweight positions



Source: M&G

All figures are as at 28 June 2013, unless otherwise stated.

## Performance

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

	30/06/08 - 30/06/09	30/06/09 - 30/06/10	30/06/10 - 30/06/11	30/06/11 - 29/06/12	29/06/12 - 28/06/13
UK Specialist Equity fund	-14.5	21.5	29.8	-4.1	12.2
Benchmark	-20.5	21.1	25.6	-3.1	17.9

Past performance of the fund to 28 June 2013

	Quarter	1 Year*	3 Years*	5 Years*
UK Specialist Equity fund	-2.3	12.2	11.8	7.7
Benchmark	-1.7	17.9	12.8	6.7

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 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](http://www.pru.co.uk/factsheets)
- You should also consider discussing your decision and the appropriateness of a fund's risk rating with an adviser.

## Important information

### Who is this factsheet for and what does it do?

This factsheet is intended for the trustees, sponsors, advisers and members of occupational pension schemes using Prudential group pension contracts and Prudential grouped personal pensions and Stakeholder pension contracts.

Its purpose is to provide an insight into how investment markets and funds have performed over the period and is provided for information only.

If you are not familiar with any of the investment terminology included on this factsheet, then please contact an adviser.

### Can I get advice?

This factsheet should not be considered as financial advice and any changes to investment arrangements should be discussed with an adviser. It is not our intention to give an indication of how any particular funds will perform in the future. The commentary in this factsheet reflects the general views of the individual fund manager and should not be taken as a recommendation or advice as to how a specific market or fund is likely to perform.

### Who manages the funds?

This fund is managed by 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](http://www.pru.co.uk/funds) and choose 'Prudential Corporate Pension Fund Prices' then filter on (Series 3).

### How are the fund prices calculated?

This fund operates on a single swinging price basis, based on the valuation of the underlying assets and cash flows into and out of the fund. This valuation price will be the published price.

### What is the dealing cycle?

This fund is forward priced which means that the member receives the next available unit price after their instruction has been received.

This fund has a dealing cycle of T+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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