

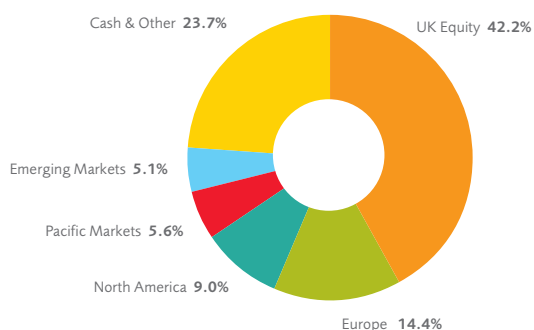


Prudential Discretionary fund (series 1 & 3)

Fund description

The fund provides 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 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.

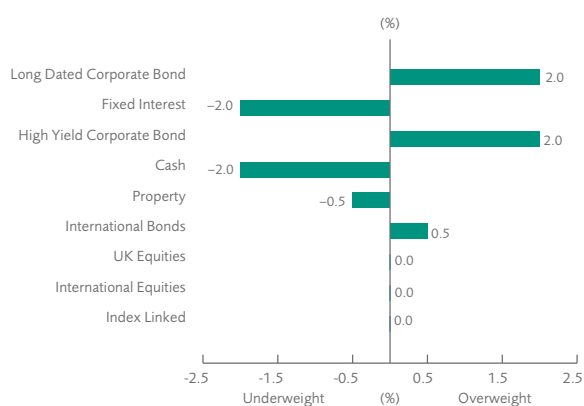
Fund breakdown



Key facts

Underlying fund size	£916m
Number of holdings	11
Underlying fund launch date	20/04/1983
Portfolio Manager	Alec Spooner
Benchmark	CAPS Balanced Pooled Fund Median (NET)
Investment Style	Prudent active multi-asset
Sedol code (series 1)	702254
Sedol code (series 3)	3168574
Performance Objective	+0.75-1.0% per annum over rolling 3 year periods

Target position vs benchmark



Source: M&G
All figures are as at 31 March 2008, unless otherwise stated.

Commentary

The fund's choice of shares in the UK and emerging markets helped it outperform most other funds of its type. Although the fund's European shares did less well, our fixed income holdings helped performance. Government bonds in particular benefited from investors' concerns about volatile markets.

Performance was hindered by a slightly lower than average holding in cash, which performed well, but benefited from minimal exposure to property, which is still weak.

UK government bonds have strongly outperformed corporate bonds in recent months and corporate bonds now offer good value.

We added to high yield bonds at attractive prices and topped up our holdings in overseas government bonds. Although prices in the commercial property market have fallen, we are still cautious about property's outlook for the coming months.

Performance

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

	30/03/2007 to 31/03/2008	31/03/2006 to 30/03/2007	31/03/2005 to 31/03/2006	31/03/2004 to 31/03/2005	31/03/2003 to 31/03/2004
Discretionary fund series 1	-4.1	5.4	27.8	11.9	25.4
Discretionary fund series 3	-3.2	6.3	28.7	12.9	26.5
Benchmark	-3.3	6.0	26.9	11.1	25.1

Source: Prudential. * annualised

Based on percentage change in unit price. It is important to remember that past performance is no guide to the future. 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.

Past performance of the fund to 31 March 2008

	Quarter	1 Year*	3 Years*	5 Years*
Discretionary fund series 1	-7.8	-4.1	8.9	12.6
Discretionary fund series 3	-7.6	-3.2	9.8	13.6
Benchmark	-7.9	-3.3	9.3	12.8

Prudential Discretionary fund (series 1 & 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?

- › This risk rating reflects the expected short-term volatility in the fund's value.
- › Risk ratings have been developed by Prudential for this fund. They should not be viewed as generic descriptions across the fund management industry. The ratings are reviewed periodically and may change in the future.
- › There are a variety of investment risks facing a scheme member during pension scheme membership including inflation, changing annuity costs and volatility in fund values. The importance of each type of risk will vary from person to person and from time to time.
- › You should discuss the investment risks and the appropriateness of this risk rating with an investment professional.

Important information

Who manages the funds?

All of the series 1 & 3 funds are Prudential funds.

Prudential has delegated the investment management of the funds to M&G Investments.

How are the fund prices calculated?

The Series 1 funds have both an offer and bid price which typically differs by 5%. Contributions are turned into units at the offer price and units are realised to provide benefits at the bid price.

The Series 3 funds operate on a single swinging price basis. The pricing basis on which units in the fund are transacted is dependent upon the cash flow into/out of the fund. This is also the price that is published.

What is the dealing cycle?

The Pensions Series 1 fund range is historically priced which means that the unit price is set before money is invested.

M&G Investments has a dealing cycle of T-1. This means that money received on day T buys units at the valuation date price applicable 1 day earlier.

The Pensions Series 3 fund range is forward priced which means that the unit price is set after money is invested.

M&G Investments 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.

Who is this factsheet for and what does it do?

This factsheet is intended for the trustees, sponsors, advisers and members of occupational pension schemes using Prudential group pension contracts and Prudential grouped personal pensions and Stakeholder pension contracts. Its purpose is to shed some light on how investment markets and funds have performed over the period and is provided for information only. If you are not familiar with any of the investment terminology included on this factsheet, then please contact an adviser.

Can I get advice?

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

How are the performance figures calculated?

Performance is measured on an offer price to offer price basis.

For the purposes of comparison with the benchmark we have used unit prices with the closest valuation point to that of the benchmark, taking into consideration the relevant dealing cycle.

To obtain current unit price and performance information for all funds in the Prudential Fund range, simply log on to www.pru.co.uk/fundprices and choose "Pension Funds" and then select Group Pensions (series 1 or 3).

Are all of the funds available to me?

Not all of the funds are available for every DC product.

If you are in any doubt as to which funds you are invested in, please contact your pensions department (for scheme members), usual Prudential contact (for trustees and advisers) or refer to the "Key Features Appendix" for the scheme.

Other important information

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

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