

# Prudential Equity fund (series 1 & 3)



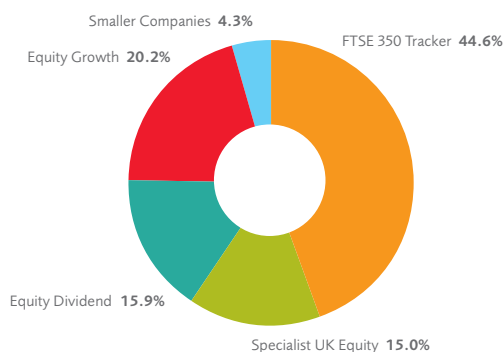
## Fund description

The fund invests in shares of UK Companies. The fund is actively managed against its performance benchmark of 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 target.

## Key facts

Underlying fund size	£887m
Number of holdings	5
Underlying fund launch date	01/01/1971
Portfolio Manager	Nick Evans
Benchmark	FTSE All-Share Index
Investment Style	Prudent passive/Specialist
Sedol code (series 1)	702265
Sedol code (series 3)	3169447
Performance Objective	+1% per annum over rolling 3 year periods

## Fund breakdown



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

## Commentary

The fund outperformed its benchmark, with all constituent funds adding value. The credit crunch led to more volatile markets. In the UK Equity Dividend Fund, Lloyds TSB was less affected by the "credit crunch" than other banks, while British American Tobacco benefited from investors' preference for more stable shares.

In the Specialist UK Equity Fund, nuclear power generator British Energy was helped by takeover interest while resources stocks Tullow Oil and Coal of Africa also added value.

Within the UK Equity Growth Fund, our holding in WH Smith benefited from solid trading figures and a special dividend, while home maintenance specialist Homeserve was buoyed by a positive trading statement.

The UK Smaller Companies Fund was boosted by public sector software supplier Civica, after its private-equity backed management buyout, and a relatively low exposure to financials.

## 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
Equity fund series 1	-9.0	8.1	26.1	13.8	29.7
Equity fund series 3	-8.2	9.1	26.9	14.8	30.9
Benchmark	-7.7	11.1	28.0	15.6	31.0

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*
Equity fund series 1	-9.2	-9.0	7.4	12.9
Equity fund series 3	-9.0	-8.2	8.4	13.9
Benchmark	-9.9	-7.7	9.5	14.7

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## 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?

- 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](http://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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