

Fund Guide

Prudential Investment Plan

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Prudential Investment Plan Fund Guide

In this fund guide you will find information on the funds available through the Prudential Investment Plan, including their objectives, risks, and fund costs.

It's very important that you clearly understand the risks associated with any fund you may wish to invest in. This guide aims to help you and your Financial Adviser understand the potential reward and risks associated with each of our funds.

Fund Choice

By offering a wide selection of funds we aim to give you a choice from a range of fund management companies and different types of investments.

The funds available are listed in four categories:

- › Prudential Multi-Asset Funds: managed by Prudential and have the ability to invest in a wide range of asset types
- › Prudential Dynamic Portfolios: multi-asset portfolios from Prudential, giving you access to a unique combination of experts.
- › PruSelect Range: funds from a range of different fund management companies with differing investment objectives and styles, selected by Old Broad Street Research, a Morningstar company
- › Additional Fund Choice: other funds you can choose which are made available by Prudential

We would recommend that you discuss fund selection with your Financial Adviser.

Using this Fund Guide – Potential Reward and Risk

The assets of a fund will have a significant effect on the performance of your investment.

Generally, the higher the potential returns, the higher the risk.

To help you and your adviser assess the potential level or risk and reward of our funds we've included in this guide:

- Risk Types – information on the risks applicable with different types of assets
- Association of British Insurers (ABI) Sector Definitions – details on industry recognised fund categories
- Potential Reward and Risk Indicator – a Prudential view on the potential reward and risk that different asset types might offer.

Pages 4 to 10 give more information about each of these categories. From pages 12 to 21 we've indicated what these mean for each of our funds.

Please note

The information in this guide aims to help you and your adviser understand the potential level of risk and reward for the funds that we offer. However, these are Prudential views based on the type of assets which may be held within the fund.

The information in this guide may not take account of current market conditions or other short-term fund specific changes. Up to date information on each of our funds can be found on www.pru.co.uk.

Risk Types

We have categorised these risks in line with the major asset types and investment styles used. There are many types of risk and when assessing funds we have grouped some that are not covered by the main headings as "Other". Generally, the higher the potential returns, the higher the risk.

To try and reduce the risk of losing money many funds hold a broad range of different types of assets. This means that you are not relying on the performance of an individual asset, nor of assets of the same type. This practice is known as diversification.

Equity

Equities are commonly known as "shares". When a fund buys a company share, it is investing in a company and, in exchange, receives a share of the ownership of that company. Shares give two potential investment benefits:

- › share prices increase as the value of the company increases
- › companies pay dividends – regular payments made to shareholders based on how well the company is doing.

Over the longer-term, equities are considered by many investment experts to offer greater growth potential than many other asset types. But over the short term, the value of equities can go up and down a lot. Funds investing in equities tend to carry a higher risk of capital loss than funds investing in fixed interest securities or money market investments (see below). The financial results of other companies and general stock market and economic conditions can all affect a company's share price, and consequently the value of any fund investing in that company.

Where a fund invests significantly in equities, we have rated the fund as having a risk type of "Equity".

Fixed Interest and Index-Linked Securities

Fixed interest securities, more commonly known as "bonds", are loans issued by companies or by governments in order to raise money. Bonds issued by companies are called Corporate Bonds, those issued by the UK government are often called Gilts or UK Government Bonds and those issued by the US government are called Treasury Bonds. In effect all bonds are IOUs that promise to pay you a sum on a specified date and pay a fixed rate of interest along the way.

Index-linked securities are similar but the payments out are normally increased by a price index e.g. for UK government index-linked securities, payments out are increased in line with the UK Retail Price Index.

On the whole, investing in bonds is seen as lower-risk than investing in equities. Gilts are very low-risk. To date, no UK government has ever failed to pay back money owed to investors. But with corporate bonds there is a risk that the company may not be able to repay its loan or that it may default on its interest payments.

The risks related to investing in bonds can be reduced if you invest through a bond fund. Where a fund manager selects a range of bonds, you are less reliant on the performance of any one company or government. If bond income generated is reinvested by the fund, bond funds can be used to provide attractive levels of growth. However, there is a risk you might not get back the amount you invest and the income you receive is neither fixed or guaranteed.

Corporate and Government bonds are sensitive to interest rate trends. An increase in interest rates is likely to reduce their value, and hence the value of any fund investing in them.

Where a fund is exposed to this risk, we have rated the fund as having a risk type of "Fixed Interest".

Risk Types – continued

Commercial Property

Commercial property investment generally means the fund is sharing in the returns from the ownership of some buildings (for example, offices and shopping centres). The value of the property may increase and tenants may pay rent to the owners of the building.

However, commercial properties can be difficult to buy and sell quickly. Fund managers may have to delay withdrawal of money by customers from a property fund until they can sell some of the buildings the fund invests in.

The actual value of a property is what someone is prepared to pay for it – an actual sale value. As sales are infrequent, interim valuations are based on a valuer's opinion and may be revised up or down from time to time. This can affect the value of a fund invested in commercial property, with the value possibly fluctuating significantly.

This leads to a number of risks for funds investing in property:

- Cash could remain uninvested as property assets can be difficult to buy, leading to lower returns than expected.
- The value of the fund may be reduced if a large number of withdrawals are requested and it is necessary for properties to be sold at reduced prices.
- There may be delays removing your money from the fund if property cannot be sold.
- Property fund valuations may be revisited periodically, upwards or downwards.
- Rental income is not guaranteed. Defaulted rent and unoccupied properties could reduce returns.
- If the size of the fund falls significantly, the fund may have to hold fewer properties, and this reduced diversification may lead to an increase in risk.

Where a fund is exposed to these risks, we have rated the fund as having a risk type of "Property".

Currency Risk and Overseas Investments

Overseas investments allow you to take advantage of the growth potential of markets outside of the UK, but currency changes can affect the value of overseas investments. Because the value of overseas investments is converted from local currency into pounds (Sterling), the Sterling value can fall if the local currency weakens against Sterling, independent of the performance of the asset itself.

Where a significant proportion of a fund is invested in non-Sterling assets, we have rated the fund as having a risk type of "Currency".

Smaller Companies and Developing Markets

In comparison to larger companies, shares of smaller companies may be harder to trade and short-term performance may be more volatile. There may also be more chance the companies will become insolvent. Funds which invest in small companies can have volatile returns and a greater risk of capital loss.

Some investments are in markets which are less developed than the UK market. In such markets, the ability to trade, and the safe keeping of assets on behalf of the fund, and especially regulation may all be poorer than in well-developed markets. This means increased risk for your investment.

Where a fund has these types of risk, we have rated it as having a risk type of "Smaller Companies and Developing Markets".

Financial Instruments

There are several financial arrangements that fund managers can use to improve fund performance. Some of the most common are:

Derivatives: These cover products such as futures and options which are generally an arrangement to buy or sell a standard quantity of a specified asset on a fixed future date at a price agreed today. This type of investment may carry a higher risk of capital loss than funds investing in other assets. Sometimes in the event of a counterparty to a derivative (the party with which the fund manager has made the agreement about future deals) being in financial difficulties, it may be difficult to obtain a price for valuations or for the investment manager to dispose of the asset – that creates risk to the value of the fund. There is a risk of capital loss in the event of the counterparty to the derivative becoming insolvent or suffering other financial difficulties. In such circumstances the derivative may have no value.

Geared Assets: Funds that are geared or borrow assets or which use short-selling are likely to be more volatile than other funds and there is a higher risk of capital loss.

Where a fund could be exposed to these types of risk, we have rated it as having a risk type of "Financial Instruments".

Other

We have rated a number of funds as having a risk type of "Other".

- In addition to the risks and characteristics of the individual asset types, specialist investments have other features that are unique to where they invest.

Specialist funds invest in particular markets or geographical areas. Because they invest in a smaller range of asset types, they tend to be more risky than non-specialist funds, but can deliver greater returns.

- Ethical funds are restricted from investment in certain companies due to the criteria used to select investments for the fund. This may mean that the returns from the fund are more volatile than funds which do not have these restrictions.
- The fund may have investment concentrated in relatively few individual assets. Therefore, returns from the fund can be significantly influenced by the performance of a small number of individual holdings and may be more volatile than funds with a wider spread of underlying assets.
- Some funds keep a proportion of your money in cash deposits and other money market investments. Over the long-term, money market investments usually offer the lowest risk of all asset types but also the lowest potential returns. Some funds hold money market investments because they are aiming for security more than substantial growth. Others hold just enough in cash deposits to make sure money is available for customer withdrawals. Over the long term, money market investments can be a low risk asset type but may also produce low returns compared to other asset types.

A money market investment is at risk if any of the banks, building societies or other financial institutions with whom the fund's money is deposited becomes insolvent or suffers other financial difficulties. In such circumstances, the money deposited with that institution may not be returned in full. Some money market investments will be affected if interest rates rise, leading to a drop in value of any fund holding them.

- Some funds may offer some form of protection from downside risks for which there will be a charge and which will normally have an impact on long-term returns. The protection may be provided through the use of derivative contracts and this may give rise to counterparty risk and liquidity problems. The provision of the guarantees may result in a significant proportion of the fund being invested in cash and other lower risk investments.

Where a fund could be exposed to these types of risk, we have rated it as having a risk type of "Other".

Association of British Insurers (ABI) – Sector Definitions

The Association of British Insurers (ABI) is a trade body that represents the insurance industry. It maintains ranges of investment fund sectors to facilitate comparisons between similar funds. These sectors allow advisers and investors to make like-for-like comparisons between funds which invest in, or can potentially invest in, broadly comparable assets.

Each of our funds is matched against the relevant ABI sector so you can see in broad terms the type of assets that may be held by that fund.

Asia Pacific including Japan Equities

- › Funds which invest at least 80% of their assets in Asia Pacific equities and which include Japanese equities.
- › Asia Pacific includes all countries in the FTSE World Asia Pacific index.
- › Not to include funds which would otherwise qualify for the Japan Equity sector.

Asia Pacific excluding Japan Equities

- › Funds which invest at least 80% of their assets in Asia Pacific equities, but which normally hold no equities quoted on the Japanese stock market.
- › Asia Pacific includes all countries in the FTSE World Asia Pacific index.

Balanced (up to 85% Equity) Managed

- › Maximum of 85% total equity (including Preference Shares, Permanent Interest Bearing Shares and Convertibles).
- › Minimum of 40% total equity.
- › Minimum of 50% Sterling based assets (including fixed interest hedged back to Sterling).
- › Fixed interest defined as Government Sovereign Bonds and Corporate Bonds.

Cautious (up to 60% Equity) Managed

- › Maximum of 60% total equity (including Preference Shares, Permanent Interest Bearing Shares and Convertibles).
- › Minimum of 20% total equity.
- › Minimum of 60% Sterling based assets (including fixed interest hedged back to Sterling).
- › Fixed interest defined as Government Sovereign Bonds and Corporate Bonds.

Commodity/Energy

- › Funds that invest at least 80% of their assets in commodity and/or energy related securities.

Defensive (up to 35% Equity) Managed

- › Maximum of 35% total equity (including Preference Shares, Permanent Interest Bearing Shares and Convertibles).
- › No minimum equity requirement but managers' stated intention retains the right to invest in equities.

- › Minimum of 85% Sterling based assets (including fixed interest hedged back to Sterling).
- › Fixed interest defined as Government Sovereign Bonds and Corporate Bonds.

Deposit & Treasury

- › Funds in this sector are not 'no risk' funds but to satisfy the sector parameters they must have stability of capital as the principal and overriding objective.
- › Funds must invest 100% of their assets in sterling denominated permitted instruments.
- › Permitted instruments must not have a final maturity greater than 12 months.
- › The investment quality of each of the permitted instruments must be closely matched with the fund's objective of stability of capital.
- › The permitted instruments for this sector are:
 - Current Account Cash
 - Time Deposits (including call accounts)
 - Certificates of Deposit
 - UK Treasury Bills
 - UK Short Gilts
- › Insured funds that track a recognised cash index, such as the Bank of England base interest rate, can be included.

Distribution

- Maximum of 60% total equity (including Preference Shares, Permanent Interest Bearing Shares and Convertibles).
- Minimum of 20% total equity.
- Minimum of 50% Sterling based assets (including fixed interest hedged back to Sterling).
- Fixed interest defined as Government Sovereign Bonds and Corporate Bonds.

Europe excluding UK Equities

- Funds which invest at least 80% of their assets in equities quoted on European stock markets, but which normally hold no equities quoted on the UK stock market.
- Europe includes all countries in the FTSE World Europe/MSCI Europe indices.

Flexible (up to 100% Equity) Managed

- Maximum of 100% total equity (including Preference Shares, Permanent Interest Bearing Shares and Convertibles).
- No minimum equity requirement but managers' stated intention retains the right to invest up to 100% in equities.

- Minimum of 20% Sterling based assets (including fixed interest hedged back to Sterling).
- Fixed interest defined as Government Sovereign Bonds and Corporate Bonds.

Global Emerging Markets Equities

- Funds which invest at least 80% of their assets in equities from emerging markets, as defined by the FTSE World Index Indices, without geographical restriction.

Global Equities

- Funds which invest at least 80% of their assets in equities.
- Funds must be invested in more than one equity region.
- Not to include funds which would otherwise qualify for the Global Emerging Markets Equity sector.

Global Fixed Interest

- Funds which invest at least 80% of their assets in non-UK broad investment grade fixed interest securities.
- Fixed interest defined as Government Sovereign Bonds and Corporate Bonds. Preference Shares, Permanent Interest Bearing Shares and Convertibles are not treated as fixed interest investments.

Global Property

- Funds that invest at least 80% of their assets in direct property and property securities.
- Minimum 50% non-UK assets.

Japan Equities

- Funds which invest at least 80% of their assets in equities quoted on the Japanese stock market.

Money Market

- Funds which invest at least 95% of their assets in Sterling (or hedged back to Sterling) money market instruments.
- Money market instruments are defined as cash and near cash, such as bank deposits, certificates of deposit, and fixed interest securities within three months of maturity or floating rate notes.

North America Equities

- Funds which invest at least 80% of their assets in equities quoted on United States and Canadian stock markets.

Protected/Guaranteed Funds

- Funds, other than money market funds, which principally aim to provide a return of a set amount of capital back to the investor (either explicitly guaranteed or via an investment strategy highly likely to achieve this objective) plus some market upside.

Specialist

- › Funds that have an investment universe that is not accommodated by any of the other ABI sectors.
- › As funds in this sector do not meet any pre-set parameters, these should not be compared on a like-for-like basis.

Sterling Corporate Bond

- › Funds which invest at least 80% of their assets in Sterling-denominated (or hedged back to Sterling) broad investment grade corporate bond securities. This excludes Preference Shares, Permanent Interest Bearing Shares and Convertible Securities.

Sterling High Yield

- › Funds which invest at least 80% of their assets in Sterling-denominated (or hedged back to Sterling) fixed interest securities.
- › Funds which invest at least 50% of their assets in sub investment grade fixed interest securities.
- › Fixed interest defined as Government Sovereign Bonds and Corporate Bonds.
- › Preference Shares, Permanent Interest Bearing Shares and Convertibles are not treated as fixed interest investments.

Sterling Long Bond

- › Funds (used in conjunction with pension plans) with a specific objective for the movement in the value of units in a fund that is approximate to movements in annuity purchase prices.

- › Funds which invest at least 80% of their assets in Sterling-denominated (or hedged back to Sterling) long duration (10 years or more) broad investment grade fixed interest securities.

Sterling Other Fixed Interest

- › Funds with investment policy permitting significant changes in asset allocation between broad investment grade and sub-investment grade securities.
- › Funds which invest at least 80% of their assets in Sterling-denominated (or hedged back to Sterling) fixed interest securities.
- › Fixed interest defined as Government Sovereign Bonds and Corporate Bonds.
- › Preference Shares, Permanent Interest Bearing Shares and Convertibles are not treated as fixed interest investments.

UK All Companies

- › Funds which invest at least 80% of their assets in equities quoted on the UK stock market.
- › Funds have the primary objective of achieving capital growth or total return.

UK Direct Property

- › Funds that normally invest at least 80% of their assets in UK property. Managers may occasionally use Property Index Certificates or other property instruments for up to 20% property investment.
- › UK property defined as real estate located within the UK.

UK Equity Income

- › Funds which invest at least 80% of their assets in equities quoted on the UK stock market.
- › Net of tax yield on the underlying portfolio of at least 110% of the FTSE All-Share yield.

UK Gilts

- › Funds which invest at least 80% of their assets in UK Government securities (Gilts).

UK Index-linked Gilts

- › Funds which invest at least 80% of their assets in UK Index Linked Government securities (Index-Linked Gilts).

UK Property Securities

- › Funds that invest at least 80% of their assets in property securities quoted on the UK stock market and direct property located in the UK.
- › Property securities include real estate investment trusts, shares issued by companies that own, develop or manage direct property and Property Index Certificates.

UK Smaller Companies

- › Funds which invest at least 80% of their assets in equities quoted on the UK stock market which form the bottom 10% by market capitalisation.

Potential Reward and Risk Indicator

Investing is about balancing the risk you are comfortable with alongside the potential rewards that you want to achieve. Your attitude to investment risk is personal to you and may change in the future. The table opposite can help illustrate this concept. It's not exhaustive, but covers a wide range of funds and investments and shows the general principle that, as the level for potential higher returns increases so does the level of risk. The following pages indicate how this relates to our funds.

The value of our funds may fluctuate. You may not get back the full amount of your investment.

These risk rating categories have been developed by Prudential to help provide an indication of the potential level of risk and reward that is attributable to a fund based on the type of assets which may be held within the fund. Other companies may use different descriptions and as such these risk rating categories should not be considered as generic to the fund management industry.

Prudential will keep the risk rating categories under regular review and as such they may be subject to change in the future. We recommend therefore that before making any fund choice in the future you ensure you understand the appropriate risk rating before making a decision. You will find this information in our Fund Guides, along with further information, at www.pru.co.uk. You should also consider discussing your decision with your adviser.

The information included in this guide is correct as at 28 May 2010.

Potential Reward and Risk Indicator	Types of Fund *
6 Higher	Single Country Equity Funds, International Equity Funds, Specialist Funds
5	Flexible (Up to 100% Equities) Managed Funds Global Property Funds
4 Potential Rewards	Balanced (Up to 85% Equities) Managed Funds Direct Property Funds Global High Yield Funds
3	Cautious (Up to 60% Equities) Managed Funds Distribution Managed Funds Sterling High Yield Funds Global Fixed Interest Funds With-Profits
2	Defensive (Up to 35% Equities) Managed Funds Sterling Fixed Interest Funds Corporate Bond Funds Protected/Guaranteed Funds
1 Lower	Deposit & Treasury Funds Money Market Funds

* These are predominantly based on sector classifications by the Association of British Insurers (ABI). The description used may match an individual ABI sector name or be a Prudential suggested description for a grouping of similar sectors.
The only exception to this is 'With-Profits' which is not classified by the ABI.

Fund Information

Important Explanations

› Overseas Investments

For the funds which can invest in overseas stocks or shares, not all the assets will be denominated in Sterling and the value of each of the funds could therefore be affected by prevailing exchange rates. Changes in the rate of exchange between currencies may cause the value of your investment to go down or up.

› The Fund Value

The value of an investment may fluctuate and is therefore not guaranteed. You may not get back the full amount of your investment.

For investments in the With-Profits Funds, the value of the Policy depends on how much profit the Funds make and how we decide to distribute it.

For PruFund Funds what you receive will depend upon the value of the underlying investments, the Expected Growth Rates set by the Prudential Directors having regard to the expected long term investment returns on the assets of the funds, the smoothing process, whether you have the 5th anniversary guarantee and when you take your money out. The guarantee if applicable is applied to your plan on the 5th anniversary.

› How Funds Invest

Some of the Prudential funds listed in this guide may gain all or part of their investment exposure by investing in collective investment vehicles (e.g. Unit Trusts, Open Ended Investment Companies (OEICs)), derivatives or other investment vehicles, for which the aims and underlying assets are consistent with the objectives of the fund. These Prudential funds may hold an element of cash due to the short delay between new investments being received by the Prudential fund and being placed in the underlying investment(s), and this may have an impact on the performance of the Prudential fund when compared to the underlying investment(s).

› Annual Management Charge

If the Annual Management Charge (AMC) exceeds the return earned, the fund will go down in value.

In general the Annual Management Charge (AMC) is taken by the deduction of 1/365th of the Annual Management Charge applicable to each particular unit linked fund each day.

This differs slightly for With-Profits and PruFund. Please see pages 12 and 13 for further details.

› Other Fund Charges

Where the funds invest in underlying Unit Trusts or OEICs, additional expenses will be incurred. Your illustration will show the charges and fund series applicable to your chosen fund(s). Full details are available on request by calling 0800 000 000. Calls may be monitored for quality and assurance purposes.

Charges may vary in future.

If you are in any doubt about this product option, your fund choice or the charges applicable then we recommend you speak to your Financial Adviser.

For any fund, there may be a delay in buying, selling or switching of units. These delays will only apply in exceptional circumstances and if this applies to you, we will let you know. For more information, please refer to your Policy Provisions which you can get from your Financial Adviser or can be found on www.pru.co.uk/pip.

Funds, ABI Sectors, Risk Types, Risk Indicator and Annual Management Charges (correct as at 28 May 2010)

Funds	Association of British Insurers (ABI) Sector			
		Equity	Fixed Interest	Property
Prudential Multi-Asset Funds (see page 22 for more information)				
Prudential Cautious Managed Growth	Cautious (up to 60% Equities) Managed	X	X	X
Prudential Managed Defensive	Defensive (up to 35% Equities) Managed	X	X	X
Prudential Optimum Bonus With-Profits	Unclassified	X	X	X
Prudential Optimum Return With-Profits	Unclassified	X	X	X
Prudential PruFund Cautious	Unclassified	X	X	X
Prudential PruFund Protected Cautious	Unclassified	X	X	X
Prudential PruFund Growth	Unclassified	X	X	X
Prudential Dynamic Portfolios (see pages 23 – 24 for more information)				
Prudential Defensive Portfolio	Defensive (up to 35% Equities) Managed	X	X	X
Prudential Cautious Portfolio	Cautious (up to 60% Equities) Managed	X	X	X
Prudential Cautious Growth Portfolio	Cautious (up to 60% Equities) Managed	X	X	X
Prudential Balanced Portfolio	Balanced (up to 85% Equities) Managed	X	X	X
Prudential Adventurous Portfolio	Flexible (up to 100% Equities) Managed	X	X	X
The PruSelect Range (see pages 25 – 36 for more information)				
Aberdeen Emerging Markets	Global Emerging Markets Equities	X		
AEGON Ethical Equity	UK All Companies	X		
AEGON High Yield Bond	Sterling High Yield		X	
AEGON Investment Grade Bond	Sterling Corporate Bond		X	
AEGON Strategic Bond	Sterling Other Fixed Interest		X	
AEGON UK Opportunities	UK All Companies	X		
Artemis Capital	UK All Companies	X		
Artemis European Growth	Europe excluding UK Equities	X		
Artemis Global Growth	Global Equities	X		
Artemis High Income	Sterling Other Fixed Interest	X	X	
Artemis Income	UK Equity Income	X		
Artemis Strategic Bond	Sterling Other Fixed Interest		X	
Artemis UK Growth	UK All Companies	X		
Artemis UK Special Situations	UK All Companies	X		
Artemis UK Smaller Companies	UK Smaller Companies	X		
AXA Framlington Equity Income	UK Equity Income	X		
AXA Framlington Health	Specialist	X		
AXA Framlington UK Select Opportunities	UK All Companies	X		
Baillie Gifford High Yield Bond	Sterling High Yield		X	
BlackRock Gold & General	Commodity/Energy	X		
BlackRock UK Smaller Companies	UK Smaller Companies	X		
BlackRock UK	UK All Companies	X		
BlackRock UK Absolute Alpha	Unclassified	X		
BlackRock UK Special Situations	UK All Companies	X		
Cazenove UK Growth & Income	UK All Companies	X		
CIS Sustainable Leaders	UK All Companies	X		

Risk Types					Annual Management Charge (%)
Currency	Smaller Companies and Developing Markets	Financial Instruments	Other	Potential Reward and Risk Indicator	
X	X	X		3	0.95
X			X	2	0.95
X	X	X	X	3	1.15*
X	X	X	X	3	1.15*
X	X	X	X	3	1.35**
X	X	X	X	3	1.35**
X	X	X	X	3	1.35**
X	X			2	1.20
X	X			3	1.20
X	X			3	1.20
X	X			4	1.20
X	X			5	1.20
X	X			6	1.55
			X	6	1.60
X			X	3	1.35
X			X	2	1.60
X			X	3	1.60
			X	6	1.60
X				6	1.60
X				6	1.60
X	X			6	1.60
X		X	X	3	1.50
X		X		6	1.60
X		X	X	3	1.35
	X			6	1.60
	X			6	1.60
	X			6	1.60
	X			6	1.60
X	X		X	6	1.60
	X			6	1.60
X			X	3	1.35
X	X		X	6	1.60
	X			6	1.50
				6	1.45
		X	X	6	1.60
	X			6	1.50
				6	1.55
				6	1.60

* The Annual Management Charge will depend on the returns we achieve on our funds. We expect the annual management charge quoted above, if fund returns are 6% after tax. The Annual Management Charge is already taken into account when we calculate the bonus rates for our Optimum Bonus and Optimum Return With-Profits Funds.

** The Annual Management Charge for this fund is taken by monthly cancellation of units from each investment.

Funds, ABI Sectors, Risk Types, Risk Indicator and Annual Management Charges (correct as at 28 May 2010) – continued

Funds	Association of British Insurers (ABI) Sector			
		Equity	Fixed Interest	Property
The PruSelect Range (see pages 25 – 36 for more information)				
Fidelity European	Europe excluding UK Equities	X		
Fidelity MoneyBuilder Income	Sterling Corporate Bond		X	
Fidelity South East Asia	Asia Pacific excluding Japan Equities	X		
First State Asia Pacific Leaders	Asia Pacific excluding Japan Equities	X		
First State Global Emerging Markets Leaders	Global Emerging Markets Equities	X		
Gartmore Emerging Markets Opportunities	Global Emerging Markets Equities	X		
Gartmore Cautious Managed	Cautious (up to 60% Equities) Managed	X	X	
Gartmore China Opportunities	Asia Pacific excluding Japan Equities	X		
Gartmore European Selected Opportunities	Europe excluding UK Equities	X		
GLG Japan CoreAlpha	Japan Equities	X		
Henderson Preference and Bond	Sterling Other Fixed Interest	X	X	
Ignis Cartesian UK Opportunities	UK All Companies	X		
Invesco Perpetual Corporate Bond	Sterling Corporate Bond		X	
Invesco Perpetual Distribution	Cautious (up to 60% Equities) Managed	X	X	
Invesco Perpetual Global Bond	Global Fixed Interest		X	
Invesco Perpetual High Income	UK Equity Income	X		
Invesco Perpetual Income	UK Equity Income	X		
Invesco Perpetual Japanese Smaller Companies	Japan Equities	X		
Invesco Perpetual Monthly Income Plus	Sterling Other Fixed Interest		X	
Investec American	North America Equities	X		
Investec Capital Accumulator	Unclassified	X		
Investec Cautious Managed	Cautious (up to 60% Equities) Managed	X	X	
Investec Global Energy	Commodity/Energy	X		
Investec Global Free Enterprise	Global Equities	X		
Investec Sterling Bond	Sterling Fixed Interest		X	
JP Morgan Cautious Total Return	Cautious (up to 60% Equities) Managed	X	X	
JP Morgan Europe Dynamic (ex UK)	Europe excluding UK Equities	X		
JP Morgan Europe Smaller Companies	Europe excluding UK Equities	X		
JP Morgan Natural Resources	Commodity/Energy	X		
Jupiter Emerging European Opportunities	Specialist	X		X
Jupiter European Special Situations	Europe excluding UK Equities	X		
Jupiter Financial Opportunities	Specialist	X	X	
Jupiter High Income	UK Equity Income	X	X	
Jupiter Income	UK Equity Income	X		
Jupiter Merlin Balanced Portfolio	Balanced (up to 85% Equities) Managed	X	X	
Jupiter Merlin Growth Portfolio	Flexible (up to 100% Equities) Managed	X	X	
Jupiter Merlin Income Portfolio	Cautious (up to 60% Equities) Managed	X	X	
Jupiter Merlin Worldwide Portfolio	Global Equities	X	X	
Jupiter UK Growth	UK All Companies	X		
Legg Mason US Smaller Companies	North America Equities	X		
M&G American	North America Equities	X		

Risk Types					Annual Management Charge (%)
Currency	Smaller Companies and Developing Markets	Financial Instruments	Other	Potential Reward and Risk Indicator	
X	X			6	1.75
				2	1.15
X	X			6	1.75
X	X			6	1.70
X	X			6	1.70
X	X			6	1.60
			X	3	1.35
X	X			6	1.60
X				6	1.60
X		X	X	3	1.50
				6	1.75
X		X		2	1.55
X		X	X	3	1.65
X				3	1.35
X	X	X	X	6	1.60
X	X	X	X	6	1.40
X	X			6	1.60
X		X	X	3	1.60
X				6	1.60
X		X	X	6	1.50
X				3	1.50
X			X	6	1.60
X	X			6	1.60
X			X	2	1.25
X		X	X	3	1.50
X				6	1.60
X	X			6	1.60
X			X	6	1.60
X	X		X	6	1.60
X	X		X	6	1.60
X			X	6	1.60
X			X	6	1.60
X	X	X	X	4	1.60
X	X	X	X	5	1.60
X		X	X	3	1.60
X	X	X	X	6	1.60
				6	1.60
X	X			6	1.60
X				6	1.25

Funds, ABI Sectors, Risk Types, Risk Indicator and Annual Management Charges (correct as at 28 May 2010) – continued

Funds	Association of British Insurers (ABI) Sector			
		Equity	Fixed Interest	Property
The PruSelect Range (see pages 25 – 36 for more information)				
M&G Corporate Bond	Sterling Corporate Bond		X	
M&G Gilt & Fixed Interest	UK Gilt		X	
M&G Global Basics	Global Equities	X		
M&G Global Leaders	Global Equities	X		
M&G High Yield Corporate Bond	Sterling High Yield		X	
M&G Recovery	UK All Companies	X		
M&G Strategic Corporate Bond	Sterling Corporate Bond		X	
Martin Currie Asia Pacific	Asia Pacific excluding Japan Equities	X		
Martin Currie Japan	Japan Equities	X		
Martin Currie North American	North America Equities	X		
Neptune Balanced	Balanced (up to 85% Equities) Managed	X	X	
Neptune Global Alpha	Flexible (up to 100% Equities) Managed	X		
Neptune Global Equity	Global Equities	X		
Neptune Income	UK Equity Income	X		
New Star European Growth	Europe excluding UK Equities	X		
New Star High Yield Bond	Sterling High Yield		X	
New Star International Property	Specialist	X	X	X
Newton Balanced	Balanced (up to 85% Equities) Managed	X		
Newton Global Higher Income	Global Equities	X		
Newton Managed (OEIC)	Flexible (up to 100% Equities) Managed	X		
Old Mutual Corporate Bond	Sterling Corporate Bond		X	
Old Mutual UK Select Mid Cap	UK All Companies	X		
PSigma Income	UK Equity Income	X		
Schroder Gilt and Fixed Interest	UK Gilt		X	
Schroder Global Property Securities	Specialist	X		X
Schroder Income	UK Equity Income	X		
Schroder Tokyo	Japan Equities	X		
Schroder UK Alpha Plus	UK All Companies	X		
Schroder UK Mid 250	UK All Companies	X		
Schroder UK Smaller Companies	UK Smaller Companies	X		
Schroder US Mid Cap	North America Equities	X		
SWIP Multi Manager Diversity	Cautious (up to 60% Equities) Managed	X	X	X
SWIP Multi Manager Select Boutiques	Flexible (up to 100% Equities) Managed	X		
Thames River Balanced Managed	Balanced (up to 85% Equities) Managed	X	X	
Thames River Global Boutiques	Global Equities	X		
Threadneedle American	North America Equities	X		
Threadneedle American Select	North America Equities	X		
Threadneedle Global Bond	Global Fixed Interest		X	

Risk Types					Annual Management Charge (%)
Currency	Smaller Companies and Developing Markets	Financial Instruments	Other	Potential Reward and Risk Indicator	
				2	1.20
X				2	1.25
X				6	1.25
X				6	1.25
X			X	3	1.25
	X		X	6	1.25
				2	1.20
X	X			6	1.60
X				6	1.60
X				6	1.60
X	X		X	4	1.65
X	X		X	5	1.85
X	X		X	6	1.75
X			X	6	1.65
X			X	6	1.60
X			X	3	1.35
X	X		X	6	1.75
X		X	X	4	1.40
X	X		X	6	1.55
X		X		5	1.55
X		X		2	1.40
			X	6	1.60
				6	1.60
				2	1.35
X			X	6	1.55
			X	6	1.55
X	X			6	1.55
			X	6	1.55
	X			6	1.50
X		X	X	6	1.55
X		X	X	3	1.50
X			X	5	1.50
X		X		4	1.60
X	X		X	6	1.60
X				6	1.60
X			X	6	1.60
X				3	1.50

Funds, ABI Sectors, Risk Types, Risk indicator and Annual Management Charges (correct as at 28 May 2010) – continued

Funds	Association of British Insurers (ABI) Sector	Risk Types		
		Equity	Fixed Interest	Property
Additional Fund Choice (see pages 37 – 40 for more information)				
Prudential Cash	Deposit & Treasury		X	
Prudential Cautious UK Managed	Cautious (up to 60% Equities) Managed	X	X	
Prudential Corporate Bond	Sterling Fixed Interest		X	
Prudential Equity	UK All Companies	X		
Prudential Equity Income	UK Equity Income	X		
Prudential Ethical	UK All Companies	X		
Prudential European	Europe excluding UK Equities	X		
Prudential European Tracker	Europe excluding UK Equities	X		
Prudential Fixed Interest	UK Gilt		X	
Prudential International	Global Equities	X		
Prudential Japanese	Japan Equities	X		
Prudential Managed	Balanced (up to 85% Equities) Managed	X	X	
Prudential North American	North America Equities	X		
Prudential Pacific Markets	Asia Pacific excluding Japan Equities	X		
Prudential Property	UK Direct Property			X
Prudential Small Companies	UK Smaller Companies	X		
Prudential Strategic Growth	Flexible (up to 100% Equities) Managed	X		
Prudential UK Tracker	UK All Companies	X		
Aberdeen American Growth	North America Equities	X		
Aberdeen Japan Growth	Japan Equities	X		
Aberdeen Managed Portfolio	Balanced (up to 85% Equities) Managed	X	X	
Aberdeen UK Growth	UK All Companies	X		
Baillie Gifford American	North America Equities	X		
Invesco Perpetual Managed	Flexible (up to 100% Equities) Managed	X		
Invesco Perpetual UK Growth	UK All Companies	X		
M&G Balanced Portfolio	Balanced (up to 85% Equities) Managed	X	X	
M&G Cautious Managed Portfolio	Cautious (up to 60% Equities) Managed	X	X	
M&G Growth Portfolio	Global Equities	X		
M&G Managed Growth	Flexible (up to 100% Equities) Managed	X		
M&G UK Growth	UK All Companies	X		

Risk Types					Annual Management Charge (%)
Currency	Smaller Companies and Developing Markets	Financial Instruments	Other	Potential Reward and Risk Indicator	
			X	1	1.00
				3	1.00
				2	1.05
				6	1.00
				6	1.10
			X	6	1.40
X				6	1.00
X				6	1.00
				2	1.00
X				6	1.00
X				6	1.00
X				4	1.00
X				6	1.00
X				6	1.00
				4	1.00
	X			6	1.00
X				5	1.00
				6	1.00
X				6	1.65
X			X	6	1.65
X		X		2	1.65
			X	6	1.65
X				6	1.35
X				5	1.35
				6	1.60
X				4	1.20
X				3	1.20
X				6	1.20
X				5	1.20
				6	1.25

Funds, ABI Sectors, Risk Types, Risk Indicator and Annual Management Charges (correct as at 28 May 2010) – continued

Funds	Association of British Insurers (ABI) Sector	Risk Types		
		Equity	Fixed Interest	Property
Additional Fund Choice (see pages 37 – 40 for more information)				
M&G UK Select	UK All Companies	X		
Newton Continental European	Europe excluding UK Equities	X		
Newton Higher Income	UK Equity Income	X		
Newton International Bond	Global Fixed Interest		X	
Newton International Growth	Global Equities	X		
Newton Managed	Flexible (up to 100% Equities) Managed	X		
Newton Oriental	Asia Pacific excluding Japan Equities	X		
Old Mutual Japanese Select	Japan Equities	X		
Additional Fund Choice – Distribution Income Funds (see pages 41 – 42 for more information)				
Prudential High Yield Managed Distribution	Distribution Funds	X	X	X
Prudential Managed Distribution	Distribution Funds	X	X	X
Prudential Corporate Bond (Inc)	Sterling Fixed Interest		X	
Prudential Equity Income (Inc)	UK Equity Income	X		
Prudential Fixed Interest (Inc)	UK Gilt		X	
Prudential Property (Inc)	UK Direct Property			X
Invesco Perpetual Income (Inc)	UK Equity Income	X		
Newton Higher Income (Inc)	UK Equity Income	X		
M&G High Yield Corporate Bond (Inc)	Sterling High Yield		X	

Risk Types					Annual Management Charge (%)
Currency	Smaller Companies and Developing Markets	Financial Instruments	Other	Potential Reward and Risk Indicator	
			X	6	1.25
X				6	1.40
				6	1.20
X				3	1.30
X	X			6	1.40
X	X			5	1.20
X			X	6	1.40
X				6	1.60
			X	3	1.00
				3	1.00
				2	1.05
				6	1.10
				2	1.00
				4	1.00
X	X	X	X	6	1.40
				6	1.20
X			X	3	1.25

Prudential Multi-Asset Funds

Multi-Asset funds work by spreading your money across a number of different types of assets. These can include different investments, such as company shares, fixed interest bonds, cash and property – from both the UK and abroad.

By investing in a number of different assets the fund manager aims to balance the risk that is being taken. So if one asset is falling in value then another may be increasing. Of course there could be times when all the assets in the fund are either rising or falling in value depending on the market conditions at that time.

Cautious Managed Growth

The Fund's objective is to deliver long term total return (the combination of income and growth of capital). The Fund aims to achieve its objective through asset allocation unconstrained by any benchmark. The Fund may invest globally either directly or via other collective investment schemes in assets including transferable securities, debt instruments, money market instruments, cash, near cash, deposits, equities, derivatives, and indirectly in property. Derivative instruments may be used for both investment purposes and efficient portfolio management. The Fund will invest no more than 60% of the portfolio in equities.

Managed Defensive

The Fund's objective is to deliver long term total return (the combination of income and growth of capital) with a bias towards income. The Fund aims to achieve its objective through asset allocation unconstrained by any benchmark. The Fund may invest either directly or via other collective investment schemes in assets including transferable securities, debt instruments, money market instruments, cash, near cash, deposits, equities, derivatives, and indirectly in property. Derivative instruments may be used for both investment purposes and efficient portfolio management. The Fund will invest no more than 35% of the portfolio in equities. Assets held will predominantly be denominated in Sterling.

Optimum Bonus With-Profits[†]

This Fund aims to produce medium to long term growth and generate income. The Fund currently invests in UK and international equities, property, fixed interest securities, index-linked securities and other specialist investments.

Optimum Return With-Profits[†]

The Fund aims to maximise growth over the medium to long term by investing in shares, property, fixed interest and other investments. The Fund currently invests in UK and international equities, property, fixed interest securities, index-linked securities and other specialist investments.

PruFund Cautious[†] and PruFund Protected Cautious[†]

The Fund aims for steady and consistent growth through a cautious approach to investing. The Fund currently invests around 70% in a well diversified portfolio of fixed interest securities and holdings of cash and money market instruments. The balance is invested in UK and international shares, property and alternative assets.

PruFund Growth[†]

The Fund aims to maximise growth over the medium to long term by investing in shares, property, fixed interest and other investments. The Fund currently invests in UK and international equities, property, fixed interest securities, index-linked securities and other specialist investments.

[†] These funds are all invested in the Prudential With-Profits Fund. The funds aim to protect investors against some of the ups and downs of investment performance using "smoothing" mechanisms. However, there are significant differences in the way this is done for Optimum Bonus and Optimum Return With-Profits compared to PruFund funds. Please refer to Your With-Profits Plan – A guide to how we manage the Fund (document reference WPG0027 for With-Profits and WPG0031 for PruFund) for more information.

The returns on the Optimum Bonus With-Profits Fund and the PruFund Funds may differ from the returns on the Optimum Return With-Profits Fund due to the smoothing process used and differences in the asset mix or the fund objectives.

[^] There is a charge to pay for the guarantees the With-Profits Fund supports. Please refer to your Key Features document for more information.

^{*} PruFund Protected Cautious differs from PruFund Cautious as it provides a guarantee for which there is a charge. Again, please refer to your Key Features document for more information.

Prudential Dynamic Portfolios

Portfolios work by investing in various types of assets, through a collection of funds managed by different expert fund managers.

When managing these Dynamic Portfolios our Portfolio Management Group work within M&G Investment Management Limited, part of the Prudential Group. They will actively manage the portfolio asset allocations and buy and sell underlying funds as selected and then recommended to them by Old Broad Street Research, a Morningstar company.

These portfolios are each a single fund choice, although each portfolio will invest in a number of underlying funds.

Prudential Defensive Portfolio

The investment strategy of the Prudential Defensive Portfolio is to purchase shares in the Prudential Unit Trusts Ltd Prudential Defensive Portfolio, an OEIC. The objective of the Prudential Unit Trusts Ltd Prudential Defensive Portfolio is to achieve long-term total return (the combination of income and growth of capital). It is an actively managed portfolio investing mainly in collective investment schemes in order to provide a well diversified exposure to global fixed income and variable rate assets, cash, deposits, warrants, money market investments, equities and/or immovable property. Typically the Fund will have a high exposure to lower risk assets such as fixed income assets, cash, deposits, warrants and money market investments with no more than 30% of the Fund being invested in schemes whose predominant exposure is to equities.

Prudential Cautious Portfolio

The investment strategy of the Prudential Cautious Portfolio is to purchase shares in the Prudential Unit Trusts Ltd Prudential Cautious Portfolio, an OEIC. The objective of the Prudential Unit Trusts Ltd Prudential Cautious Portfolio is to achieve long-term total return (the combination of income and growth of capital). It is an actively managed portfolio investing mainly in collective investment schemes in order to provide a well diversified exposure to global fixed income and variable rate assets, cash, deposits, warrants, money market investments, equities and/or immovable property. Typically the Fund will have a bias towards lower risk assets such as fixed income assets, cash, deposits, warrants and money market investments but will always have some exposure to equities, with between 10% and 40% of the Fund being invested in schemes whose predominant exposure is to equities.

Prudential Cautious Growth Portfolio

The investment strategy of the Prudential Cautious Growth Portfolio is to purchase shares in the Prudential Unit Trusts Ltd Prudential Cautious Growth Portfolio, an OEIC. The objective of the Prudential Unit Trusts Ltd Prudential Cautious Growth Portfolio is to achieve long-term total return (the combination of income and growth of capital). It is an actively managed portfolio investing mainly in collective investment schemes in order to provide a well diversified exposure to global fixed income and variable rate assets, cash, deposits, warrants, money market investments, equities and /or immovable property. From time to time, however, the Fund may have a high exposure to equities and/or fixed income assets, with between 20% and 55% of the Fund being invested in schemes whose predominant exposure is to equities.

Prudential Balanced Portfolio

The investment strategy of the Prudential Balanced Portfolio is to purchase shares in the Prudential Unit Trusts Ltd Prudential Balanced Portfolio, an OEIC. The objective of the Prudential Unit Trusts Ltd Prudential Balanced Portfolio is to achieve long-term total return (the combination of income and growth of capital). It is an actively managed portfolio investing mainly in collective investment schemes in order to provide a well diversified exposure to global equities, fixed income and variable rate assets, immovable property and/or cash, deposits, warrants and money market investments. Typically the Fund will have a bias towards assets providing potential for growth, such as equities, with between 40% and 80% of the Fund being invested in schemes whose predominant exposure is to equities.

Prudential Adventurous Portfolio

The investment strategy of the Prudential Adventurous Portfolio is to purchase shares in the Prudential Unit Trusts Ltd Prudential Adventurous Portfolio, an OEIC. The objective of the Prudential Unit Trusts Ltd Prudential Adventurous Portfolio is to achieve long-term total return (the combination of income and growth of capital). It is an actively managed portfolio investing in collective investment schemes in order to provide a well diversified exposure to global equities, fixed interest and variable rate assets, immovable property and/or cash, deposits, warrants and money market investments. Typically the Fund will have a high exposure to assets providing potential for growth, such as equities, with between 60% and 100% of the Fund being invested in schemes whose predominant exposure is to equities.

The PruSelect Range

The following funds have been chosen by Old Broad Street Research (OBSR), a Morningstar company.

OBSR have been reviewing the performance of funds and fund managers since 1999, and we've asked them to provide us with a list of the funds that they believe are some of the best available. We've then made these funds available through our Prudential Investment Plan.

The funds OBSR have selected cover a range of asset types and styles of investment. Some of these funds invest in a single type of asset whilst others invest in more than one.

To ensure that the PruSelect range remains up to date we've also asked OBSR to review this list on an ongoing basis and recommend funds to be added or removed as they see appropriate. The following list is correct as at 28 May 2010.

The following Funds are all Prudential Life Funds that invest in the fund managers' own fund or collective investment scheme of the same name.

Aberdeen Emerging Markets

The Fund aims to provide long term capital growth from direct or indirect investment in emerging stock markets worldwide or companies with significant activities in emerging markets.

AEGON Ethical Equity

This Fund aims to maximise growth by investing in the shares of UK companies whose business activities meet the terms of our strict negative ethical screening criteria. It only invests in companies which meet the fund's predefined ethical criteria. In general, this means the fund won't invest in companies which harm people, animals or the environment.

AEGON Strategic Bond

This Fund aims to maximise total return (income plus capital) by investing in fixed interest securities, in any currency, ranging from AAA rated government bonds through to high yield and emerging market corporate bonds. The Fund is actively managed and invests at least 50% in Sterling bonds and bonds in other currencies that will be hedged back to Sterling.

AEGON High Yield Bond

This Fund aims to maximise total return (income plus capital) by investing in a portfolio of predominantly high yield bonds, selected investment grade bonds and cash. The Fund may also hold Sterling and other currency denominated bonds hedged back to Sterling.

AEGON Investment Grade Bond Fund

The primary investment objective is to maximise total return (income plus capital) by investing primarily in investment grade and government bonds denominated in Sterling and other currencies. The fund may hold a maximum of 20% in high yield bonds and also hold cash. A minimum of 80% of the fund will be hedged back to Sterling. The fund may also invest in deposits, money market instruments, derivative instruments and forward transactions.

The PruSelect Range – continued

AEGON UK Opportunities

This Fund aims to maximise total return (income plus capital) by investing in a relatively small portfolio of equities (shares) and equity-type securities in companies based in the UK, mainly doing business in the UK or listed on the UK stock market.

Artemis Capital

The objective of the Fund is to achieve long-term capital growth. The emphasis of the Fund will be investment in UK companies in the FTSE 100 Index, however, the Manager has the flexibility to invest in UK companies outside the FTSE 100 Index and overseas companies.

Artemis European Growth

This Fund aims to provide long-term capital growth through investment principally in companies in Europe (excluding the UK).

Artemis Global Growth

The objective of the Fund is to achieve long-term capital growth from a diversified portfolio investing in any economic sector in any part of the world. The Manager actively manages the portfolio in order to achieve the objective and will not be restricted in respect of choice of investments either by company size or industry, or in terms of the geographical split of the portfolio.

Artemis High Income

The objective of the Fund is to achieve a higher than average initial yield, combined with the prospect of rising income and some capital growth over the long-term. The emphasis of the Fund will be investment in UK fixed-interest investments and preference shares, however, the Manager has the flexibility to invest in all economic sectors worldwide and in equities.

Artemis Income

The objective of the Fund is to achieve a rising income combined with capital growth from a portfolio primarily made up of investments in the United Kingdom. The Manager actively manages the portfolio in order to achieve the objective with exposure to ordinary shares, preference shares, convertibles and fixed interest securities.

Artemis UK Growth

The objective of the Fund is to achieve long-term capital growth. The emphasis of the Fund will be investment in companies listed, quoted and/or traded in the UK and in companies which have a significant part of their activities in the UK which are quoted on a regulated market outside the UK.

Artemis UK Smaller Companies

The objective of the Fund is to achieve long-term capital growth. The emphasis of the Fund will be investment in smaller companies listed, quoted and/or traded in the UK and in smaller companies which have a significant part of their activities in the UK which are quoted on a regulated market outside the UK.

Artemis Strategic Bond

The Fund aims to achieve a total return by investment predominantly in fixed income markets but may selectively invest in other markets and asset classes as determined by the manager's strategy from time to time. The Fund will invest in all types of bonds from government to corporate bonds from investment grade AAA rated bonds to C rated bonds.

Artemis UK Special Situations

The objective of the Fund is to achieve long-term capital growth by exploiting special situations. The Fund invests principally in UK equities and in companies which are headquartered or have a significant part of their activities in the UK which are quoted on a regulated market outside the UK.

AXA Framlington Equity Income

The Fund aims to produce a higher than average yield combined with long term growth of income and capital. Investment is made principally in UK equities and convertible shares of companies which, in the Manager's opinion, show above average profitability, management quality and growth.

AXA Framlington Health

The Fund aims for capital growth through investment in healthcare and medical services and product companies worldwide. Investment will be in producers of pharmaceuticals, biotechnology firms, medical device and instrument manufacturers, distributors of healthcare products, care providers and managers and other healthcare services companies.

AXA Framlington UK Select Opportunities

This Fund aims to achieve capital growth by investing in companies, primarily of UK origin, where the Manager believes above average returns can be realised

Baillie Gifford High Yield Bond Fund

The fund aims to achieve a high level of total return by investing in a diversified portfolio consisting primarily of sub-investment grade UK and overseas corporate bond, ranging from unrated to BB+ (source S&P). There are no restrictions on the duration of the bonds held within the fund. A portion of the Fund may be invested in other assets, including derivatives, both for investment as well as hedging purposes.

BlackRock Gold & General

This Fund aims to achieve long-term capital growth by investing in gold, mining and precious metal-related shares. It tends to be volatile and is particularly suitable for diversification in a larger portfolio.

The PruSelect Range – continued

BlackRock UK

The Fund aims to achieve long-term capital growth for investors. The Fund invests primarily in the shares of larger companies incorporated or listed in the UK. The Fund may also invest in collective investment schemes.

BlackRock UK Absolute Alpha

The Fund seeks to achieve a positive absolute return for investors and, as such, the fund will not be managed against any UK equity index. The Fund invests primarily in a portfolio of equities and equity-related securities (including derivatives) of companies incorporated or listed in the UK, although from time to time cash and near cash may be held. The Fund may also invest in other transferable securities, permitted money market instruments, permitted deposits and units in collective investment schemes.

BlackRock UK Smaller Companies

The aim of the Fund is to achieve long term capital growth for investors. The Fund invests primarily in the shares of smaller companies incorporated or listed in the UK which we consider to have above average growth prospects. The Fund may also invest in collective investment schemes.

BlackRock UK Special Situations

The aim of the Fund is to achieve long-term capital growth for investors. The Fund invests primarily in the shares of companies incorporated or listed in the UK and will normally have an emphasis on small or medium sized companies. The Fund may also invest in collective investment schemes.

Cazenove UK Growth & Income

The Fund aims to achieve long term capital and income growth through investment primarily in the United Kingdom. Investments will be made in UK equities, fixed interest and other securities.

CIS Sustainable Leaders Trust

The CIS Sustainable Leaders Trust aims to provide capital growth from a diverse portfolio of equities, mainly in the United Kingdom and in any economic sector. Investment is limited to companies that are likely to benefit from measures to improve the environment, human health, safety and the quality of life. In addition, investment may be made in companies considered to be beneficiaries of changing attitudes towards a cleaner and safer environment, including those seen to be making above-average efforts to minimising environmental damage caused by their activities. Areas of avoidance constitute animal testing (unless conducted for the benefit of human health), countries where human rights are disregarded, items with military applications, tobacco and nuclear power.

Fidelity European

The Fund aims to achieve long term capital growth from a portfolio primarily made up of the shares of continental European companies. The Fund is likely to have a bias towards medium sized and smaller companies. However, the fund manager is not restricted in the choice of company either by size or industry, or in terms of the geographical split of the portfolio, which is largely determined by the availability of attractive investment opportunities rather than the outlook for each market.

Fidelity MoneyBuilder Income

The Fund's investment objective is to achieve an attractive level of income from a portfolio primarily invested in Sterling-denominated fixed interest securities.

Fidelity South East Asia

The Fund aims to achieve long-term capital growth through investment primarily in the stock markets of the Pacific Basin, with the exception of Japan.

First State Asia Pacific Leaders

The Fund aims to achieve long-term capital growth. The Fund invests in large and mid capitalisation equities in the Asia Pacific region (excluding Japan, including Australasia).

First State Global Emerging Markets Leaders

The Fund aims to achieve long-term capital growth. The Fund invests world-wide in large and mid capitalisation equities in emerging economies, including those of companies listed on developed market exchanges whose activities predominantly take place in emerging market countries.

Gartmore Cautious Managed

The Fund aims to provide a combination of income and long-term capital growth through investment in a diversified portfolio of equities, bonds and other related investments.

Gartmore China Opportunities

The Fund aims to achieve long term returns in excess of what is typically achieved from investments in Hong Kong and Chinese equity markets. The Fund invests predominantly in companies registered in Hong Kong or China, or that carry out the majority of their business activities in these markets.

Gartmore Emerging Markets Opportunities

The Fund aims to achieve long-term total return in excess of the return typically received by investing in emerging equity markets.

Gartmore European Selected Opportunities

The Fund aims to achieve a long-term return, in excess of the long-term return that is typically achieved from European equity markets, by investing in: companies having their registered office in Europe, companies that do not have their registered office in Europe but either (i) carry out a predominant proportion of their business activity in these markets, or (ii) are holding companies which predominantly own companies with registered offices in Europe.

GLG Japan CoreAlpha Fund

The Fund aims to achieve capital growth through investing in the quoted securities of companies operating in Japan. To achieve the objective, the fund is predominantly invested in securities of companies listed on Japan's stockmarkets.

Henderson Preference and Bond

The Fund aims to provide a return by investing primarily in Sterling denominated preference shares, government securities, corporate bonds, Eurobonds and other bonds. The Fund may invest in other transferable securities, money market instruments, derivatives and forward transactions, deposits and units in collective investment schemes.

Ignis Cartesian UK Opportunities

The Fund aims to achieve above average returns by investing predominantly in UK listed companies. This will be achieved by investing in a concentrated portfolio of approximately 30-60 stocks selected from across the full UK company size range.

The PruSelect Range – continued

Invesco Perpetual Corporate Bond

This Fund aims to achieve a high level of overall return, with relative security of capital. It intends to invest primarily in fixed interest securities. In pursuing this objective, the Fund managers may include investments that they consider appropriate which include transferable securities, money market instruments, warrants, collective investment schemes, deposits and other permitted investments, although the fund will not invest in any instrument which gives rise to a stamp duty land tax liability.

Invesco Perpetual Distribution

The Fund aims to achieve a balance of income and capital growth through a portfolio of primarily UK equity and fixed interest securities.

Invesco Perpetual Global Bond

The Fund aims to achieve a good overall investment return in the medium to long term with relative security of capital. The Fund intends to invest primarily in international bonds of differing interest yields and maturities.

Invesco Perpetual High Income

The Fund aims to achieve a high level of income, together with capital growth. The Fund intends to invest primarily in companies listed in the UK, with the balance invested internationally.

Invesco Perpetual Income

This Fund aims to achieve a reasonable level of income together with capital growth by investing primarily in shares of companies listed in the UK, with the balance invested internationally.

Invesco Perpetual Japanese Smaller Companies

The Fund aims to achieve capital growth, primarily through a portfolio of investments in smaller Japanese companies.

Invesco Perpetual Monthly Income Plus

The Fund aims to achieve a high level of income whilst seeking to maximise total return through investing in high yielding corporate and Government bonds, together with UK equities.

Investec American

The Fund aims to achieve long term capital growth primarily through investment in a portfolio of equities issued by USA companies.

Investec Capital Accumulator

The Fund aims to produce steady capital growth over the long term by investing primarily in a portfolio of equities and related derivatives. The Fund will seek to achieve its objectives by holding investments which in the opinion of Investec, in aggregate, and particularly over the long term, offer a level of risk lower than that of the FTSE All Share Index.

Investec Cautious Managed

The Fund aims to provide a combination of income and long term capital growth by investing conservatively in a diversified portfolio of equities, bonds and other fixed interest securities of high quality and marketability. At all times the Fund's equity exposure will be limited to a maximum of 60% of the portfolio value.

Investec Global Energy

The Fund aims to achieve long term capital growth primarily through investment in equities issued by companies around the globe involved in the exploration, production or distribution of oil, gas and other energy sources or companies which service the energy industry.

Investec Global Free Enterprise

The Fund aims to achieve long term capital growth primarily through investment in equities issued by companies around the globe that are expected to benefit from the process of privatisation, deregulation or demutualisation or otherwise believed to offer above average opportunities for capital gains.

Investec Sterling Bond Fund

The Fund aims to provide an income primarily through investment in high quality bonds. The portfolio will be managed to minimise any currency risk in Sterling, and derivatives may be used for investment purposes.

JP Morgan Cautious Total Return

The Fund aims to achieve over a medium-term horizon, higher returns than those available from money market instruments denominated in Sterling by investing primarily in fixed income securities, convertible bonds, equity securities and short-term securities of issuers located in any country. The Fund may invest in such securities issued by issuers in emerging countries worldwide.

JP Morgan Europe Dynamic (ex UK)

The Fund aims to maximise long-term capital growth by investing primarily in continental European equities.

JP Morgan Europe Smaller Companies

The Fund aims to provide long-term capital growth by investing primarily in European smaller companies.

JP Morgan Natural Resources

The Fund aims to provide capital growth over the long term. The Fund aims to invest primarily in the shares of companies throughout the world engaged in the production and marketing of commodities.

Jupiter Emerging European Opportunities

The objective of the Fund is to obtain long-term capital growth through investment primarily in Central and Eastern Europe.

Jupiter European Special Situations Fund

The objective of the Fund is to achieve long-term capital growth by exploiting special situations principally in Europe. The Fund's investment policy is to attain the objective by investing principally in European equities, in investments considered by the manager to be undervalued.

Jupiter Financial Opportunities

The objective is to achieve long-term capital growth principally through investment in equities of financial sector companies on an international basis. The investment policy is to invest in a concentrated, international portfolio. The Fund will principally comprise of financial services companies and to a lesser extent property related companies considered by the Manager to be undervalued and which exhibit favourable growth prospects arising from characteristics such as proven management or strong products or services. The portfolio will have an emphasis on companies based in the UK.

Jupiter High Income

The objective of the Fund is to achieve a high and rising income with capital growth. The Fund's investment policy is to attain the objective by investing principally in equities and high yielding convertible securities, with some exposure to fixed interest securities, primarily in the UK.

The PruSelect Range – continued

Jupiter Income

The Fund's objective is to produce a high income increasing at least in line with inflation, from a managed portfolio chiefly invested in UK equities and fixed interest stocks, although it may have some overseas exposure.

Jupiter Merlin Balanced Portfolio

The Fund aims to achieve long-term capital growth with income by investing predominantly in unit trusts, OEICs, Exchange Traded Funds and other collective investment schemes across several management groups. The underlying funds invest in international equities, fixed interest stocks, commodities and property.

Jupiter Merlin Growth Portfolio

The Fund aims to achieve long-term capital growth by investing predominantly in unit trusts, OEICs, Exchange Traded Funds and other collective investment schemes across several management groups. The underlying funds invest in international equities, fixed interest stocks, commodities and property, with a core in the UK.

Jupiter Merlin Income Portfolio

The Fund aims to achieve a high and rising income with some potential for capital growth by investing predominantly in unit trusts, OEICs, Exchange Traded Funds and other collective investment schemes across several management groups. The underlying funds invest in equities, fixed interest stocks, commodities and property, principally in the UK.

Jupiter Merlin Worldwide Portfolio

The Fund aims to achieve long-term capital growth by investing predominantly in unit trusts, OEICs, Exchange Traded Funds and other collective investment schemes across several management groups. The underlying funds invest in international equities, fixed interest stocks, commodities and property.

Jupiter UK Growth

The objective of the Fund is to obtain long-term capital growth. The investment policy is to invest in any economic sector principally in the UK.

Legg Mason US Smaller Companies

The Fund aims to achieve capital growth principally through investing in securities of smaller US companies.

M&G American

This Fund's aim is long-term capital growth through investment in North American securities. It may also invest in Canada, and in companies which are listed, registered or trading within North America.

M&G Corporate Bond

This Fund aims to achieve higher returns than would be available from similar government securities (i.e. gilts) by investing in Sterling denominated, fixed and variable rate securities, including corporate bonds and debentures issued by companies and other institutions.

M&G Gilt & Fixed Interest Income

This Fund aims to provide a high and secure income, with stability of capital by investing in short, medium or long dated Government stocks. The Fund is able to invest a proportion of the assets in corporate bonds if these provide good relative value.

M&G Global Basics

This Fund's sole aim is long-term capital growth through investing wholly or mainly in companies operating in basic industries ("primary" and "secondary" industries) and also in companies that service these industries. The Fund may also invest in other global equities.

M&G Global Leaders

This Fund aims to maximise long-term total return (the combination of income and growth of capital) by investing in a wide range of global equities that the Fund manager considers to be leading in their field.

M&G High Yield Corporate Bond

This Fund aims to provide total return (the combination of income and growth of capital) whilst providing a high level of income by investing in high yielding corporate and government bonds denominated in Sterling, other European currencies, US Dollars or Yen.

M&G Recovery

This Fund's sole aim is capital growth, through predominantly investing in a diversified range of companies which are out of favour, in difficulty or whose future prospects are not fully recognised by the market.

M&G Strategic Corporate Bond

This Fund aims to maximise total return (the combination of income and growth of capital) through investment predominantly in investment grade corporate bonds, but may invest in other debt instruments, including higher yielding corporate bonds, government debt and convertible and preference stocks, as well as money market instruments and equities.

Martin Currie Asia Pacific

The Fund aims to produce long-term capital growth by investment in any economic sector in all or any of the Middle East, the Indian sub-continent, Australia, New Zealand and the Far East, excluding Japan.

Martin Currie Japan

The Fund aims to produce capital growth by investment in Japan in any economic sector.

Martin Currie North American

The Fund aims to produce capital growth by investment in the United States of America and Canada.

Neptune Balanced

The investment objective of the Fund is to generate a positive total return from investment predominantly in equities and bonds.

Neptune Global Alpha

The investment objective of the Fund is to generate a positive total return, from investment predominantly in equities and bonds.

Neptune Global Equity

The investment objective of the Fund is to generate capital growth from a concentrated portfolio of global securities, selected from across world equity markets.

Neptune Income

The investment objective of the Fund is to generate a rising level of income. Whilst income is the main objective, there is also potential for capital growth from an actively managed portfolio invested predominantly in UK securities and UK fixed interest stocks, with some overseas exposure.

The PruSelect Range – continued

New Star European Growth

This Fund aims to seek long-term capital growth principally through investment in the securities of European companies excluding the UK.

New Star High Yield Bond

The Fund aims to achieve a high level of income with modest long-term capital appreciation. The Fund will invest principally in fixed and variable rate and index-related securities, both in the UK and internationally.

New Star International Property

The Fund aims to achieve long-term capital growth and income by investing principally in commercial property and property-related securities.

Newton Balanced

This Fund aims to achieve a balance between capital growth and income from a portfolio of UK and International securities.

Newton Global Higher Income

The objective of the Fund is to achieve increasing annual income together with long-term capital growth from investing predominantly in global securities. The Fund may also invest in collective investment schemes.

Newton Managed (OEIC)

This Fund aims to achieve capital growth and income from a portfolio of UK, EC and International securities

Old Mutual Corporate Bond

The Fund aims to maximise total return through investment in a diversified portfolio of fixed interest and other debt securities.

Old Mutual UK Select Mid Cap

The Fund aims to provide capital growth from investing primarily in a portfolio of medium sized UK companies.

PSigma Income

The Fund aims to achieve a reasonable and rising income together with long-term capital growth. The Fund intends to invest primarily in UK companies but may invest internationally.

Schroder Gilt and Fixed Interest Fund

The Fund's investment objective is to achieve a high level of income with the potential for capital growth, from investment in a diversified portfolio of Sterling denominated fixed interest securities. Investments will include British and other government securities, corporate obligations, Eurobonds, local authority loans, money market deposits and other Sterling denominated fixed interest securities. Investments will be in directly held transferable securities. The fund may also invest in collective schemes, warrants and money market instruments.

Schroder Global Property Securities

The Fund's investment objective is to provide a total return primarily through investment in real estate investment trusts, equity and debt securities of other types of property companies worldwide. Investment will be in directly held transferable securities. The Fund may also invest in collective investment schemes, derivatives, cash, deposits, warrants and money market instruments.

Schroder Income

The Fund aims to provide a growing income by investing primarily in UK equities.

Schroder Tokyo

The Fund's investment objective is to achieve capital appreciation through participation in the growth of the Japanese economy.

Schroder UK Alpha Plus

The Fund's investment objective is to provide capital growth through investment in UK and other companies. In order to achieve the objective the manager will invest in a focussed portfolio of securities. The emphasis of the Fund will be investment in UK companies.

Schroder UK Mid 250

The Fund's investment objective is to achieve long-term capital growth by investing principally in companies listed in the FTSE 250 Index.

Schroder UK Smaller Companies

The Fund invests in UK smaller companies with the aim of long-term capital growth.

Schroder US Mid Cap

The Fund's investment objective is to provide capital growth and income primarily through investment in equity securities of medium-sized US companies.

SWIP Multi Manager Diversity

The Fund aims to achieve long-term capital growth in excess of inflation through investment in a portfolio, predominantly comprising collective investment schemes, which gives exposure to a wide range of asset classes and geographic regions.

SWIP Multi Manager Select Boutiques

The Fund aims to achieve long-term capital growth through investment in a portfolio, predominantly comprising collective investment schemes, which gives exposure to UK and overseas equity markets and sectors.

Thames River Balanced Managed

The Fund aims to achieve a balance between capital growth and reasonable income through investment in shares or units of regulated and/or unregulated collective investment schemes and/or closed ended funds.

The PruSelect Range – continued

Thames River Global Boutiques

The Fund aims for long term capital growth achieved through investing in a portfolio of what Thames River believe are the best funds from globally invested, boutique managed, mutual funds.

Threadneedle American

The Fund seeks to achieve capital growth through investing primarily in the stock of medium to large companies domiciled in North America or which have significant North American operations. If desirable, the Fund may further invest in other securities (including fixed interest securities, other equities and money market securities).

Threadneedle American Select

The Fund aims to achieve above average capital growth through investing in companies domiciled in North America or which have significant North American operations. These include smaller and emerging growth companies, those with potential for merger or takeover, those with new management recovery situations and exploration companies. There will be no particular sector specialisation.

Threadneedle Global Bond Fund

The Fund aims to achieve a total return comprising primarily income with some capital growth, by investing in a managed portfolio of fixed income securities quoted on markets worldwide

Additional Fund Choice

The funds in this category have been selected and made available to our Prudential Investment Plan by Prudential.

The choice of funds covers a range of different assets and types of funds which could be right for you at different times. Some of the funds are managed by Prudential whilst others are managed by external fund managers.

These funds offer additional choice.

The following funds are all Prudential Life funds. For the externally managed funds the Prudential fund will invest in the fund manager's own fund or collective investment scheme of the same name unless otherwise indicated.

Prudential Cash *

This Fund aims to provide a return consistent with investing in interest bearing deposits and/or short-term** UK Government bonds.

Prudential Cautious UK Managed

This Fund aims to provide income and long-term capital growth, by investing mainly in UK equities, corporate bonds and to a lesser extent UK Government bonds (gilts).

Prudential Corporate Bond

This Fund aims to provide total long-term growth (the combination of income and growth of capital) in Sterling by investing in a portfolio consisting wholly or mainly of bonds issued by UK companies.

Prudential Ethical

This Fund aims to provide total long-term growth (the combination of income and growth of capital) by investing mainly in UK companies that avoid activities which have a significantly harmful impact on the world around us.

Prudential European

This Fund aims to achieve long-term capital growth by investing mainly in the shares of continental European companies quoted on the stockmarkets of Europe in all economic sectors.

Prudential European Tracker

This Fund aims to track the FTSE Europe (ex UK) Index.

Prudential Equity

This Fund aims to provide total long-term growth (the combination of income and growth of capital) by investing mainly in a portfolio of equity holdings listed on the London Stock Exchange, with a focus on "blue chip" companies.

Prudential Equity Income

This Fund aims to provide a high and increasing income from a portfolio, at least 85% of which will normally consist of equity-type securities of UK companies in all economic sectors.

Prudential Fixed Interest

This Fund aims to provide a high and secure income, with stability of capital by investing mainly in Government, sovereign and government guaranteed stocks.

Prudential International

This Fund aims to provide long-term capital growth by investing mainly in a spread of equity markets throughout the world, mainly through Prudential's Unit Trusts. This includes the Prudential Trusts investing in the markets of the USA, Europe, the Asia-Pacific region and Japan. It provides instant investment diversification across a broad cross-section of overseas equity portfolios.

* Please refer to the Risk Types section (Fixed Interest and Index-Linked Securities on page 4 and Other on page 6) for further information applicable to this fund.

** Under one year.

Additional Fund Choice – continued

Prudential Japanese

This Fund aims to provide high long-term growth through actively managing a portfolio consisting wholly or mainly of companies, the securities of which are listed in, or the operations of which are based mainly in Japan.

Prudential Managed

This Fund aims to provide steady medium to long-term total growth (the combination of income and growth of capital) by investing mainly in a broad spread of Prudential's investment-linked funds and collective investment schemes.

Prudential North American

This Fund aims to provide total long-term growth (the combination of income and growth of capital) by investing in an actively managed portfolio of investments consisting wholly or mainly of companies which are mainly based in the USA, but with the scope to invest in Canada and Latin America.

Prudential Pacific Markets

This Fund aims to provide total long-term growth (the combination of income and growth of capital) by investing in an actively managed portfolio of investments consisting wholly or mainly of companies which are mainly based in the Asia Pacific region (excluding Japan).

Prudential Property

This Fund aims to achieve a rising level of income and long-term growth.

This Fund invests in shops, retail warehouses, offices, industrial, warehouse property and land geographically spread throughout the UK. 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 investments. At other times the fund may hold significant levels of cash and short term deposits in advance of purchasing, or following sale of, property and / or land.

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.

Prudential Small Companies

This Fund aims to provide above average long-term capital growth. It invests mainly in the shares of small growing companies, mainly in the UK.

Prudential Strategic Growth

This Fund aims to achieve total long-term growth (the combination of income and growth of capital) by investing mainly in UK and International shares.

Prudential UK Tracker

The Fund aims to track the FTSE All-Share Index.

Aberdeen American Growth

This Fund aims to achieve capital growth primarily by investing in a portfolio of North American equity and equity-related securities.

Aberdeen Japan Growth

This Fund aims to achieve capital growth primarily by investing in a portfolio of Japanese equity and equity-related securities.

Aberdeen Managed Portfolio

This Fund aims to achieve capital growth by investing mainly in UK authorised or UK recognised collective investment schemes or similar investments.

Aberdeen UK Growth

This Fund aims to achieve capital growth primarily by investing in a portfolio of UK equity and equity-related securities.

Baillie Gifford American

This Fund aims to maximise the total return principally through investment, whether direct or indirect, in any economic sector in the United States of America. From time to time, investment, whether direct or indirect, may also be made in any economic sector in Canada.

Invesco Perpetual Managed*

This Fund aims to achieve long-term capital growth by investing mainly in UK and overseas securities.

Invesco Perpetual UK Growth

This Fund aims to achieve capital growth by investing mainly in shares of companies listed in the UK.

M&G Balanced Portfolio

The Fund aims to maximise total return (the combination of income and growth of capital).

* This is a Prudential fund managed on our behalf by the fund management group stated. It should not be confused with the same or similarly named funds or unit trusts offered independently by this fund management group.

Additional Fund Choice – continued

M&G Cautious Managed Portfolio

The Fund aims to maximise total return (the combination of income and growth of capital) through investment in a diversified range of asset types.

M&G Growth Portfolio

The Fund aims to achieve long term capital growth. The Fund is an actively managed fund investing predominantly in collective investment schemes in order to provide a well diversified exposure to global equities.

M&G Managed Growth

This Fund aims to provide long-term capital growth by investing in M&G's range of authorised collective investment schemes.

M&G UK Growth

This Fund's sole aim is capital growth by investment principally in the equities of UK companies with high growth potential.

M&G UK Select

This Fund aims to maximise total return (the combination of income and growth of capital) by investing mainly in a range of UK equities.

Newton Continental European

This Fund aims to achieve capital growth by investing mainly in a portfolio of European securities.

Newton Higher Income*

This Fund aims to provide total long-term growth (the combination of income and growth of capital) by investing in a portfolio consisting wholly or mainly of UK equities. The Fund concentrates on high yielding equities which exhibit strong cash flow and dividend growth.

Newton International Bond

The objective of the Fund is to maximise the total return from income and capital growth in the world bond markets through investment predominantly in Government and other public securities. The Fund may also invest in deposits, derivative instruments, forward transactions and collective investment schemes.

Newton International Growth

This Fund aims to achieve capital growth by investing mainly in a portfolio of international securities.

Newton Managed*

This Fund aims to provide total long-term growth (the combination of income and growth of capital) by investing mainly in a diversified portfolio of UK and international equities with the option of holding up to 15% in bonds and cash.

Newton Oriental

This Fund aims to achieve capital growth by investing mainly in Asian and Pacific markets including Australia and New Zealand but excluding Japan.

Old Mutual Japanese Select

This Fund aims to achieve an above average return in the Japanese and other Pacific Basin markets, whilst constraining the overall level of portfolio risk.

* These are Prudential funds managed on our behalf by the fund management group stated. They should not be confused with the same or similarly named funds or unit trusts offered independently by this fund management group.

Additional Fund Choice

Distribution Income Funds

The distribution funds in this section can pay out a natural "income" based on what the underlying assets in the fund have earned (this can include dividends from shares, lease payments from properties, interest from fixed interest holdings).

This table shows the distribution dates each year.

17 February/17 August	17 May/17 November
Prudential Fixed Interest Fund (Inc)	M&G High Yield Corporate Bond Fund (Inc)
Newton Higher Income Fund (Inc)	Prudential Equity Income Fund (Inc)
Prudential Managed Distribution Fund	Invesco Perpetual Income Fund (Inc)
Prudential High Yield Managed Distribution Fund	Prudential Property Fund (Inc)
	Prudential Corporate Bond Fund (Inc)

Please see your Key Features document for further information on withdrawing money from your plan.

Prudential High Yield Managed Distribution

This Fund aims to provide a high regular income, whilst achieving long-term growth and seeking to limit capital volatility by investing mainly in high yielding assets such as bonds and property as well as UK equities.

Prudential Managed Distribution

This Fund aims to deliver capital growth and produce a regular income over the longer term by investing mainly in Sterling denominated equities, bonds, property and cash.

Prudential Corporate Bond (Inc)

This Fund aims to provide total long-term growth (the combination of income and growth of capital) in Sterling by investing in a portfolio consisting wholly or mainly of bonds issued by UK companies.

Prudential Equity Income (Inc)

This Fund aims to provide a high and increasing income from a portfolio, at least 85% of which will consist of equity-type securities of UK companies in all economic sectors.

Prudential Fixed Interest (Inc)

This Fund aims to provide total growth (the combination of income and growth of capital) by investing mainly in a spread of fixed interest securities issued by the British Government and major UK publicly quoted companies.

Prudential Property (Inc)

This Fund aims to achieve a rising level of income and long-term growth.

This Fund invests in shops, retail warehouses, offices, industrial, warehouse property and land geographically spread throughout the UK. 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 investments. At other times the fund may hold significant levels of cash and short term deposits in advance of purchasing, or following sale of, property and / or land.

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.

Distribution Income Funds – continued

Invesco Perpetual Income (Inc)

This Fund aims to achieve a reasonable level of income together with capital growth by investing mainly in shares of companies, mainly listed in the UK, with the balance invested internationally.

Newton Higher Income (Inc)*

This Fund aims to provide total long-term growth (the combination of income and growth of capital) by investing in a portfolio consisting wholly or mainly of UK equities. The Fund concentrates on high yielding equities which exhibit strong cash flow and dividend growth.

M&G High Yield Corporate Bond (Inc)

This Fund aims to provide total return (the combination of income and growth of capital) whilst providing a high level of income by investing mainly in high yielding corporate and government bonds denominated in Sterling, other European currencies, US Dollars or Yen.

* This is a Prudential fund managed on our behalf by the fund management group stated. It should not be confused with the same or similarly named funds or unit trusts offered independently by the fund management group.

For more information on a particular fund speak to your Financial Adviser or go to www.pru.co.uk

Glossary of investment terms

This glossary is a high-level guide to some of the technical terminology that may appear in our Fund Guide. It is not intended to be a definitive reference document and you should contact your adviser for further assistance where necessary.

Basic Materials Sector

A category of stocks covering companies involved with the discovery, development and processing of raw materials. The basic materials sector includes the mining and refining of metals, chemical producers and forestry products.

"Blue Chip" Companies

These are large, reputable companies which are thought to be financially sound.

Bonds

See Fixed Interest Securities.

'Boutique Managed' Funds Investment funds that are specialised in some way either through the expertise needed to manage the portfolio or because it has an unusual theme or a collection of funds under one house. These 'boutique' funds are typically offered by smaller, specialist firms as opposed to large investment management companies.

Broad Investment Grade

This is a term used to describe a listing of bonds and fixed income instruments on an index. It is used to measure the overall value of a collective group of bonds and represents the characteristics of these types of securities. It is a grading level that can be used by certain types of funds for determining assets that are suitable for investment into a fund.

Certificates of Deposit

These are a money market investments that are generally issued by banks against a security. A certificate of deposit usually pays interest (which can vary) and entitles the bearer to receive a set interest rate up until a set maturity date and can be issued in any currency or denomination.

Closed Ended Funds

This describes a collective investment scheme which has a limited number of shares (or units). The shares are then traded on an exchange or directly through the fund manager to create a secondary market subject to market forces.

Collective Investment Schemes

A way of pooling investment with others as part of a single investment fund. This allows investors to participate in a wider range of investments than would normally be feasible if investing individually and to share the costs and benefits of doing so. Collective Investment Schemes, OEICs, Unit Trusts, Mutual funds, usually either target geographic regions (like emerging market countries) or specific themes (like technology or property).

Convertible Bonds (can also be called Deferred Equity)

These are corporate bonds that are exchangeable for a set number of another form of investment (for example, common shares) at a pre-stated price. Convertible bonds typically pay a lower income than is normally available from common bonds.

Corporate Bonds

These are loans to companies where the purchaser of the corporate bond lends money to the company in return for regular interest payments and the promise that the initial sum will be repaid on a specified later date.

Default Risk

This is the possibility that the issuer of a bond will be unable to make payments when they are due.

Derivatives

These cover products such as futures and options which are generally an arrangement to buy or sell a standard quantity of a specified asset on a fixed future date at a price agreed today. Also considered to be a financial instrument whose value is dependent upon the value of an underlying asset.

Equities

These are also known as shares or stocks and represents a share of the ownership of a company. Shares give two potential benefits – the share prices increase as the value of the company increases and regular payments, known as dividends, may be made to shareholders based on how well the company is doing.

Eurobonds

A Eurobond is an international bond that is denominated in a currency not native to the country where it is issued. It can be categorized according to the currency in which it is issued. For example, a British company may issue a Eurobond in Germany, denominating it in U.S. dollars.

Exchange-Traded Fund

This is an investment vehicle the units of which are traded on a stock exchange. An exchange traded funds can hold a range of assets such as stocks, bonds or even commodities. Most track an index, such as the FTSE ALL share or the S&P 500.

Fixed Interest Securities

These are more commonly known as "bonds" and are loans issued by companies or by governments in order to raise money. Bonds issued by companies are called corporate bonds, those issued by the UK government are called gilts and those issued by the US government are called treasury bonds. In effect all bonds are IOUs that promise to pay a sum on a specified date and pay a fixed rate of interest along the way.

Floating Rate Notes

These are basically short-term loans to financial organisations, such as banks, under which the investor receives interest payments from that financial organisation. At the end of an agreed period the financial organisation has to repay the loan. The interest payment rates are linked to a specified "floating" rate typically the London Interbank Offered Rate (LIBOR). This means that interest rate payments may go up or down.

Forwards Contract (or Forwards)

these are agreements between two parties to buy or sell an asset at a fixed future date for a price determined at the time of dealing.

Government Bonds

these are loans to the government where the purchaser of the government bond lends money to the government in return for regular interest payments and the promise that the initial sum will be repaid on a specified later date.

Government Sovereign Bond

is a government debt issued in a foreign currency.

Hedging

A strategy employed in order to reduce or mitigate risk. Hedging involves making an offsetting transaction in one market in order to protect against possible losses in another.

Hedged Back to Sterling

This is a specific example of hedging where the trader is trying to protect an existing or anticipated position from an unwanted move in sterling exchange rates.

Index-Linked Securities

Are similar to fixed interest securities but the payments out are normally increased by a price index e.g. for UK government index-linked securities, payments out are increased in line with the UK Retail Price Index.

Investment Grade

A credit rating given to a government or corporate bond that indicates that the agency giving the rating (e.g. Standard & Poors) believes that the issuer has a relatively low risk of default. Bonds with credit ratings of AAA, AA, A or BBB are considered investment grade. Low rated bonds with ratings of BB or below are often called Junk Bonds.

LIBOR (London Interbank Offered Rate)

This is the interest rate that London banks charge when lending money to one another over a short period of time. LIBOR is often used as a benchmark when setting other short term interest rates.

Money Market Investments

Are defined as cash and near cash such as bank deposits, certificates of deposits, fixed interest securities or floating rate notes, with, where applicable, a maturity date of under a year.

OEIC

This is an Open Ended Investment Company, which is the British version of a European SICAV (Societe d'Investissement a Capital Variable) or Irish VCIC (Variable Capital Investment Company). Like all open collective Investment Schemes, an OEIC has no fixed amount of capital.

The total value of the OEIC is equally divided into shares which will vary in price and in the number issued. Each time that new money is invested, new shares or units are created to match the prevailing share price; each time shares are redeemed, the assets sold match the prevailing share price.

Options

Legal agreements that give the holder the right (but not the obligation) to buy or sell the underlying asset at an expiration date, at a price determined at the time of dealing.

Permanent Interest Bearing Shares (usually referred to as PIBS)

These are fixed-interest securities issued by building societies. Building societies use them in the way public limited companies would use preference shares (see above). Although similar to bonds, PIBS typically exist as long as their issuer does. They typically offer better interest rates than bonds although unlike bonds have no fixed redemption date and so redemption value will be determined by market values at the time of sale.

PIBS are not covered by UK government compensation schemes. If the building society is in financial distress, amounts are paid to holders of PIBS only after depositors.

Preference Shares (also called Preferred Stock or Preferred Shares)

These are shares in a company which give their holders an entitlement to a fixed dividend payment and may or may not carry voting rights. These are a 'higher ranking' stock than common stock and usually have specific rights attached to them.

Preference shares mean that the holder may get preferred treatment over common share holders – and carry a dividend that is paid out prior to dividends to common share holders. In the event of bankruptcy preferred share holders will be paid out from assets before common share holders and after debt holders.

Primary Industry

The industrial sector of an economy involved in the extraction and collection of natural resources, such as copper and timber, as well as by activities such as farming and fishing. A company in a primary industry can also be involved in turning natural resources into products. Primary industries tends to make up a larger portion of the economy of developing countries than they do for developed countries.

Regulated

This means the portfolio or fund has to conform to the regulations laid down by the financial authority it is trading in (i.e. in the UK the FSA protects the investor and provides structure around the products), financial service providers and markets.

Secondary Industry

The industrial sector of an economy that produces finished, usable products. Unlike a primary industry, which collects and produces raw materials for manufacture, a secondary industry makes products that are more likely to be consumed by individuals. Examples of secondary industry divisions include automobile manufacturing, steel production and telecommunications.

Shares

See Equities.

Short-Term Government Bonds

For the purposes of determining assets which the Prudential Cash Funds can invest in these are defined as government bonds with a repayment period of twelve months or less.

Smaller Companies

Companies quoted on a recognised exchange that have a market worth below that of blue chip companies. In the UK, smaller companies are typically defined as those with market capitalisations below the top 350 companies in the FTSE All Share Index.

Transferable Securities

This is a descriptor given to a type of financial security which is traded on capital markets. The term is probably most commonly known and used in association with UCITS in UK and Europe (examples would be UCITS/depositary receipts/some types of warrants).

Undertakings for Collective Investment in Transferable Securities (UCITS)

These are collective investments which can be sold across national borders within the EU having complied with regulations on investments and administration.

Unregulated

This means the portfolio or fund does not need to conform to regulations.

Warrants

A warrant is a security that entitles the holder to buy shares in the issuing company at a specified price and within a certain time frame.

Warrants are freely transferable and traded on major exchanges. Their value will go up or down as the price of the shares to which they relate goes up or down.

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