

Performance Update

For the Prudential (ex-M&G) Range of pension funds April 2010

› Six monthly investment report for the period 1 October 2009 to 31 March 2010

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Who is the report for?

This report is intended for customers who hold pension plans with Prudential. These plans were originally taken out with M&G and transferred to Scottish Amicable Life in December 2000 and Prudential in 2002.

What is this report for?

The purpose of this document is to shed some light on how investment markets and funds have performed over the period and is provided for information purposes only.

It should not be considered as financial advice.

Any change to your investment arrangements should be discussed with an adviser.

Important

Please remember that past performance is not a reliable indicator of future performance. The commentary in this report reflects the general views of the individual fund manager and should not be taken as a recommendation or advice as to how a specific market or fund is likely to perform.

All information is shown as at 31 March 2010 unless otherwise stated.

It is our policy to review the aims and objective of the products we offer, on a continual basis, in light of prevailing market conditions.

We may at some point in the future close, amend or merge any of the funds currently available in order to satisfy our customers' investment needs.

If this happens and your plan is linked to one of these funds we will write to you to let you know what we propose to do.

› Our view of the market 5 October 2009 to 5 April 2010

Unlike the extremely low temperatures we have experienced this winter, returns from global equities have remained high over the past six months. The stockmarket rally that got under way this time last year has continued to gather momentum, supported by investors' insatiable appetite for riskier assets.

At the heart of such strong demand for equities, and also corporate bonds, is the ongoing improvement in the economic environment and the acceptance that we are in the midst of a synchronised global recovery. No longer satisfied with just keeping their assets safe, investors also want a return, especially since interest rates have been held at an all-time low for the past year.

However, this rebound has by no means been homogeneous with emerging economies like China and India providing the lion's share of the growth, while more developed countries have been held back by huge levels of government borrowing. Scarcely a day has passed since December without reports of Greece's shocking public finances. On occasions, the risk that the Greek government might go bankrupt severely undermined sentiment in the recovery and threatened to derail global stockmarkets.

All in all though, the loose monetary and fiscal policies put in place by governments in late 2008 – that is record-low interest rates and therefore cheap credit combined with the pumping of billions of pounds around the financial system – have continued to feed through into the economy.

The readiness of governments to act fast in the face of the crisis has undeniably been the driving force of such a powerful rebound. But companies also deserve a mention since without their efforts, the gains that investors have achieved over the past six months through equities and bonds would not have been possible. Their focus on cost cuts has had the desired goal of better-than-expected earnings, and in some cases, an increase in dividends as firms reward shareholder loyalty.

UK and Europe

UK equities have enjoyed a significant lead over their European counterparts during the past six months. The international bias of the UK stockmarket through its large weighting in mining stocks – and therefore ability to tap into the rapid pace of economic growth in developing nations – goes a long way to explaining its good performance. The UK stockmarket is also scattered with businesses that derive a large proportion of their earnings overseas, including household names like Vodafone, Mothercare, Rolls-Royce, Unilever, Royal Dutch Shell and GlaxoSmithKline, meaning that the weak pound has worked in their favour.

At a time when many countries in southern Europe are battling record levels of government borrowing, sterling has bestowed other advantages on the UK, most notably, the freedom of the authorities to allow the currency to depreciate, thereby reducing the value of its debt. In contrast, Greece, Spain, Portugal, Italy and Ireland, which are all

under intense pressure to get their finances in order, do not share this autonomy, while their problems have damaged sentiment in the rest of the eurozone. Investors cannot help but worry about what effect stringent spending cuts in southern Europe might have on the region's economic recovery. Although this problem is unlikely to be resolved any time soon, the eurozone and the International Monetary Fund did reach an eagerly awaited agreement in March over what financial aid Greece should receive and how much individual countries should contribute to such a rescue package.

Before getting too excited about the UK, it is worth bearing in mind that while no longer on the critical list, the economy has a long way to go before we can be certain that the country has emerged decisively from recession. The economy grew by 0.4% in the final quarter of 2009, and for many, this figure is proof that the recovery is still lacklustre. There is also speculation that the roots of this upturn lie in shoppers' eagerness to make the most of 2009's temporary cut in Value Added Tax (VAT) before it was reinstated to 17.5% earlier this year. Job creation is still relatively sluggish and figures released in March showed that there were 2.45 million unemployed. Saving the economy from the clutches of a painful recession has also drained the government's coffers – the UK's budget deficit is expected to be just under 12% of gross domestic product (GDP) this year, which represents the largest amount of public borrowing in peacetime history.

US

Of the world's leading developed stockmarkets, US equities have delivered the best performance over the past six months. By the summer of last year, sentiment towards North American stocks had already begun to brighten – economic growth was improving and corporate earnings had surprised on the upside. We have seen a continuation of these themes since then, and perhaps most importantly, many companies have made the crucial step of achieving a return to top-line growth, which suggests that underlying economic activity is improving.

Figures released in March did indeed show that US retail sales unexpectedly rose in February as consumers braved the bad weather to get to the shops. This rise, the biggest since November, gave weight to hopes consumer spending could soon help to re-balance the economy away from a dependence on government spending. The US Federal Reserve has already begun to remove some of the emergency support that it gives to the financial system by raising the discount rate at which commercial banks borrow money from the central bank. That said, the main interest rate is still at near zero, which indicates that the authorities – for the time being at least – believe that a potential stall in the economy is a far more serious threat than the risk of inflation.

Japan

On paper, the prognosis for Japan does not look good; soaring government debt levels, a strong currency and persistent deflation, in other words, weak economic growth combined with falling price levels. Over the past six months, however, Japanese equities have fared well, delivering returns of approximately 10% in sterling terms.

Admittedly, part of this good performance is due to the strength of the yen versus sterling, but there is evidence to suggest that Japan might finally be on the cusp of a genuine recovery. Most notably, industrial production expanded for a tenth consecutive month in December, while exports during the same month rose by 12.1% year-on-year. Although Japan faces fierce competition from the likes of South Korea and Taiwan where production costs are considerably cheaper, its Asian neighbours do actually provide a major source of demand for the country's exports. Japan's corporate sector is also in good shape given that many businesses took swift action during the downturn to rein in their spending and significantly reduce their margins.

Far East ex Japan

Asian stocks have once again featured at the top of many shareholders' buy-lists. The region continues to fulfil a voracious appetite among investors for risky assets, underpinned by a favourable economic environment. Any worries that China would not be able to pick up the slack when activity in the western world faltered have been replaced with optimism over the country's economic prowess and the abundant capital reserves of its government.

China might be the driving force behind the region's success, but the economies of Singapore, Taiwan and Thailand are also growing strongly. The flipside of this favourable situation is that the authorities might soon start to withdraw their financial support and stop the flow of such cheap credit, in other words, raise interest rates.

Emerging markets

Like Taiwan, South Korea, Singapore and Indonesia, the developing markets of Brazil and South Africa owe much of their economic and stockmarket success over the past six months to China. Both nations boast abundant commodity reserves, including iron ore, coal and copper, and have been major suppliers of these raw materials to China and indeed other parts of the world. Optimism over Brazil's economy and the attractive yields available has also created demand for the country's government bonds.

Fixed interest

Not only have emerging market bonds fared well over the past six months, but also government bonds from two of the world's biggest developed economies, the US and Germany. Nervous investors have shied away from bonds issued by Greece and other peripheral countries due to the risk of default and have instead taken refuge in lower risk US and German sovereign debt.

At the same time, investors have continued to show a keen interest in corporate bonds, although the rally in high yield bonds, (that is bonds issued by lower rated companies with a higher proportion of debt relative to equity), has lost some steam since December. The corporate bond market remains open for business and many firms have continued to launch new bonds as a way to secure financing.

Commercial property

As with equities and bonds, the commercial property market fared well during the review period. Returns from the IPD Monthly Index, which is the main benchmark of commercial property performance, hit 3.6% in December 2009, the highest single monthly increase on record. Property suffered extensive losses during the economic crisis and so, now that the environment has improved, investors are eager to take advantage of the extremely favourable prices on offer.

Nevertheless, investors remain very selective and have tended to focus on the best quality properties, in other words, well-located buildings with good tenants on longer leases that generate strong rental income. On the other hand, demand for poorer quality properties has been much lower since they are more vulnerable to any slowdown in the economy.

Outlook

After the strong performance of global stockmarkets and corporate bonds over the past six months, and indeed since March 2009, many investors are rightly asking what next? Can we expect to see the same level of returns over the next six months? Of course, we cannot say for sure what lies ahead, but the ability of the world economy to survive one of the toughest periods in history and make such large strides in a relatively short space of time is encouraging. The willingness of governments worldwide to do everything in their power to save the economy from depression is another reason to be hopeful about the future.

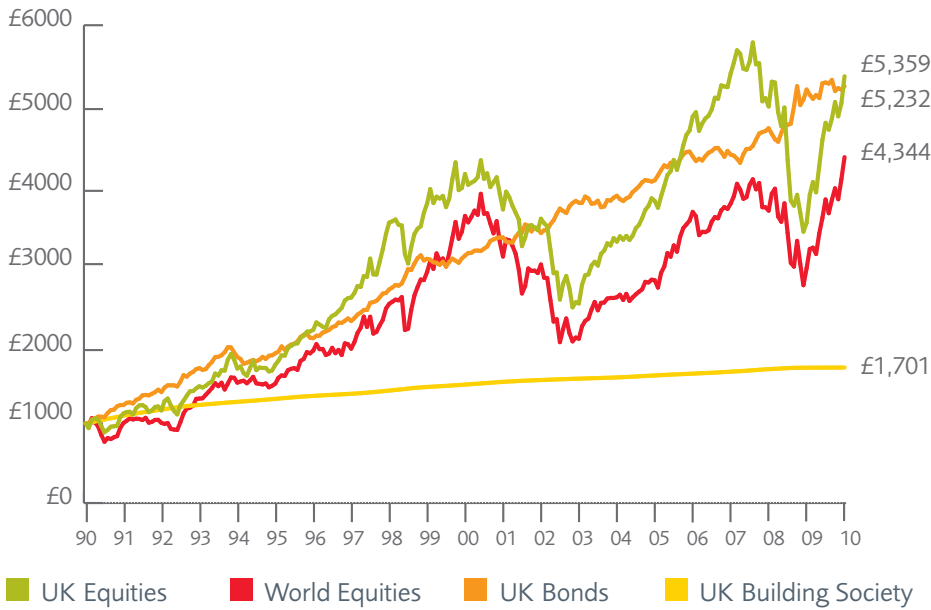
Some caution is needed though since there are still lots of unresolved issues as we go into the second half of 2010, most notably what will happen once the authorities begin to scale back their financial support. While powerhouses like China and India might be able to comfortably accommodate such a move, there is real concern about what impact higher interest rates would have on more developed nations, especially given the record levels of government borrowing in some countries and still rather fragile economic activity.

Periods of volatility will therefore be inevitable and, against this backdrop, we believe that investors will need to become more selective and pay greater attention to company fundamentals. This plays to our strength as stockpickers since we have the resources to be able to rigorously scrutinise the businesses whose shares and bonds we invest in. Our in-house equity and credit analyst teams are constantly assessing the strength of companies in every corner of the globe. Through their analysis, they can ascertain whether a firm has a strong business model, a competent management team, is in good financial health, and finally, is prepared to take the necessary steps to create value for its investors.

Please note

Unless otherwise stated, all references to six month performance. Source: Morningstar, Inc. as at 31 March 2010. Reference to global stockmarket returns. Source: Datastream. Reference to government, corporate and high yield bond returns. Source: Bloomberg. All other references. Source: Various sources – available from Prudential upon request.

How investment areas have performed



UK Equities – Shows the performance of £1,000 invested in the FTSE All-Share Index over 20 years with net income reinvested.

World Equities – Shows the performance of £1,000 invested in the FTSE World Index over 20 years with net income reinvested.

UK Bonds – Shows the performance of £1,000 invested in the FTSE All Stocks Index over 20 years with gross income reinvested.

UK Building Society – Shows the performance of £1,000 invested in a typical building society account (where your capital is secure unlike other forms of investment where you may not get back your original investment) over 20 years with net income reinvested.

Please note that past performance is not a reliable indicator of future performance.

Source Morningstar, Inc., income reinvested, 30 March 1990 to 31 March 2010.

➤ Prudential range of pension funds (ex M&G)

The following is a list of existing funds covered in this report.

Below we have listed the current Annual Management Charge (AMC) and also the Total Charges for each fund.

"Total Charges" are the sum of the Annual Management Charge plus "Other Charges"

"Other Charges" may consist of some or all the following:

- Expenses incurred in relation to any underlying Unit Trust/OEIC holdings (often termed "Unit Trust Expenses" or "UTE"s);
- Other Charges and Expenses incurred in relation to any underlying Unit Linked Fund holdings, and;
- Direct Custody Fees that the Unit Linked Fund bears (i.e. custodian fees relating to buying/selling assets and safe-keeping of asset records.)

Fund Name	AMC	Total Charges
Pru American pension fund (ex M&G)	1.00%	1.20%
Pru Asian pension fund (ex M&G)	1.00%	1.35%
Pru Capital Growth pension fund (ex M&G)	1.00%	1.25%
Pru Corporate Bond pension fund (ex M&G)	1.00%	1.20%
Pru Deposit pension fund (ex M&G)	1.00%	1.00%
Pru Equity pension fund (ex M&G)	1.00%	1.00%
Pru European pension fund (ex M&G)	1.00%	1.25%
Pru Gilt & Fixed Interest Income pension fund (ex M&G)	1.00%	1.20%
Pru Global Basics pension fund (ex M&G)	1.00%	1.25%
Pru Global Leaders pension fund (ex M&G)	1.00%	1.25%
Pru High Yield Corporate Bond pension fund (ex M&G)	1.00%	1.20%
Pru International pension fund (ex M&G)	1.00%	1.20%
Pru Japan pension fund (ex M&G)	1.00%	1.30%
Pru Managed pension fund (ex M&G)	1.00%	1.10%
Pru Managed Income pension fund (ex M&G)	1.50%	1.75%
Pru PPP pension fund (ex M&G)	1.00%	1.10%
Pru Personal Pension Equity fund (ex M&G)	1.00%	1.10%
Pru Property pension fund (ex M&G)	1.00%	1.00%
Pru Recovery pension fund (ex M&G)	1.00%	1.20%
Pru UK Growth pension fund (ex M&G)	1.00%	1.25%
Pru UK Income pension fund (ex M&G)	1.00%	1.20%

➤ Prudential range of pension funds (ex M&G)

Pru American pension fund (ex M&G)	Fund manager review
<p>Fund objective</p> <p>This fund is wholly invested in the M&G American Fund OEIC, which aims to provide long-term capital growth by investing wholly or mainly in securities of North American (including Canadian) issuers. When not wholly invested as above, it may only invest in companies which are listed, registered, or trading in North America.</p>	<p>Equities continued to make healthy gains during the six months and investors seem to have renewed their focus on the fundamental strength of individual companies, rather than being influenced by broader, macro-economic factors. This emphasis is particularly helpful for the fund given its core stockpicking approach.</p> <p>Underlying fund manager Aled Smith looks for companies that are making sensible and efficient use of their resources, which he feels should enable them to generate solid performance for investors over the long term. One example of a stock that shone over the six months is Forest Oil. Investors welcomed the news that the company had sold a non-core asset and, importantly, had used the proceeds to pay off in advance some of its debt, allowing it to shore up its balance sheet. This demonstrates good capital discipline at the company, which forms a large part of Aled's decision to invest in the stock.</p> <p>Forest Oil is an example of a holding in the 'internal change' category of the portfolio – the other categories being 'external change', 'asset growth' and 'quality'. The term 'internal change' refers to companies that are undergoing restructuring measures, bringing in new, effective management, or taking other positive steps within the company. Where successfully carried out, these actions can improve a company's return on capital, which is an important criterion for inclusion in the fund.</p>
<p>Fund value £9,532,766</p>	<p>Recently, Aled has found a number of investment opportunities that fit into the internal change portion of the fund. Examples include personal tax returns company H&R Block and supermarket chain Supervalu. Both companies have appointed new chief executives and are exiting unprofitable areas and taking steps to improve core businesses, which bodes well for their long-term performance.</p>
<p>Fund performance</p> <p>Over the six-month period the fund's total return was 19.0%.</p>	

Pru Asian pension fund (ex M&G)	Fund manager review
<p>Fund objective</p> <p>This fund is wholly invested in the M&G Asian Fund OEIC, which aims to provide long-term capital growth by investing wholly or mainly in a wide range of Asian (including Australasian) securities. When not wholly invested as above, the fund may invest in global securities with the exception of Japanese securities.</p>	<p>Asian stockmarkets have continued to perform strongly over the past six months, achieving returns of more than 10% during this time. Unsurprisingly though, investors are asking what they can expect next – will the region be able to maintain this huge positive momentum? Underlying fund managers Michael Godfrey and Matthew Vaight remain as confident as ever about Asia's prospects, not so much because of the favourable outlook for economic growth, but because of the exciting investment opportunities available at the stock level.</p> <p>Both Michael and Matthew make regular visits to companies in Asia and one of their main observations is how much the corporate culture is changing. Michael says: "Management teams in Asia are increasingly aware of the need to create value for shareholders rather than just growing for growth's sake. Many firms are slowly recognising that growth is of no benefit to shareholders unless the growth is profitable. We believe that if businesses in Asia can close the lead that their US counterparts enjoy in the corporate governance stakes, they are likely to be rewarded by way of better share price performance over the long term."</p> <p>Looking around the region, the fund managers are finding plenty of companies with good business models, disciplined management teams and attractive stock valuations. These include Hong Kong-based conglomerate Jardine Matheson, Malaysian telecommunications group Axiata and Thailand's Kasikornbank in which Michael and Matthew bought some more shares during the review period.</p>
<p>Fund value £40,949,721</p>	<p>The fund managers strongly believe that bottom-up stock selection is the best way to take advantage of the attractive opportunities in Asia and are confident that patient investors will be rewarded over the long run.</p>
<p>Fund performance</p> <p>Over the six-month period the fund's total return was 14.2%.</p>	

Pru Capital Growth pension fund (ex M&G)

Fund objective

The fund is wholly invested in the M&G UK Select Fund OEIC, which invests in a range of UK equities. The aim is to maximise total return (the combination of income and growth of capital).

Fund value £8,552,969

Fund performance

Over the six-month period the fund's total return was 7.9%.

Fund manager review

After one of the biggest global financial crises in history, the UK economy appears to be on the road to recovery. Nonetheless, many uncertainties remain – most notably, how will the government reduce its record levels of debt? And, what will happen to the economy once stimulus efforts like quantitative easing, which is on hold for now, come to an official end? In an environment where risks are still present, the fund manager believes that skilful stock selection will be rewarded, especially a focus on companies that are able to generate sustainable earnings growth.

One area of the stockmarket where he sees attractive opportunities at the moment is businesses that have come through the recession in a relatively strong position, such as home improvement firm Kingfisher and property group Segro. Both companies have successfully taken market share through the acquisition of rivals and by exploiting the decline in competition.

However, conditions have not been as favourable for travel operator TUI Travel. The fund manager sold the portfolio's stake in this business during the review period due to his concerns over the high levels of household debt in the UK.

Performance not only comes down to the fund manager and his investment process, but also to the working environment. The fund manager enjoys the freedom to manage the fund how he chooses, while M&G's size and reputation means that he has excellent access to company CEOs. Input from M&G's economist and 12-strong analyst team, who carry out daily research on numerous UK companies, is also a great resource. Such support will, in our opinion, help the fund manager to continue identifying compelling investment opportunities and deliver good long-term performance to investors.

Pru Corporate Bond pension fund (ex M&G)

Fund objective

The fund is wholly invested in the M&G Corporate Bond Fund OEIC, which aims to achieve a higher total return (the combination of income and growth of capital) from investment than would be obtainable in UK government fixed interest securities (ie gilts) of similar maturities.

Fund value £8,461,303

Fund performance

Over the six-month period the fund's total return was 4.8%.

Fund manager review

Prices for corporate bonds rose during the review period as investor sentiment remained strong thanks to positive economic data and better-than-expected company results. Nonetheless, the Bank of England left interest rates unchanged at 0.5%, recognising that a potential stall in recovery continued to present a greater risk than inflation.

Against this favourable background, riskier assets such as BBB rated investment grade and high yield bonds outperformed. Underlying fund manager Richard Woolnough had increased the fund's weighting in these assets in late 2008, believing that the high yields on offer were overcompensating investors for the real risk of default. This decision proved to be a major performance driver as corporate bond spreads (that is, the excess yield over a government bond of similar maturity) continued to tighten over the review period.

On the downside, the fund's performance suffered from its low exposure to bank bonds, and in particular higher-risk, higher-yielding 'Tier 1' bonds. These assets have a low position in a bank's capital structure and resemble equities where losses are more difficult to recoup in the case of a company default or government takeover. Consequently, Richard has kept a relatively low weighting in 'Tier 1' bonds.

On the other hand, he believes that UK government bonds (gilts) should continue to benefit from a low inflationary environment and the upcoming parliamentary elections as the new government will be forced to tackle the soaring budget deficit. As a result, Richard increased the fund's exposure to gilts from 1% to 9% during the review period.

Richard also expects corporate bond spreads to tighten further as they remain wide in a historical context. Thus, the portfolio's balanced mixture of investment grade corporate bonds, high yield bonds and gilts should provide long-term performance to investors.

Pru Deposit pension fund (ex M&G)

Fund objective

This fund invests in either cash deposits or short-term money market instruments with a maximum life of one year, providing security of capital together with a safe day-to-day yield.

Fund value £26,379,276

Fund performance

Over the six-month period the fund's total return fell 0.3%.

Fund manager review

With such a poor return from cash deposits and with riskier assets in high demand, conditions were particularly challenging for the fund. Over the period under review, between 30 September 2009 and 31 March 2010, the fund declined 0.3%.

The fund is invested wholly in short-term cash deposits and is therefore dependent on the London Interbank Offered Rate (LIBOR), the rate of interest that banks charge to lend money to each other. The Bank of England has kept interest rates at an historic low of 0.5% since March 2009. This meant that, although LIBOR increased slightly during the review period, the rate of interest available on cash deposits was minimal.

Confidence is improving about the outlook for the global economy, driven primarily by relatively vigorous activity in the emerging markets. For example, the government's target measure for inflation, the Consumer Prices Index (CPI) rose by 3.4% over the 12 months to the end of March 2010, according to the Office for National Statistics (ONS). However, despite signs of growth, economic activity remains subdued and interest rates and inflation are expected to remain low for some. When the Bank of England begins to adjust interest rates upwards, returns for the fund should improve.

Pru Equity pension fund (ex M&G)

Fund objective

The fund consists mainly of UK equities. It invests in a range of securities and is normally weighted towards small and medium sized companies when compared to the UK stockmarket as a whole. The sole objective is capital growth.

Fund value £249,687,343

Fund performance

Over the six-month period the fund's total return was 10.6%.

Fund manager review

The bullish momentum that has driven the UK stockmarket up since March 2009 continued throughout most of the review period, supported by signs of improving economic fundamentals and better-than-expected corporate results. Indeed, the UK came out of recession in the final quarter of 2009, although growth remained anaemic.

Against this backdrop, investors embraced risk on hopes of a continued recovery. This was encouraging news for those stocks in the portfolio that operate in more cyclical areas of the market, such as basic materials and technology. Indeed, commodity stocks such as Xstrata and First Quantum Minerals made healthy gains on expectations that demand for raw materials will continue to grow, primarily in emerging markets such as China and India.

While the macroeconomic backdrop was generally supportive for equities during most of the review period, there were periods of high volatility – particularly in the first few weeks of 2010. At that time, equities came under pressure on disappointing employment data in the US and worries that China is tightening its monetary policy. Greece's sovereign debt crisis also began to weigh on sentiment. However, initial concerns about the likelihood of a sovereign debt default in the country were eased somewhat in March after the other eurozone states and the International Monetary Fund negotiated a rescue package to provide affordable credit to the country.

In spite of this landmark agreement, investors remained concerned about the exposure that financial companies, and particularly banks, might have to debt issued by Greece. In the portfolio, a position in HSBC was hit hard by negative sentiment, although on the whole, the fund benefited from having a relatively small exposure to banks, and Barclays in particular.

The UK economy is on the mend, albeit slowly, thanks to the significant public policy responses to the crisis, including quantitative easing. However, concerns remain about the sustainability of the rebound in light of the huge budget deficit that the government is facing. In this environment, the possibility of short-term disappointments remains and a cautious approach is being adopted at present. Nonetheless, UK equities should provide solid returns for investors once a sustained recovery gets underway.

Pru European pension fund (ex M&G)

Fund objective

The fund is wholly invested in the M&G European Fund OEIC.

The fund's prime objective is long term capital growth. It invests predominately in a diversified portfolio of European (excluding United Kingdom) securities, though it may also invest in companies which are listed or registered outside Europe but trade within it. Income is of secondary importance when investments are selected.

Fund value £46,829,836

Fund performance

Over the six-month period the fund's total return was 3.1%.

Fund manager review

Investors' interest in European equities remained strong during the review period as the economic recovery continued. Risk appetite was sustained by many companies reporting better-than-expected results and figures showing that the eurozone emerged from recession during the third quarter of 2009.

As investors embraced risk, the fund's performance was hurt by its more 'defensive' holdings within the telecommunications and utility sectors. In particular, Telekom Austria, German utility E.ON and Greek electricity producer Public Power (PPC) detracted from performance. PPC came under further pressure from negative investor sentiment towards Greek companies due to the country's sovereign default fears. However, underlying fund manager Michael Stiasny believes that PPC is well placed to benefit from restructuring efforts and higher electricity tariffs.

Some of these losses were offset by the fund's holdings in Austrian online gaming business Bwin Interactive Entertainment and its rival Unibet, which is listed in Sweden. They benefited from favourable growth dynamics in Europe where more countries are liberalising online gambling as well as from rumours of takeover activity in the sector.

While equities have rallied in anticipation of an economic rebound, Michael's outlook for the European and global economy is cautiously optimistic. He is concerned that the recovery may not be sustainable in light of the significant budget deficits facing many continental European countries as well as the UK. Nonetheless, Michael believes that European stockmarkets have moved to a phase where investors focus more on the quality of a business and its ability to grow earnings. Thus, his investment approach, which is based on choosing attractively valued companies benefiting from positive change, should help the fund provide investors with good returns in the long term.

Pru Gilt & Fixed Interest Income pension fund (ex M&G)

Fund objective

This fund is wholly invested in the M&G Gilt & Fixed Interest Income Fund OEIC, which aims to provide a secure income with stability of capital consistent with investment in gilts.

Fund value £17,804,639

Fund performance

Over the six-month period the fund's total return fell 0.8%.

Fund manager review

Prices of UK government bonds (gilts) declined during the review period due to a range of developments in Britain and beyond. One factor was the Bank of England's decision to pause its quantitative easing scheme in February, under which the bank has purchased £200 billion in gilts and corporate bonds to improve liquidity. As a result, yields on bonds maturing in more than 15 years rose, in particular, and the fund benefited from its comparatively low exposure to these longest dated gilts.

Also, concerns that Greece and other peripheral countries in Europe could default on their sovereign debt put pressure on gilts as the UK's budget deficit is close to 12% of gross domestic product. Further volatility in the government bond market was caused by worries that this year's general election in the UK could result in a hung Parliament unable to tackle the enormous level of borrowing.

In contrast to gilts, prices of sterling corporate bonds continued to rise as businesses reported better-than-expected results and the rate of company defaults remained at a lower level than initially feared. The fund's corporate bond holdings therefore added value over the six months.

Underlying fund manager Jim Leaviss has a positive view on gilts, believing that the upcoming election will benefit bond markets as the new government will be forced to tackle the soaring budget deficit. In his view, there is minimal risk that the UK will default on its debt. The UK has had debt-to-income ratios in excess of current levels before, and more importantly, the country's willingness to pay is as important as its ability to pay. For example, Britain accepted austerity measures in the 1930s in order to maintain its reputation.

Pru Global Basics pension fund (ex M&G)

Fund objective

The fund is wholly invested in the M&G Global Basics Fund OEIC, which is a global equity fund investing wholly or mainly in companies operating in basic industries ("primary" and "secondary" industries) and also in companies that service these industries. The sole aim of the fund is long-term capital growth.

Fund value £4,757,826

Fund performance

Over the six-month period the fund's total return was 15.8%.

Fund manager review

Signs that the balance of power is shifting eastwards continued to emerge during the six months under review as economic growth in countries like China and India outstripped that in the more developed 'West'. Against this backdrop, the fund extended its strong performance track record and delivered attractive returns for investors.

Hong Kong-based raw materials trader Noble Group and diversified Canadian miner Sherritt International were foremost among those commodity-related stocks in the portfolio that benefited from growing demand for food and raw materials in emerging economies.

Further significant contributors to performance came from across a range of sectors and regions including US cosmetics and fragrances firm Elizabeth Arden and Australian rubber products manufacturer Ansell. Elizabeth Arden reported positive results, which underlined improvements in its outlets near airports, continued sales growth in Asia and new opportunities with retailers such as Wal-Mart in the US.

Despite the scale of the stockmarket rebound since March 2009, underlying fund manager Graham French has continued to find attractively valued opportunities in the basic materials sector. Recent research trips to Africa and Asia supported his conviction that demand will remain high for certain commodities, such as platinum, iron ore and coal. One undervalued stock that should benefit from this scenario is Aquila Resources, a diversified Australian mining business with access to potentially exciting minerals deposits in Africa.

In Graham's opinion, emerging market growth on its own is not enough to deliver compelling returns for investors. He is passionate in his belief that focusing on asset-rich companies that, crucially, are returning profits from this growth to shareholders is the best way to optimise the fund's performance over the long term.

Pru Global Leaders pension fund (ex M&G)

Fund objective

This fund is wholly invested in the M&G Global Leaders Fund OEIC, which aims to maximise long term total return by investing in a wide range of global equities that the fund manager considers to be leading in their field.

Fund value £6,606,608

Fund performance

Over the six-month period the fund's total return was 12.5%.

Fund manager review

Global equities continued their upward trend during the review period due to rising investor hopes that the recession could be over in many parts of the world. Positive sentiment was further sustained by better-than-expected corporate results. With investors favouring economically sensitive stocks, mining and consumer services were among the best-performing sectors.

In this environment, the fund's holdings in UK-listed diversified miner Anglo American and US oil explorer Forest Oil added value. Investors were encouraged by changes taking place at Anglo American, which included an increased focus on the core activities of platinum and diamond mining. Meanwhile, Forest Oil's shares benefited from the company's strong production in its wells in Texas.

Unfortunately, these gains were offset by negative stock selection within the healthcare sector where a position in Swiss-based Lonza disappointed in particular. Lonza, which manufactures active ingredients for the pharmaceutical industry, has seen many of its key customers cancelling their orders. As a result, the company has struggled to achieve its planned efficiency improvements and was forced to issue a profit warning. Underlying fund manager Aled Smith subsequently closed the position.

Over the six months, Aled marginally increased the fund's exposure to emerging markets through a new position in Energias do Brasil (EDP), which generates and distributes energy in Brazil. The company's management has started to reallocate capital to EDP's power generation assets, a strategy that should help the business earn higher returns.

In Aled's view, some confidence and a greater degree of rationality have returned to equity markets thanks to positive economic signals. As investors are again distinguishing stocks based on individual business quality and valuation, he believes that the fund's valuation-driven stockpicking approach should come into its own.

Pru High Yield Corporate Bond pension fund (ex M&G)

Fund objective

The fund is wholly invested in the M&G High Yield Corporate Bond Fund OEIC, which aims to maximise total return (the combination of income and growth of capital) while generating a high level of income.

Fund value £3,086,286

Fund performance

Over the six-month period the fund's total return was 7.7%.

Fund manager review

The past six months has been a game of two halves for investors in high yield bonds. Following an excellent period between September and December, the rally has lost some of its momentum more recently due to worries that economic growth will slow as governments in Greece and other indebted nations curb their swollen budget deficits.

Underlying fund manager Jim Leaviss explains: "High yield bonds are issued by companies with more debt relative to earnings and so there is a greater chance that when the economy falters these businesses will be unable to pay back their loans. Poorer quality debt is therefore highly sensitive to any change in investor sentiment, whether that is up or down. To entice investors, riskier bonds pay a better yield than their higher quality peers and this difference in yield is exactly what drove the performance of high yield bonds for the best part of 2009."

Jim expects the high yield bond market to be volatile during the next few months, but believes that the fund's focus on better quality names leaves it well placed to withstand such conditions. He also thinks that high yield companies will continue to approach the market for funding. In January, Jim took advantage of the favourable terms of a new deal by Virgin Media to increase the fund's exposure to good quality credit.

Not only does Jim have in-depth knowledge of the high yield market, but he also enjoys the support of M&G's fixed interest analyst team. They help him to focus on those companies that are best placed to meet their debt obligations, which in turn should enable the fund to deliver attractive long-term returns to its investors.

Pru International pension fund (ex M&G)

Fund objective

This fund is wholly invested in the M&G Global Growth Fund OEIC, which aims to maximise long term total return (the combination of capital growth and income) by investing mainly in a range of global equities.

Fund value £14,110,562

Fund performance

Over the six-month period the fund's total return was 15.1%.

Fund manager review

Holding a portfolio of large, globally diversified businesses helped the fund to generate excellent returns for investors in the largely equity-friendly market conditions that prevailed over the six months under review.

Our holdings in consumer-focused companies performed particularly well and Chaoda Modern Agriculture, China's leading supplier of agricultural produce, and US cosmetics and fragrances firm Elizabeth Arden were amongst the leading positive contributors. Growing demand for food in China has helped to boost company profits for Chaoda. However, a far more important story is the company's progress in consolidating China's fragmented agricultural market, applying modern farming methods and building infrastructure to increase productivity and yields.

In underlying fund manager Greg Aldridge's opinion, the stockmarket rebound that characterised much of 2009 has featured mainly at the riskier end of the market, where prices had suffered the most during the downturn. However, he believes that there are still opportunities to buy high quality, economically sensitive companies that own difficult-to-replicate assets or resources. One such example was transatlantic cruise operator Carnival, a market leader in a leisure industry with high barriers to entry, namely the massive cost and time required to establish a fleet of ships. While the company has faced short-term difficulties in the current economic cycle, Greg is convinced that investors are significantly undervaluing the company's potential.

Share prices have rallied a long way since their lows near the beginning of 2009. However, Greg is confident that the fund can continue to create value for investors over the long term. Key to this will be identifying those quality businesses that are delivering returns above their cost of capital and reinvesting their profits to produce sustainable growth.

Pru Japan pension fund (ex M&G)

Fund objective

The fund is at present wholly invested in the M&G Japan Fund OEIC, which invests in a wide range of Japanese securities covering most aspects of the economy. Its sole objective is long-term capital growth.

Fund value £6,390,957

Fund performance

Over the six-month period the fund's total return was 13.6%.

Fund manager review

There are signs that Japan might be finally turning a corner and this was reflected in the good performance of its stockmarket during the past six months.

The country's economic and political challenges have been well documented over the years and as a result we feel expectations are now very low and that a lot of bad news is already priced into the market. Any positive news is likely to surprise on the upside. In fact, recent data have been promising. For example, Japanese exports are on the up thanks to healthy demand from neighbouring countries such as China, Korea and Taiwan.

Economics aside, the corporate sector is also in good shape. Businesses were quick to slash their inventories during the downturn and have responded just as rapidly to the pick-up in demand. Car manufacturing is among those sectors where companies worked the hardest to cut costs. Having exposure to Nissan Motor, Yamaha Motor and Fuji Heavy Industries – which are now being rewarded for their efforts – helped the fund to outperform its comparative index during the review period.

At the heart of underlying fund manager Dean Cashman's investment process is a focus on companies that are trading at bargain prices compared to their medium-term earnings potential. He says: "This strategy has worked well especially in an environment where companies that generate cash and have healthy balance sheets have been indiscriminately shunned by investors. Many companies, such as relative newcomer to the portfolio, machine tool manufacturer Toshiba Machine, are therefore priced at a significant discount to the trend returns they can potentially generate."

Dean says that he is continuing to identify attractively valued companies, which are well placed to improve their returns despite the uncertain economic backdrop. He believes that this leaves the fund in a good position to provide favourable returns over the long term.

Pru Managed pension fund (ex M&G)

Fund objective

This fund aims for steady capital growth through a broadly based investment portfolio, the emphasis being on UK equities but also including exposure to fixed interest securities. Investments may be held either directly or through other M&G pension funds or authorised Collective Investment Schemes.

Fund value £130,569,898

Fund performance

Over the six-month period the fund's total return was 9.5%.

Fund manager review

The bullish momentum that has driven global stockmarkets up since March 2009 continued throughout most of the review period, supported by signs of improving economic fundamentals and better-than-expected corporate results. Indeed, the UK came out of recession in the final quarter of 2009, although growth remained anaemic in comparison to those economies in the emerging markets, including China and India. Against this backdrop, investors embraced risk on hopes of a continued recovery. This was encouraging news for those underlying stocks in the portfolio that operate in more cyclical areas of the market, such as basic materials and technology.

While equities generally performed well, government bonds, which are the first port of call for investors when the economy slows, lagged. In particular, worries that Greece or other peripheral countries in Europe could default on their sovereign debt was bad news for UK and European government bonds. However, the credibility of German government bonds remained strong and investors used them as a 'safe haven' during the six months under review. A decision by the Bank of England to pause its quantitative easing scheme in February 2010 also added to jitters in the UK.

Economic conditions seem to be on the mend, although progress remains slow. In this environment, the possibility of short-term disappointments remains and a cautious approach is being adopted at present. Nonetheless, the fund's diversified portfolio of liquid assets should help to reduce risk by spreading investments across a wide range of asset types and geographic regions.

Pru Managed Income pension fund (ex M&G)

Fund objective

This fund is wholly invested in the M&G Managed Fund OEIC, which is an actively managed fund of funds investing in a range of M&G's UK equity, international equity and fixed interest authorised Collective Investment Schemes. Its objective is to maximise long-term total return (the combination of income and growth of capital).

Fund value £3,846,299

Fund performance

Over the six-month period the fund's total return was 12.0%.

Fund manager review

The fund is spread across a range of asset classes and geographic regions, including UK and international equities, fixed interest, property and commodities. This diversification is aimed at reducing the risk in the portfolio, as individual asset classes generally behave differently in response to various market conditions. As a result, the impact of any short-term disappointments in one area tends to be minimised because of stronger performances from other asset classes held in the portfolio.

An area that currently interests underlying fund manager David Jane is the emerging markets, notably Brazil. The Brazilian economy is healthier than those of many western nations, with stronger economic growth supported by robust domestic consumer demand. Furthermore, Brazil is a commodities-based stockmarket and current high prices for basic resources are bolstering returns.

One of the key drivers of the commodities boom is the rapid development of emerging markets themselves, particularly in countries like China and India. A large part of the growing demand for raw materials is propelled by the undertaking of large-scale infrastructure developments. Aside from direct exposure to companies in emerging markets, David also exploits this theme indirectly through a holding in the M&G Global Basics Fund. This fund invests in companies that are involved in basic consumer goods and raw materials, where demand is likely to grow as emerging markets develop.

However, these themes must be seen in the context of the overall portfolio. As mentioned above, the fund is exposed to a wide range of different securities, enabling David to create a portfolio that should do well over the longer term, regardless of potential episodes of weaknesses in individual areas.

Pru PPP pension fund (ex M&G)

Fund objective

The fund is invested predominantly in equities, mostly in the UK, but also overseas. Investment will either be in direct holdings or by holding sub-funds in M&G's range of Open-Ended Investment Companies. The objective is to maximise total return over the longer term.

Fund value £213,137,935

Fund performance

Over the six-month period the fund's total return was 12.1%.

Fund manager review

The bullish momentum that has driven the UK stockmarket up since March 2009 continued throughout most of the review period, supported by signs of improving economic fundamentals and better-than-expected corporate results. Indeed, the UK came out of recession in the final quarter of 2009, although growth remained anaemic.

Against this backdrop, investors embraced risk on hopes of a continued recovery. This was encouraging news for those underlying stocks in the portfolio that operate in more cyclical areas of the market, such as basic materials and technology. Indeed, commodity stocks such as Xstrata and First Quantum Minerals made healthy gains on expectations that demand for raw materials will continue to grow, primarily in emerging markets such as China and India.

While the macroeconomic backdrop was generally supportive for equities during most of the review period, there were periods of high volatility – particularly in the first few weeks of 2010. At that time, equities came under pressure on disappointing employment data in the US and worries that China is tightening its monetary policy. Greece's sovereign debt crisis also began to weigh on sentiment. However, initial concerns about the likelihood of a sovereign debt default in the country were eased somewhat in March after the other eurozone states and the International Monetary Fund negotiated a rescue package to provide affordable credit to the country.

In spite of this landmark agreement, investors remained concerned about the exposure that financial companies, and particularly banks, might have to debt issued by Greece. In the portfolio, a position in HSBC was hit hard by negative sentiment, although on the whole, the fund benefited from having a relatively small exposure to banks, and Barclays in particular.

The UK economy is on the mend, albeit slowly, thanks to the significant public policy responses to the crisis, including quantitative easing. However, concerns remain about the sustainability of the rebound in light of the huge budget deficit that the government is facing. In this environment, the possibility of short-term disappointments remains and a cautious approach is being adopted at present. Nonetheless, UK equities should provide solid returns for investors once a sustained recovery gets underway.

Pru Personal Pension Equity fund (ex M&G)

Fund objective

The fund is invested predominantly in equities, mostly in the UK, but also overseas. Investment will either be in direct holdings or by holding sub-funds in M&G's range of Open-Ended Investment Companies. The objective is to maximise total return over the longer term.

Fund value £46,099,377

Fund performance

Over the six-month period the fund's total return was 12.4%.

Fund manager review

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Against this backdrop, investors embraced risk on hopes of a continued recovery. This was encouraging news for those underlying stocks in the portfolio that operate in more cyclical areas of the market, such as basic materials and technology. Indeed, commodity stocks such as Xstrata and First Quantum Minerals made healthy gains on expectations that demand for raw materials will continue to grow, primarily in emerging markets such as China and India.

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Pru Property pension fund (ex M&G)

Fund objective

The fund may invest in shares in property companies, British government bonds, fixed time deposits and fixed interest securities issued by property companies, as well as in commercial property. The objective of the fund is to provide steady long-term capital growth.

Fund value £4,099,805

Fund performance

Over the six-month period the fund's total return was 6.7%.

Fund manager review

The fund generated a healthy return during the review period as investors returned to commercial property in strength to take advantage of prices that seemed very attractive, relative to other asset classes. Interest was supported by the high yield provided by commercial property, relative to government bonds and cash.

However, while the backdrop was generally quite positive for commercial property, rental levels in the occupier market continued to fall, reflecting weak demand from prospective tenants. The fund manager anticipates that this will continue throughout 2010, albeit at a notably slower rate than in 2009. Much of the recent asset management activity was therefore focused on securing the portfolio's income revenue. Three lease renewals and six rent reviews were completed, while terms were agreed for a further five new lettings.

No new acquisitions were made during the six months under review. However, the sale of three properties was completed, the largest of which was a secondary multi-let industrial estate with substantial vacancies. The proceeds, together with surplus cash in the fund, were invested in the M&G Property Portfolio. This strategy will continue as further sales of weaker assets are completed to give investors exposure to certain market sectors (e.g. shopping centres, central London offices) that are difficult to hold directly in a portfolio of this size.

The recent property market rally has been driven primarily by sentiment and relative value, rather than a material improvement in the underlying fundamentals for property. However, the fund manager is confident that the portfolio is well positioned to provide a stable and healthy income, combined with the prospect of good capital returns over the longer term. Rental income growth has a close correlation with changes in the UK's economic activity and the recovery should filter through to the performance of commercial property.

Pru Recovery pension fund (ex M&G)

Fund objective

This fund is wholly invested in the M&G Recovery Fund OEIC, which invests primarily in a diversified range of securities issued by companies which are out of favour, in difficulty or whose future prospects are not fully recognised by the market. The sole aim of the fund is capital growth.

Fund value £155,801,046

Fund performance

Over the six-month period the fund's total return was 9.3%.

Fund manager review

As one of the world's key financial markets, the UK stockmarket is one of the first ports of call for companies when they require funding. In the same way, many companies approach the fund for financial support since the ethos of its investment strategy is to help businesses that are going through a tough time turn their fortunes around.

For this reason, the past six months have been an incredibly busy time for the fund as companies that had run into trouble during the economic crisis have approached underlying fund manager Tom Dobell for support. Among others, he has provided capital to companies as diverse as satellite broadband provider Avanti Communications, transport conglomerate National Express and gold miner Allied Gold in their efforts to either repair their balance sheets or take advantage of new business opportunities.

Of course, Tom is unable to invest in every company that asks for help. Since taking over the fund exactly 10 years ago, he has consistently focused on those firms where the management team is doing all it can to boost performance. Businesses do not recover overnight though so Tom must be patient. At the same time, he will only invest in companies he understands and which are run by people he trusts. Many of the fund's best performers over the past six months such as Tullow Oil and Imagination Technology have been fixtures of the portfolio throughout the past decade.

Sticking with troubled companies through thick and thin until they get the right results is what the fund is about. That said, Tom must be convinced that the companies he invests in have the potential to make a full recovery. While economic conditions cannot be ignored, as Tom says, his role is to make sure the businesses he invests in are correctly using the money he provides as a shareholder. After all, we believe it is companies rather than short-term trends, which will provide long-term performance to the fund's investors.

Pru UK Growth pension fund (ex M&G)

Fund objective

The fund is wholly invested in the M&G UK Growth Fund OEIC, whose sole aim is capital growth through investing principally in UK companies with high growth potential.

Fund value £910,185

Fund performance

Over the six-month period the fund's total return was 10.8%.

Fund manager review

Against a backdrop of improved risk appetite, the UK stockmarket performed extremely well during the review period. The six months under review were also a good time for investors in the fund thanks to underlying fund manager Garfield Kiff's skilful stock selection across a range of sectors.

For example, a large holding in mining group Rio Tinto added significant value, as did stakes in engineering firm Weir, healthcare group Shire, security services provider G4S and catering business Compass. These five stocks highlight not only the fund's diversity across different industries, but also its exposure to international markets – most of these businesses generate a large proportion of their earnings overseas.

A major theme in the portfolio recently has been Garfield's decision to add some more stock-specific risk to the fund by taking advantage of attractively valued opportunities in the market. For example, he believes that spending by oil & gas companies will be greater than expected due to the high and stable oil price. In his opinion, newcomer to the portfolio Amec, which designs and builds power stations, will benefit from this trend.

As well as regular company meetings, risk management also plays a pivotal role in Garfield's investment process. Through discussions with M&G's in-house risk team, he broadens his understanding of the themes and factors that the portfolio is exposed to through each of its investments. This could be economic growth, the oil price, interest rates and currency movements among others. All in all, this helps to ensure that Garfield has conviction in his holdings.

Garfield is a highly experienced stockpicker who enjoys the extensive resources of M&G's risk and equity analyst teams. We believe that this leaves the fund well placed to deliver attractive returns to investors over the long term.

Pru UK Income pension fund (ex M&G)

Fund objective

The fund is wholly invested in the M&G Extra Income Fund OEIC, which aims to achieve a high income stream, which also increases over time, by investing in a range of UK equities and bonds.

Fund value £12,492,363

Fund performance

Over the six-month period the fund's total return was 8.3%.

Fund manager review

Normality gradually returned to financial markets and economic activity has also started to pick up after a severe downturn that affected most countries in the world. Against this generally positive backdrop, the fund has been able to produce a healthy return over the review period. Among its best performers were water companies United Utilities and Severn Trent, cigarette manufacturer British American Tobacco and electronics distributor Electrocomponents.

At the same time, it would appear that the worst of companies' dividend cuts has now passed. Furthermore, many companies have been able to maintain their dividends, while some others have even raised their payout. These include consumer goods conglomerate Unilever and gas supplier Centrica.

Following a spectacular rally over the summer in 2009, bond prices moderated during the review period. This meant that the bond portion of the portfolio therefore did not provide as much of an uplift to performance compared with the previous six months. Nevertheless, these investments continue to represent an important and stable source of income for the fund. Underlying fund manager Richard Hughes believes that the UK's low interest rate environment and benign inflation should remain supportive of bond performance going forward.

The trading environment for many companies has clearly improved in recent months. However, Richard thinks that uncertainty over the strength of the economic recovery will continue to exert pressure on businesses and their ability to pay dividends. Under such circumstances, we believe that maintaining a portfolio of good quality bonds and high yielding equities is fundamental to protecting the fund's distribution and long-term performance.

➤ Past performance

This table shows the past performance of each of the pension funds over each of the last five years, along with the annualised figure over 3 and 5 years. It also shows the performance of the fund's applicable ABI sector average.

Pru (ex M&G) pension funds	Percentage growth					Annual compound growth rates	
	Last 5 discrete years					3 years	5 years
	31/03/09 to 31/03/10	31/03/08 to 31/03/09	30/03/07 to 31/03/08	31/03/06 to 30/03/07	31/03/05 to 31/03/06	30/03/07 to 31/03/10	31/03/05 to 31/03/10
(ABI) Asia Pacific ex Japan Equities	61.7	-20.0	15.0	11.9	42.0	14.1	18.7
Pru (M&G) Asian	67.5	-23.5	22.7	9.0	40.3	16.3	19.2
(ABI) Balanced (up to 85% Equity) Mngd	37.7	-20.5	-4.1	5.8	24.8	1.8	7.0
Pru (M&G) Managed Income	39.4	-20.9	-3.1	6.4	30.9	2.2	8.3
Pru (M&G) Managed	41.3	-18.2	-2.2	5.0	25.8	4.2	8.3
Pru (M&G) UK Income	37.2	-24.4	-10.2	10.9	21.3	-2.3	4.6
(ABI) Deposit & Treasury	0.1	3.2	4.6	3.8	3.5	2.5	3.0
Pru (M&G) Deposit	-0.6	2.9	4.9	3.9	3.6	2.3	2.9
(ABI) Europe Excluding UK	46.1	-29.4	-0.3	10.8	37.3	0.7	9.2
Pru (M&G) European	38.6	-28.4	-3.0	12.8	36.8	-1.3	8.2
(ABI) Flexible (up to 100% Equity) Mngd	41.6	-23.3	-4.6	6.5	29.2	1.2	7.4
Pru (M&G) Personal Pen Acc	51.1	-26.2	-1.5	6.7	28.3	3.2	8.5
Pru (M&G) PPP	50.3	-26.5	-2.0	6.1	27.6	2.7	8.0
(ABI) Global Equities	46.3	-23.8	-3.1	2.8	32.4	2.6	8.0
Pru (M&G) Global Basics	60.1	-30.9	15.2	8.5	47.4	8.4	15.3
Pru (M&G) Global Leaders	51.0	-28.3	-4.9	5.7	50.0	1.0	10.3
Pru (M&G) International	48.8	-17.4	5.8	5.3	32.0	9.1	12.6
(ABI) Japan Equities	30.9	-9.4	-17.8	-16.4	46.8	-1.2	3.3
Pru (M&G) Japan	41.6	-1.6	-21.5	-16.5	46.2	3.0	6.0
(ABI) North America Equities	42.1	-13.9	-7.6	-4.5	24.8	4.1	6.3
Pru (M&G) American	48.0	-16.0	-8.8	1.7	33.9	4.3	9.1

Source: Morningstar

Performance is calculated on the percentage change in the daily unit price, on an offer to offer basis with gross income reinvested. Past performance is not a reliable indicator of future performance. The value of an investment may go down as well as up and your fund value in future may be less than the payments you have made.

Pru (ex M&G) pension funds	Percentage growth					Annual compound growth rates	
	Last 5 discrete years					3 years	5 years
	31/03/09 to 31/03/10	31/03/08 to 31/03/09	30/03/07 to 31/03/08	31/03/06 to 30/03/07	31/03/05 to 31/03/06	30/03/07 to 31/03/10	31/03/05 to 31/03/10
(ABI) Sterling Corporate Bond	33.8	-13.4	-3.0	1.0	6.7	3.6	3.7
Pru (M&G) Corporate Bd	21.6	3.0	1.2	1.4	7.2	8.2	6.6
(ABI) Sterling High Yield	58.6	-22.8	-6.2	5.7	8.1	4.4	5.3
Pru (M&G) High Yld Corp Bd Acc	44.3	-14.6	-4.9	5.8	8.2	5.4	6.0
(ABI) UK All Companies	51.2	-31.3	-9.8	10.6	28.8	-2.3	5.8
Pru (M&G) Capital Growth	39.1	-23.5	-5.7	7.8	34.7	0.1	7.8
Pru (M&G) Equity	51.6	-31.3	-6.1	6.5	25.2	-0.7	5.4
Pru (M&G) Recovery	56.8	-25.5	-0.5	13.3	32.0	5.1	11.7
Pru (M&G) UK Growth	42.4	-23.3	-5.7	8.9	38.6	1.0	9.2
(ABI) UK Direct Property	12.8	-22.3	-14.4	13.1	17.1	-9.3	-0.1
Pru (M&G) Property	3.5	-18.0	-11.7	4.2	20.5	-9.2	-1.2
(ABI) UK Gilt	0.9	8.8	5.5	-0.9	6.8	5.0	4.1
Pru (M&G) Gilt & Fixed Int	0.3	9.8	6.5	-0.4	6.4	5.5	4.5

Source: Morningstar

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› Further information

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