

A Guide to The Shipbuilders Industry Fund Options

Key Features Appendix for Additional Voluntary Contributions Plan

Retirement has more potential with

PRUDENTIAL



The Funds

Prudential is committed to providing a broad range of investment funds from leading fund managers. These funds have been specifically selected for your scheme and offer a varied choice for you. Investment funds managed by Prudential M&G and other leading external investment managers are available on our platform. If you choose an externally managed investment fund, Prudential will act on your behalf by buying the appropriate number of units in your chosen fund. All of the available funds are Prudential funds – Prudential simply delegates the investment management of the funds to the external managers on the platform.

You can obtain more information about the funds listed in the following pages on www.pru.co.uk/factsheets

You can choose a combination up to 6 funds from those provided below OR a lifestyle option shown below. Please refer to the list of funds in conjunction with the Key Features Document.

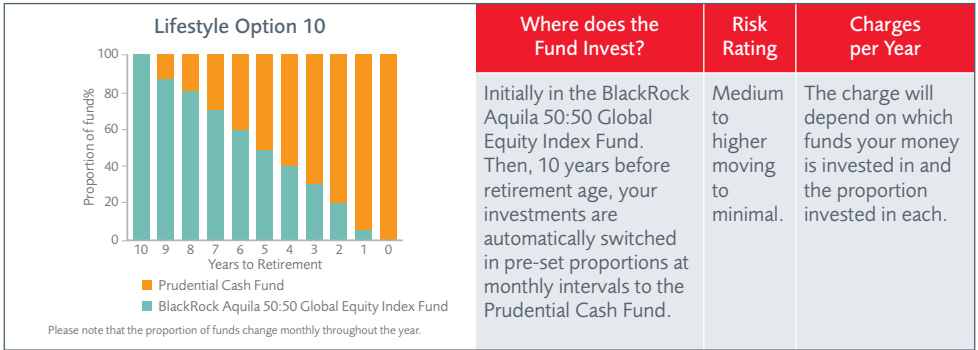
Lifestyling – the right option for you?

Lifestyling is an investment option that starts with investing your pension fund in a higher risk investment such as BlackRock Aquila 50:50 Global Equity Index Fund, and as you move closer to retirement your pension fund is gradually switched to invest in lower risk investment such as Prudential Cash Fund. This is done to try and protect your pension fund, as the closer you are to retirement age, the less time you have to recoup any short term losses. Essentially, lifestyling is an investment strategy that aims to provide long term growth over ten years, but with an element of capital protection.

If you choose this option, all of your payments will be made into this option and you will not be able to select any other investment funds. You can switch all of your savings out of this option at any time.

The lifestyling option available to you is shown below.

The switches between the funds are automatically done and free of charge.



Where does the Fund Invest?	Risk Rating	Charges per Year
Initially in the BlackRock Aquila 50:50 Global Equity Index Fund. Then, 10 years before retirement age, your investments are automatically switched in pre-set proportions at monthly intervals to the Prudential Cash Fund.	Medium to higher moving to minimal.	The charge will depend on which funds your money is invested in and the proportion invested in each.

Prudential reserve the right to change the terms of the lifestyle option, subject to certain restrictions in respect of existing investments.

Details of the funds used for investment in this lifestyle option are detailed within the Available Funds section. Risk ratings 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 ratings should not be considered as generic across the fund management industry.

Prudential will keep the risk ratings under regular review and as such they may be subject to change in the future. We therefore recommend that before making any fund choice in the future you understand the appropriate risk rating before making a decision. You will find this information at www.pru.co.uk/factsheets

You should also consider discussing your decision and the appropriateness of this risk rating with an adviser.

These funds are Prudential Funds that are managed on our behalf by the fund management group stated. They should not be confused with the same or similar named funds or unit trusts offered independently by these fund management groups.

Barclays Global Investors (BGI) has combined with BlackRock, and as a result the funds available from Prudential which start with either the name BGI Aquila or BGI Ascent will be renamed either BlackRock Aquila or BlackRock Ascent.

The table below shows the old and new fund names.

Old Name of Funds available from Prudential	New Name of Funds available from Prudential
BGI Ascent Sterling Govt Liquidity	BlackRock Aquila Sterling Government Liquidity
BGI Ascent European Equity	BlackRock Ascent European Equity
BGI Ascent Global Equity 50:50	BlackRock Ascent 50:50 Global Equity
BGI Ascent Japanese Equity	BlackRock Ascent Japanese Equity
BGI Ascent Overseas Equity	BlackRock Ascent Overseas Equity
BGI Ascent Pacific Rim Equity	BlackRock Ascent Pacific Rim Equity
BGI Ascent US Equity	BlackRock Ascent US Equity
BGI Aquila All Stocks Corporate Bond Index	BlackRock Aquila All Stocks Corporate Bond Index
BGI Aquila Consensus	BlackRock Aquila Consensus
BGI Aquila 50:50 Global Equity Index	BlackRock Aquila 50:50 Global Equity Index
BGI Aquila 60:40 Global Equity Index	BlackRock Aquila 60:40 Global Equity Index
BGI Aquila UK Equity	BlackRock Aquila UK Equity Index
BGI Aquila World ex-UK Index	BlackRock Aquila World ex-UK Index
BGI Aquila Over 15 Years UK Gilt Index	BlackRock Aquila Over 15 Years UK Gilt Index

Whilst the names of the funds are changing, the objectives and where the funds invest will not be changing and the charges will remain the same.

We are in the process of updating all of our literature and administration systems with the new fund names and, while in this booklet the funds are named BlackRock Aquila or BlackRock Ascent, you may continue to see references to BGI. Once this process has been completed all references to BGI will be removed and replaced with BlackRock.

Whether the fund is named BGI or BlackRock it is the same Prudential fund in which you are investing.

Available Funds

The funds available to you are either actively or passively managed. An actively managed fund tries to achieve returns that are in excess of a benchmark. Whereas a passively managed fund (also known as index tracking) aims to match the performance of a market or index. Actively managed funds have the potential to generate higher returns than passively managed funds, but they also carry a higher risk of underperforming.

Fund Name and Manager	Objective *	Where does the Fund invest?	Charges per year
Minimal Risk	These funds may invest in a combination of deposits, money market instruments and other types of interest bearing securities.		
Prudential Cash Fund Prudential	<p>The fund invests in both high quality Floating Rate Notes (FRNs) and short-term deposits. The fund is actively managed with the aim of outperforming its benchmark of the London Interbank 7 Day Deposit Rate on a consistent basis. The financial instruments held in the fund are issued by well known banks and leading financial institutions.</p> <p>From 28 May 2010 the objective of the Prudential Cash Fund will be:</p> <p>This fund aims to provide a return consistent with investing in interest bearing deposits and/or short-term UK Government bonds. The fund is actively managed with the aim of beating its benchmark of the London Interbank 7 Day Deposit rate.</p>	<p>Short-term deposits and FRNs. An FRN is basically a short-term loan to a financial organisation, such as a bank, 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.</p> <p>From 28 May 2010 the fund will invest in interest bearing deposits and/or short term UK Government bonds.</p>	0.75%

Risk ratings 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. Prudential will keep the risk ratings under regular review and as such they may be subject to change in the future. We therefore recommend that before making any fund choice in the future you understand the appropriate risk rating before making a decision. The value of your investment may go down as well as up and the fund value in the future may be less than the payments you have made.

Fund Name and Manager	Objective *	Where does the Fund invest?	Charges per year
Lower Risk	These funds may invest in fixed interest securities including gilts, index-linked bonds and an element of corporate bonds. These types of investment are generally recognised as low risk.		
Prudential Index-Linked Passive Fund Prudential	Passively managed to match the performance of the benchmark as closely as possible. The benchmark is the FTSE A British Government Over 5 Years Index-Linked Index.	British Government index-linked bonds (gilts) with over five years to maturity.	0.75%
Prudential Pre-Retirement Fund Prudential	The fund invests equally in passively managed British Government bonds (gilts) and actively managed UK corporate bonds and aims to match the performance of the benchmark as closely as possible. The benchmark is 50% FTSE A British Government Over 15 Years Gilt Index and 50% iBoxx Sterling Over 15 Years Non-Gilt Index. The split between British Government gilts and UK corporate bonds may alter from time to time to reflect changing economic and market conditions.	British Government bonds (gilts) and UK corporate bonds.	0.75%

Risk ratings 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. Prudential will keep the risk ratings under regular review and as such they may be subject to change in the future. We therefore recommend that before making any fund choice in the future you understand the appropriate risk rating before making a decision. The value of your investment may go down as well as up and the fund value in the future may be less than the payments you have made. If the charges per year exceed the returns achieved, the value of your investment will go down.

* The performance objectives apply to the parent (underlying) funds. They may have different charges to those shown above if you were to invest in them directly.

Fund Name and Manager	Objective *	Where does the Fund invest?	Charges per year
Medium Risk	These funds are predominantly multi-asset funds with a higher weighting in equities. The Property Fund itself is also in this category.		
Prudential Property Fund Prudential	Actively managed to outperform the benchmark by 0.50% net per annum on a rolling three year basis. The benchmark is the IPD UK Pooled Property Fund All Balanced Index.	Invests directly in commercial properties in the UK, including retail, office and industrial sectors.	0.90%
Medium to Higher Risk	These funds offer a diverse geographical spread of equity investment. The funds within this category will have greater overseas exposure and underlying volatility than the "medium" sector.		
BlackRock Aquila 50:50 Global Equity Index Fund** BlackRock Aquila	Passively managed to replicate the performance of benchmark. The benchmark is a mix of UK and Regional Indices.	Approximately 50% UK company shares and 50% overseas company shares, split between the US, Europe (ex-UK), and the Far East.	0.75%
Higher Risk	These are specialist equity funds that focus on a set geographical region or a particular type of share e.g. shares of smaller companies or those that conform to certain criteria.		
BlackRock Aquila UK Equity Index Fund** BlackRock Aquila	Passively managed to replicate the performance of benchmark. The benchmark is the FTSE All-Share Index.	UK company shares.	0.75%
<p>Risk ratings 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. Prudential will keep the risk ratings under regular review and as such they may be subject to change in the future. We therefore recommend that before making any fund choice in the future you understand the appropriate risk rating before making a decision. The value of your investment may go down as well as up and the fund value in the future may be less than the payments you have made. If the charges per year exceed the returns achieved, the value of your investment will go down.</p>			

- * The performance objectives apply to the parent (underlying) funds. They may have different charges to those shown above if you were to invest in them directly.
- ** These funds are Prudential Funds that are managed on our behalf by the fund management group stated. They should not be confused with the same or similar named funds or unit trusts offered independently by these fund management groups.

Please refer to your Key Features Document in conjunction with this document when you're reviewing funds available to you.

To get unit price information for all managed funds made available through Prudential, simply log on to www.pru.co.uk/funds/funds_table/ and choose the Prudential Pension Funds (Series 3) link.

For detailed information on a fund please visit

www.pru.co.uk/content/factsheets

Please note that information on external fund past performance or prices obtained from sources other than Prudential can be calculated on a different basis, therefore they may not be applicable to your investment.

Asset Classes Glossary

You've now seen a list of the funds that are available through Prudential. To help you understand the options available this table defines each of the available asset classes:

Equities	Also known as shares or stocks, these represent 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.
Corporate Bond	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.
Fixed Interest Securities	More commonly known as "bonds" these 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 British 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.
Gilt	A bond issued by the British Government.

Government Bond	<p>Loans to a 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. These work in much the same way as Corporate Bonds, but they are loans to the Government instead of to companies.</p> <p>A short-term Government Bond is a Bond with a repayment period of twelve months or less.</p>
Index-Linked Bond	<p>These are similar to fixed interest securities but the payments are normally increased by a price index e.g. for British Government index-linked bonds, payments are increased in line with the UK Retail Price Index.</p>
Property	<p>Investment in commercial property such as offices, shops and industrial premises.</p>
Cash	<p>Money that is invested with banks, building societies and other organisations to earn cash</p>

Important Information

It is important to understand the risks involved. You need to consider the amount of risk you are taking against the potential performance of the fund.

Key risks include:

- Investment Risk – also known as volatility; events in financial markets cause the value of investments to rise and fall.
- Inflation Risk – the risk that the value of investments doesn't grow quickly enough to keep up with inflation.

- Pension Conversion Risk – the pension you eventually receive will depend on annuity rates at the time you convert your fund into an annuity which will provide you with an income which cannot be guaranteed.
- Exchange Rate Risk – changes in exchange rates may cause the sterling values of overseas investments to rise or fall.
- Property Risk – there are certain risks associated with investing in property.

Please see your key features for more information on risk factors.

Important Information.
Please read carefully

- › The investment funds are "forward priced". This means that the unit price(s) is set after money is invested and after we have sold units to pay for any benefits you have taken or a transfer out of the Fund or switches between investment funds.

There is a short time lag between money being received, passing through the accounting system and then buying the underlying investments. This is known as a fund's dealing cycle and varies between fund managers. The dealing cycle can be several days, depending on the fund.

For Prudential funds, if a transaction takes place on a Monday, the unit price will normally be known on Tuesday and the proceeds of any sale of units will be available on Wednesday. For external funds please see the Important Information section on the factsheet, available from www.pru.co.uk/factsheets

- › When switching between different investment funds (including under the Lifestyle Option), the sale of existing units and the purchase of new units will not normally take place on the same date.
- › 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).

- › There will be a lead-time involved in making unit prices available and where external companies are involved we may increase this lead-time. The prices of units can go up or down during that time: this is a risk to you. The exact time lapse between sale and purchase will depend on the investment funds involved in the switch.
 - › Please see the Important information section on the factsheet, available from www.pru.co.uk/factsheets. No interest is due for the period between the sale and purchase of units.
 - › In addition, the sale and purchase of units in any of the investment funds, (including switches between funds) may be delayed in some circumstances, for example, where the interests of all policyholders need to be protected, or where there is a delay in receiving the proceeds of a sale of assets, or in circumstances where it is not possible to trade.
 - › The Property Fund invests in property and land. This can be difficult to sell – so you may not be able to sell/cash in this investment when you want to. We may have to delay acting on your instructions to sell your investment. You should look upon your investment in property as being long term. There are large costs when we buy and sell property. The allowance for these costs amongst other factors can lead to short-term falls in the price of units in the fund. The value of property is generally a matter of a valuer's opinion rather than fact. Under certain circumstances, in the interest of other investors, we reserve the right to defer any early encashment or switch between funds. This may be for a period of up to 6 months in the case of units held in these funds.
- If you choose the Lifestyle Option in your new plan, the total fund value will automatically begin switching between funds when you are ten years or less to retirement.

- › When switching an existing investment to the Lifestyle Option, the total fund value will be switched automatically.
- › The value of an investment may go down as well as up, and the fund's value in the future may be lower than the amount you've paid in.
- › We reserve the right to withdraw or change the funds available at any time, subject to certain restrictions. We may also introduce new funds.
- › Our charges may vary in the future and may be higher than they are now.
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Can I change my mind?

You can switch your money between funds at any time. We won't charge you for this.

Retirement has more potential with

PRUDENTIAL



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