Introduction of Legal & General Ethical Global Equity Index Fund

The USS investment committee regularly reviews the performance of the AVC funds made available to members. The committee noted that the Prudential Socially Responsible Fund had not performed in line with its aims and benchmark, as a result the committee wished to offer an alternative in which members could invest. After careful consideration USS has added the Legal & General Ethical Global Equity Index Fund to the fund options available to members who contribute to the USS Money Purchase AVC facility. The Legal & General Fund, which is a passively managed fund tracking the FTSE 4Good Global Equity Index, represents an alternative “ethical” fund to the Prudential Socially Responsible Fund, in which you are currently invested.

We believe the Legal & General Fund is an appropriate alternative to the Prudential Socially Responsible Fund for the following reasons:

- The Legal & General Fund invests in companies listed across the world. This compares to the Prudential Socially Responsible Fund, which is able to invest in UK-listed companies only. This provides diversification across regions, with the Legal & General Fund investing in companies listed in, for example, the US, Germany, Australia and Japan, in addition to the UK.

- The Prudential Socially Responsible Fund invests in a subset of companies within the FTSE All-Share Index. The ethical criteria used to establish which companies within the FTSE All-Share Index it can invest in results in a high degree of concentration in certain types of companies or industries. For example, as at 30 September 2011, 59% of companies in which the Fund could invest were either Financials (such as banks and insurance companies) or Consumer Services companies (such as retailers and travel & leisure companies). This degree of concentration can clearly have a potentially significant impact on the performance of the Fund.

In contrast the Legal & General Fund, which has a global benchmark and uses a different set of ethical criteria, does not have similar levels of concentration in certain types of companies or industries. For example, as at 30 September 2011, it had holdings in 715 companies and 33% of companies in which the Legal & General Fund was invested were either Financials or Consumer Services. In addition to offering diversification across regions, the Legal & General Fund therefore offers greater diversification across industries.

While the annual management charge (AMC) for the Legal & General Fund (0.85%) is slightly higher than that of the Prudential Socially Responsible Fund (0.65%), we believe the reasons outlined above compensate for the additional cost.

With effect from 9 December 2011, no future contributions will be accepted into the Prudential Socially Responsible Fund. This means that from 9 December 2011 the contributions that were going into the Prudential Socially Responsible Fund will instead be invested in the Legal & General Ethical Global Equity Index Fund. You do not need to take any action, this will happen automatically.
Please note that your current fund holding within the Prudential Socially Responsible Fund will remain invested within that fund.

You may also wish to consider switching your existing holding in the Prudential Socially Responsible Fund into the Legal & General Fund. Prudential will not charge you for doing so.

If you wish to find out more about the fund choices available to you visit the Prudential website at www.pru.co.uk/uss or follow the link from the USS website at www.uss.co.uk.