



As at 30 June 2006

PRU Monthly Income Plan - Class A & Class M

The Pru Monthly Income Plan Class A and Class M fell by 0.8% and 1.22% respectively in June. The decline came mainly from the Fund's holdings in Asian and US high yield bonds.

US high-yield bond prices trended lower on widening spreads for most of June on interest rate concerns, slower growth and weakness in domestic equities. The Fed's policy statement at month-end that further interest rate hikes may end soon resulted in rallies in both the bond and equity markets. Asian emerging market bond prices continued to reflect the lower risk appetite of overseas investors. The JP Morgan Asia Bond Total Return Composite Index lost 0.85% in Singapore dollar terms.

In Singapore dollar terms, regional equities ended mixed with Singapore, India, China, HK and Japan in positive territory. Rising inflationary pressures led to S. Korea, Thailand and India to lift their interest rates. Geo-political factors negatively impacted Thailand, Indonesia and Philippines.

Global risk appetite is stabilising albeit gradually. US high-yield spreads remain relatively tight but the fundamentals drivers of credit quality remain healthy and in modest supply. The macroeconomic backdrop for Asian emerging markets remains generally solid. The Fund retains weightings in its sub-portfolios.

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