

PRU Monthly Income Plan

Yield 15

Yield 20

ANNUAL REPORTS

For the year ended 31 December 2007

AUDITED FINANCIAL STATEMENTS

For the year ended 31 December 2007

PRUDENTIAL FUNDS

Manager

Prudential Asset Management
(Singapore) Limited
30 Cecil Street #20-01
Prudential Tower
Singapore 049712
(Company Registration No. 199407631H)

Auditors

KPMG
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581

Directors of the Manager

Choy Peng Wah (resigned on 30 Nov 2007)
Julian Christopher Vivian Pull
Suraj Mishra
Philip Seah Cheng Chua

Solicitors to the Manager

Allen & Gledhill LLP
One Marina Boulevard
#28-00
Singapore 018989

Trustee

HSBC Institutional Trust Services
(Singapore) Limited
21 Collyer Quay #14-01
HSBC Building
Singapore 049320
(Company Registration No. 194900022R)

Solicitors to the Trustee

Shook Lin & Bok LLP
1 Robinson Road #18-00
AIA Tower
Singapore 048542

TABLE OF CONTENTS

	Page
ANNUAL REPORT	
For the year ended 31 December 2007	
PRU Monthly Income Plan	
Manager's / Sub-Manager's Commentary	3 - 5
Financial Highlights	6 - 10
Financial Highlights of Underlying Funds	11 - 18
Yield 15/ Yield 20	
Manager's Commentary	19 -21
Financial Highlights	22 - 25
Audited Financial Statements	
For the year ended 31 December 2007	26 - 60

Prudential Funds - Monthly Income Plan

("PRU Monthly Income Plan")

Structure

PRU Monthly Income Plan (the "Fund") is established as two classes of units within the Fund. The Class A (annual payout) and Class M (monthly payout) have been established by the Manager for internal classification purposes to enable the different frequency and amount of payouts and do not constitute separate pools of assets. There are separate indicative net asset values in respect of both Classes of Units.

Investment Objective

PRU Monthly Income Plan seeks to provide investors with regular income and capital growth by investing: 30% to 70% of its assets into Luxembourg domiciled International Opportunities Funds-US High Yield Bond ("IOF US High Yield Bond"); and 30% to 70% of its assets into the Luxembourg domiciled International Opportunities Funds- Asian Bond ("IOF Asian Bond"). At the Manager's discretion, the Fund may invest up to 20% of its assets in any other Asia Pacific investments (including real estate investment trusts, dividend yielding equities and any other sub-fund's of the International Opportunities Funds, subject to the prior approval of the Authority where necessary).

Manager's / Sub-Manager's Commentary

Fund performance

The PRU Monthly Income Plan Class M and Class A rose 5.3% and 4.6% in Singapore dollars respectively over the review.

Market background

After a very strong start to the year, US sub-prime mortgage market concerns triggered the deepest and longest sell-off in the credit markets in five years. Due to the "flight to quality" that ensued, the high yield market ranked near the bottom compared with other fixed income asset classes. High yield spreads over treasuries dramatically widened due to heightened concerns about recession risk and higher defaults and from continued lack of liquidity, finishing the year at nearly 600 basis points. Although spreads widened significantly, default rates fell to two-decade lows during the year, as distress was centered mainly on financial and housing sectors which comprise only a small part of the high yield market. Not surprisingly, returns by credit quality mostly mirrored the overall flight to quality; however, single-B's actually slightly outperformed double-B's mostly due the homebuilding and financial sectors. For the year, the US high yield market fell 3.34%¹ in Singapore dollar terms (mainly driven by a 6.59%² appreciation in the Singapore dollar against the US dollar).

¹ *Bloomberg*

² *WM Reuters*

Prudential Funds - Monthly Income Plan ("PRU Monthly Income Plan")

Similarly, the Asian credit market had a firm start to 2007 but sold off sharply in late May/early June in line with global trend. The absence of adequate transparency of financial positions caused a seizure of bank lending, prompting the US Federal Reserve and other major central banks to inject substantial liquidity in the financial system and provide liberal credit extension. This has allowed the Asian credit market to regain some ground towards the later part of the year. For the year, the JP Morgan Asian Credit Index fell by a smaller magnitude of 0.88%¹ in Singapore dollar terms.

Despite negative headline news of high oil prices, problems in the US sub-prime mortgage market and recent weak US economic data, Asian equity markets have posted impressive gains in 2007, marking the fifth year of an extended bull run. 2007 saw record levels on many Asian equity market indices, with high growth Emerging Asia markets leading the gains by a wide margin. As a proxy of the Asian market, the MSCI AC Far East Free ex Japan Index Total Return Gross was up 28.46%¹ in Singapore dollar terms for review period.

Factors affecting performance

For the year, the gains in the Fund were driven mainly by its investments in Asian equities. Its Asian bond holdings contributed slightly positively to its absolute returns whilst its investment in US high yield bond was flat. Our decision to hedge the US dollar exposure of the fund aided performance as the US dollar depreciated by over 6% against the Singapore dollar over the year.

Key changes to the portfolio

The Fund has maintained its investment in the US high yield and Asian bonds at around 80% (equally between the two in the earlier part of the review period), in line with our views that the credit market was expensive and that credit spreads were at historical lows. We have, however, cut the investment in US high yield bonds to about 30% and investment in Asian bonds to around 50% in July amid a fallout in the US sub-prime mortgage market. During this period, the fund has opportunistically invested in selected Asian high yielding equities.

Prudential Funds - Monthly Income Plan ("PRU Monthly Income Plan")

Outlook

Looking ahead, Prudential remains upbeat about Asia's medium term outlook and expects domestic investment and consumption to drive economic growth and help offset any drop off in exports. Asian equity market valuations, however, are no longer cheap and high earnings expectations are being priced in currently. As such, we will continue to opportunistically invest in Asian high yielding equities where there are high-conviction bottom-up stock ideas.

Within bonds, we continue to favour Asian bonds over US high yield bonds. US high yield spreads remain vulnerable to slower growth and further deterioration in sentiment and fundamentals. They have remained relatively tighter. In this stage of the cycle, with tightening lending standards, higher funding costs, weaker economic backdrop, slower profits growth and potentially rising defaults, credit is subject to "event risk". That is, periods of sharply wider credit spreads with equity-like volatility where the "risk" is considerably greater than in the de-leveraging phase or the mid-cycle slowdown phase. Therefore, risk premium may still rise especially for the riskier segment of the market i.e. high yield bonds. In contrast, Asian bonds are trading at more attractive valuations; Asian credits spreads are now wider than similarly rated US credits.

PRU Monthly Income Plan

Fund Performance

As at 31 December 2007

Sub-Fund / Benchmark	3 month %	6 month %	1 year %	Since inception ⁺ %
			(average annual compounded return)	
PRU Monthly Income Plan – Class A	-0.2	0.6	4.6	5.9
PRU Monthly Income Plan – Class M	0.1	0.9	4.9	6.0
12 month SGD Fixed Deposit rate	N.A.	N.A.	0.83	N.A.

Source: Prudential Asset Management (Singapore) Limited, the 12 month SGD Fixed Deposit rate is taken from MAS. The return is in S\$, and calculated on a bid-to-bid basis with net income reinvested.

* The first date of valuation of PRU Monthly Income Plan Fund was 1 February 2005.

Past performance is not necessarily indicative of the future performance of the PRU Monthly Income Plan.

PRU Monthly Income Plan – Class M has distribution payout of 0.4 cents per Class M Unit (ie 0.4% computed based on the initial issue price of S\$1.00) on 10 Jan 07, 12 Mar 07, 10 Apr 07, 10 May 07, 11 Jun 07, 10 Jul 07, 10 Aug 07, 10 Sep 07, 10 Oct 07, 6 Nov 07, 10 Dec 07. Class M has distribution payout of 0.6 cents per Class M Unit (ie 0.6% computed based on the initial issue price of S\$1.00) on 12 Feb 07.

Class A has distribution payout of 5 cents per Class A Unit (i.e. 5% computed based on the initial issue price of S\$1.00) on 12 Feb 07.

PRU Monthly Income Plan

(As at 31 December 2007)

Exposure to Derivatives

	Fair Value at 31 Dec 07	Percentage of total net assets attributable to unitholders at 31 Dec 07	Unrealised Gains/ (Losses)	Realised Gains/ (Losses)
Type of Derivatives	\$	%	\$	\$
Forward Foreign Exchange Contracts	2,265,518	3.58	2,265,518	1,505,907

Investment in other unit trusts, mutual funds and collective investment schemes

The PRU Monthly Income Plan invests SGD30,747,871 and SGD18,293,978 equivalent to 48.56% and 28.9% of its net asset value attributable to unitholders, in International Opportunities Funds - Asian Bond and International Opportunities Funds - US High Yield Bond respectively.

Borrowings

Nil.

Related Party Transactions

The PRU Monthly Income Plan invests SGD30,747,871 and SGD18,293,978 equivalent to 48.56% and 28.9% of its net asset value attributable to unitholders, in International Opportunities Funds - Asian Bond and International Opportunities Funds - US High Yield Bond respectively. Some directors of the International Opportunities Funds, an open-ended investment company registered in Luxembourg, are also directors of Prudential Asset Management (Singapore) Limited.

Total Subscriptions and Redemptions for the year ended 31 December 2007

SGD

Subscriptions	25,467,187
Redemptions	22,312,653

Annualised Expense Ratio**

1.54% (2006 : 1.60%)

** The expense ratio does not include, (where applicable) brokerage and other transaction costs, performance fee, foreign exchange gains/losses, front or back end loads arising from the purchase or sale of other schemes and tax deducted at source or arising out of income received.

Turnover Ratio

61.71% (2006 : 97.84%)

Soft Dollar Commission

The soft dollar arrangements may include specific advice as to the advisability of dealing in, or as to the value of any investments, research and advisory services, economic and political analyses, portfolio analyses including valuation and performance measurements, market analyses data and quotation services, computer hardware and software or any other information facilities to the extent that they are used to support the investment decision making process, the giving of advice, the conduct of research or analysis, or analysis of trade execution, and custodial service in relation to the investments managed for clients.

Soft dollar arrangements have been undertaken by the Investment Manager in respect of the Fund. The soft dollar arrangements relate essentially to the use of analytical tool provided by broker for the purpose of assessing and monitoring the efficiency of trade execution. Prudential Asset Management (Singapore) Limited ("PAMS") confirms that trades were executed at the best available terms, taking into account the relevant market at the time for transactions of the kind and size concerned, and there was no churning of trades. The said broker has also executed trades for other schemes managed by the Investment Manager.

Any other material information that will adversely impact the valuation of the fund
Nil.

PRU Monthly Income Plan

Top 10 holdings

As at 31 December 2007

	Fair Value SGD	% of Net Assets***
International Opportunities Funds: Asian Bond Class D	30,747,870	48.56
International Opportunities Funds: High Yield Bond Class D	18,293,979	28.90
Singapore Treasury Bill Series 91 24/01/2008	7,010,718	11.07
Lippo Mapletree Indonesia Retail Trust/REIT	609,805	0.96
Jardine Cycle & Carriage Ltd	535,760	0.85
Singapore Press Holdings Ltd	497,280	0.79
Venture Corporation Ltd	368,300	0.58
DBS Group Holdings Ltd	330,880	0.52
Cambridge Industrial Trust	328,530	0.52
Advanced Info Service PCL	315,470	0.50

Top 10 holdings

As at 31 December 2006

	Fair Value SGD	% of Net Assets***
International Opportunities Funds: Asian Bond Class D	23,285,569	38.92
International Opportunities Funds: High Yield Bond Class D	23,223,360	38.81
Ascendas Real Estate Investment Trust	712,880	1.19
Allco Commercial Real Estate Investment Trust	571,650	0.96
Cambridge Industrial Trust	491,310	0.82
Suntec Real Estate Investment Trust	313,130	0.52
CapitalCommercial Trust	245,340	0.41
Jardine Cycle & Carriage Ltd	235,200	0.39
CDL Hospitality Trusts	225,760	0.38
Natsteel Ltd	221,970	0.37

*** Any differences in the percentage of the Net Asset figures are the result of roundings.

PRU Monthly Income Plan

Schedule of Investments

As at 31 December 2007

	Fair Value SGD	% of Net Assets ***
Country		
Indonesia	370,638	0.59
Luxembourg	49,041,849	77.46
Singapore	9,964,823	15.74
Thailand	315,470	0.50
Industry		
Automobile industry	535,760	0.85
Bank and financial institutions	330,880	0.52
Electronic	368,300	0.58
Energy	293,880	0.47
Government	7,010,718	11.07
Graphic art & publishing	497,280	0.79
Investment funds	50,263,734	79.39
Miscellaneous	76,758	0.12
Telecom service	315,470	0.50
	Fair Value SGD	% of Net Assets ***
Asset Class		
Equities	3,640,213	5.76
Investment in underlying funds	49,041,849	77.46
Bonds	7,010,718	11.07
Other net current assets/(liabilities)	3,616,504	5.71

*** Any differences in the percentage of the Net Asset figures are the result of roundings.

International Opportunities Funds- Asian Bond

Top 10 Holdings

As at 31 December 2007

	Market Value USD	% of Net Assets***
Time Deposit	38,025,315	4.95
Hutch Wham 7.45% 24/11/2033	25,549,485	3.32
Korea Tre 5.25% 10/09/2012	22,867,129	2.97
Sbb Cap 6.62% 29/11/2049	20,288,828	2.64
Sarawak Int 5.5% 8/3/2015	19,979,480	2.60
Wharf Finance 6.125 6/11/2017	17,452,885	2.27
Sun Hung Pro 5.375 8/3/2017	17,059,944	2.22
PSA International 5.9% 29/6/2016	16,632,480	2.16
Hong Kong 4.55 31/10/2012	15,846,347	2.06
Hutchison 6.5% 13/02/2013	15,484,398	2.01

Top 10 Holdings

As at 31 December 2006

	Market Value USD	% of Net Assets***
Republic Of Philippines 9.375% 18/01/2017	17,537,000	2.90
Republic Of Philippines 9.5% 02/02/2030	16,487,250	2.80
Hutchison Whampoa International 6.5% 13/2/2013	15,092,669	2.50
Sarawak International 5.5% 08/03/2015	14,777,934	2.50
National Power Corp Frn 23/08/2011	14,665,625	2.50
Republic of Philippines 10.625% 16/03/2025	12,269,250	2.10
Land Bank of Philippines 7.25% 19/10/2016	11,427,125	1.90
Dev Bank of Philippines 8.375% 15/09/2016	11,051,250	1.80
United Overseas Bank 5.375% 03/09/2019	9,925,241	1.70
Malaysia Govt Investment Issue 7.5% 15/07/2011	9,799,813	1.60

*** Any differences in the percentage of the Net Asset figures are the result of roundings.

International Opportunities Funds- Asian Bond

Credit Ratings (by S&P/Moody's)	Market Value USD	% of Net Assets***
AAA	2,490,210	0.32
AA	16,632,480	2.16
A+	3,795,876	0.49
A	39,868,124	5.19
A-	151,918,244	19.76
A2	22,867,129	2.97
A3	21,947,673	2.86
Aa2	7,771,824	1.01
BBB+	27,906,919	3.63
BBB	108,071,521	14.07
BBB-	36,998,696	4.81
BB+	21,740,052	2.84
BB	30,177,730	3.93
BB-	42,300,989	5.50
B+	36,525,037	4.74
B	22,334,222	2.91
B-	12,497,150	1.63
B1	6,901,092	0.90
Ba2	13,003,869	1.69
Ba3	4,612,500	0.60
Baa3	27,119,133	3.53
Not rated	100,631,394	13.10

*** Any differences in the percentage of the Net Asset figures are the result of roundings.

Annualised Expense Ratio**

0.06% (2006: 0.06%)

** The expense ratio does not include, (where applicable) brokerage and other transaction costs, performance fee, foreign exchange gains/losses, front or back end loads arising from the purchase or sale of other schemes and tax deducted at source or arising out of income received.

Turnover Ratio

76.64% (2006: 59.03%)

International Opportunities Funds- Asian Bond

Schedule of Investments

As at 31 December 2007

Country	Fair Value USD	% of Net Assets***
Belgium	4,662,500	0.61
Bermuda	30,233,902	3.93
Cayman Islands	115,737,569	15.04
Emu Countries	3,196,074	0.42
Hong Kong	49,072,309	6.38
India	9,597,406	1.25
Indonesia	43,903,717	5.71
Malaysia	96,755,102	12.60
Netherlands	24,845,781	3.24
Pakistan	4,643,021	0.60
Peru	5,031,771	0.65
Philippines	58,038,935	7.56
Singapore	45,064,438	5.86
South Korea	109,789,603	14.29
Thailand	35,086,461	4.57
United Kingdom	9,900,000	1.29
United States	20,516,075	2.67
Vietnam	2,785,525	0.36
Virgin Islands, British	51,226,360	6.66

*** Any differences in the percentage of the Net Asset figures are the result of roundings.

International Opportunities Funds- Asian Bond

Schedule of Investments

	Fair Value USD	% of Net Assets***
Industry		
Auto - Auto Parts	8,026,941	1.04
Banking	153,300,294	19.96
Chemicals	13,372,952	1.74
Commercial Paper	3,011,893	0.39
Commercial Services	3,045,321	0.4
Computers & Office Equipment	3,149,250	0.41
Corporate Bonds	96,109,161	12.52
Distribution & Wholesale	3,196,074	0.42
Diversified Operations	85,853,166	11.15
Electronics & Electrical	10,351,061	1.35
Finance - Financial Services	32,320,316	4.2
Floating Rate Notes	28,699,175	3.73
Government Bonds	76,109,142	9.9
Government Gilts	2,736,031	0.36
Oil & Gas	36,962,044	4.81
Others	4,547,642	0.59
Real Estate	43,499,380	5.67
Retail	14,034,947	1.82
Special Purpose Entity	48,780,996	6.34
Telecommunications	36,348,285	4.73
Transport	16,632,480	2.16
	Fair Value USD	% of Net Assets***
Asset Class		
Bonds	720,086,550	93.69
Time Deposit	38,025,315	4.95
Other net current assets/(liabilities)	10,571,785	1.36

*** Any differences in the percentage of the Net Asset figures are the result of roundings

International Opportunities Funds- US High Yield Bond

Top 10 Holdings

As at 31 December 2007

	Market Value USD	% of Net Assets***
Freeport 8.375% 4/1/2017	4,283,430	3.32
HCA Inc 9.25 15/11/2016	3,494,300	2.71
Windstream 8.625 8/1/2016	3,205,650	2.48
Harrahs Oper 5.375% 12/13	3,171,480	2.46
Dynegy Hlgds 7.75 1/6/2019	2,797,943	2.17
Mgm Mirage 6.75 01/04/2013	2,515,500	1.95
FSL 10.125% 15/12/2016	2,439,535	1.89
Resident 6.375% 30/06/2010	2,411,520	1.87
GMAC 6.875% 15/9/2011	2,303,154	1.79
Liberty Mut 7.8 15/3/2037	1,921,669	1.49

Top 10 Holdings

As at 31 December 2006

	Market Value USD	% of Net Assets***
GMAC 6.875% 15/09/2011	3,420,964	2.60
HCA Inc 6.5% 15/11/2016	2,158,875	1.70
Qwest Corp 6.875% 15/09/2033	1,915,000	1.50
AES Corporation 9% 15/05/2015 '144A'	1,908,125	1.50
Basell AF SCA 8.375% 15/08/2015 '144A'	1,783,500	1.40
Freescale Semiconductor 10.125% 15/12/2016	1,776,000	1.40
Windstream Corp 8.625% 08/01/2016	1,704,417	1.30
Qwest Corp 5.625% 15/11/2008	1,702,125	1.30
Domtar Inc 7.125% 15/08/2015	1,666,980	1.30
Dex Media West LLC 8.5% 15/08/2010'B'	1,666,155	1.30

*** Any differences in the percentage of the Net Asset figures are the result of roundings.

International Opportunities Funds- US High Yield Bond

Credit Rating (by S&P/ Moody's)	Market Value USD	% of Net Assets***
A+	360,060	0.28
A-	952,409	0.74
BBB	59,200	0.05
BBB-	7,865,434	6.08
BB+	19,004,784	14.73
BB	19,188,314	14.87
BB-	25,315,638	19.63
B+	15,383,046	11.92
B	15,445,030	11.98
B-	15,389,597	11.95
Baa1	1,120,000	0.87
B1	267,750	0.21
CCC+	1,080,970	0.84
Not rated	1,098,849	0.86

*** Any differences in the percentage of the Net Asset figures are the result of roundings

Annualised Expense Ratio**

0.07% (2006: 0.07%)

** The expense ratio does not include, (where applicable) brokerage and other transaction costs, performance fee, foreign exchange gains/losses, front or back end loads arising from the purchase or sale of other schemes and tax deducted at source or arising out of income received.

Turnover Ratio

51.27% (2006: 66.27%)

International Opportunities Funds- US High Yield Bond

Schedule of Investments

(As at 31 December 2007)

	Market Value USD	% of Net Assets***
Country		
Bermuda	1,005,000	0.78
Canada	4,339,610	3.35
Cayman Islands	1,396,475	1.08
Germany	577,500	0.45
Liberia	1,820,186	1.41
Luxembourg	1,405,050	1.09
United Kingdom	3,213,573	2.49
United States	108,773,686	84.36
	Market Value USD	% of Net Assets***
Industry		
Aerospace & Air Transport	1,193,377	0.93
Auto - Auto Parts	3,640,750	2.82
Banking	2,738,700	2.12
Building & Forest Products	6,557,165	5.09
Cable TV	1,127,503	0.87
Chemicals	1,720,228	1.33
Commercial Services	240,625	0.19
Computers & Office Equipment	1,195,213	0.93
Construction	991,909	0.77
Diversified Operations	1,797,750	1.40
Electronics & Electrical	3,148,382	2.44
Energy	2,154,519	1.67
Engineering & Machinery	432,500	0.34
Finance - Financial Services	9,000,418	6.97
Food, Beverages, Tobacco	2,101,641	1.62
Healthcare	4,571,473	3.54
Hotels	11,156,779	8.65
Insurance	532,883	0.41
Leisure Time	1,908,686	1.48

International Opportunities Funds- US High Yield Bond

	Market Value USD	% of Net Assets***
Industry		
Manufacturing	20,200	0.02
Media	3,330,476	2.59
Metals	5,212,355	4.04
Oil & Gas	9,610,040	7.45
Others	19,884,921	15.43
Pharmaceuticals	442,680	0.34
Pipelines	2,562,290	1.99
Publishing	3,797,087	2.95
Real Estate	835,200	0.65
Retail	865,912	0.67
Special Purpose Entity	2,941,813	2.28
Telecommunications	13,688,712	10.61
Utilities - Electric	2,708,358	2.09
Utilities - Other	420,538	0.33
	Market Value USD	% of Net Assets ***
Asset Class		
Bonds	122,531,081	95.01
Other net current assets/(liabilities)	6,482,856	4.99

*** Any differences in the percentage of the Net Asset figures are the result of roundings.

Yield 15 & Yield 20

Investment Objective

Yield 15 and Yield 20 seek to provide investors with:

- (i) 100% capital protection on the Maturity Date; and
- (ii) a payout of 3% and 4.5%** of the Initial Offer Price per Unit held by each Holder as at each Anniversary Date for Yield 15 and Yield 20 respectively.

(**due to favourable currency swap conditions, payout for Yield 20 has been increased from the stated Prospectus amount of 4% to 4.5%).

“Maturity Date” means 10 June 2010 (or if such date does not fall on a Business Day, the next Business Day).

“Anniversary Date” means 10 June 2007, 10 June 2008, 10 June 2009 and the Maturity Date (or if such date does not fall on a Business Day, the next Business Day).

Manager’s Commentary

Fund performance

The Fund is a structured credit with underlying high yield credits exposure. The performance of the Fund 2007 remained within expectations with no defaults. Spreads of the Fund had widened to 465bps in December 2007 versus inception of 363bps (April 2005).

In terms of NAV performances for Yield 15 and 20 are 0.953 and 0.972 as at end January 2007 respectively versus 0.968 and 0.989 as at end December 2007 respectively.

The most important for the Funds are the gain in subordination in 2007 as replacement trades were done to reinforce the ratings and possible preserving capital at maturity. In addition, the gain also upgraded the rating tranche to AA from AA- in the 3rd quarter of 2007.

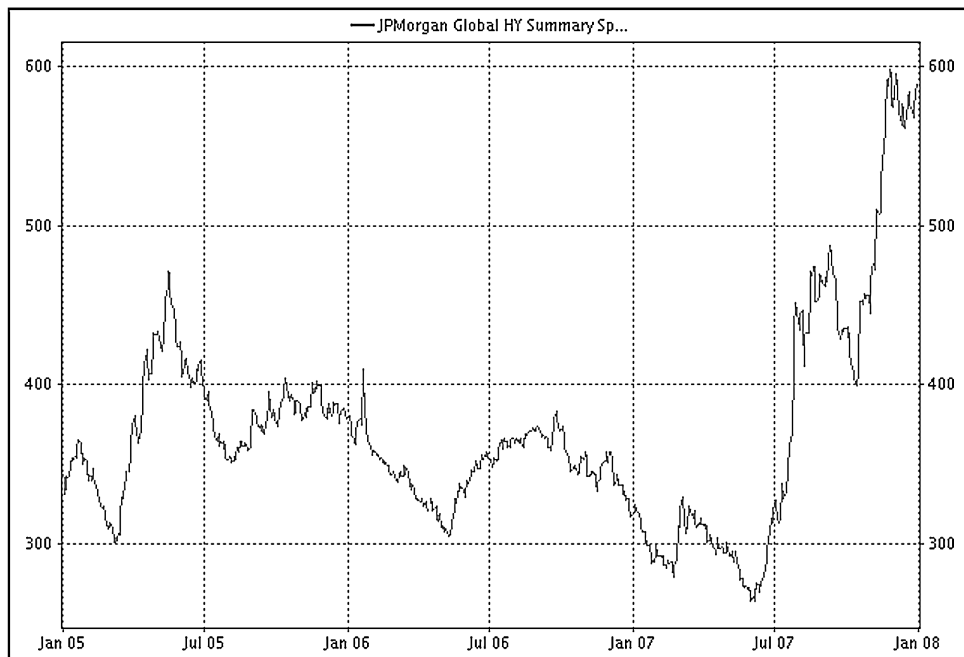
Market background

The high yield market performance had been volatile in 2007 (see below chart). The decline in performance (i.e. spread widening) and volatility has been due to the following events in 2007:

- US housing mortgage problems i.e. sub-prime affected the financial sector of the economy.
- Global financial sectors were badly affected by the sub-prime debacle.
- Illiquidity shocked the global financial system as financial institutions preserved their capital due to mounting losses from the US housing market debacle.
- Risk aversion had risen significantly for both investors and financial institutions which became an impediment for the market’s performances.

Yield 15 & Yield 20

The graph below show the JP Morgan Global High Yield.



Source: JP Morgan, as at January 2008

Factors affecting performance

Despite the turmoil and volatility, the Fund remained resilient in 2007 in terms of defaults. Even without default, the spreads had affected the NAV performances due to the above events that occurred in the second half of 2007.

The biggest exposure for the Fund is cable and satellite sector at 8.25% followed by the insurance sector at 7.22%.

In respect of interest rates i.e. SGD rates were at 3.34% end January 2007 versus 2.98% December 2007. US rates were at 5.30% in Jan 2007 versus 4.95% in Dec 2007¹.

¹ JP Morgan

Yield 15 & Yield 20

Key changes to the portfolio

The replacement trades mentioned earlier increased the subordination levels for Yield 15 from 18.84% to 19.14% and Yield 20 from 18.90% to 19.20%. Overall the rating for the tranche was raised to AA.

Outlook

Performance of the high yield market in 2008 will depend on several scenarios:

1. The extent of the slowing US economic growth.
2. The bottom of the US housing market.
3. Possible increment of losses by the financial institutions.
4. Overhang of LBO/M & A new issuances.
5. Extent of slowing corporate earnings' growth.
6. The continuing of risk aversion sentiments.

Overall we expect the outlook to create some opportunities as these above headwinds scenarios confront the market due to some positive factors that have emerged on the horizon i.e.:

- Global economy is not entering a recession.
- Financial institutions are addressing their balance sheet problems.
- New issuances are staggered over 2008.
- Further interest rate reductions by Central banks i.e. Fed.
- Possible M & A in the financial sector to boost recapitalization.
- Sovereign Wealth Funds (SWFs) are seen as saviors in this environment.

As the Funds have increased the subordination levels, the resilience to any potential volatility or defaults has increased. Apart from the NAV performance, calculation on S & P CDO evaluator on the AA tranche rating remains stable and healthy at current levels.

Yield 15

Fund Performance

As at 31 December 2007

Sub-Fund	3-month %	6-month %	1-year %	since inception+ %
			(average annual compounded return)	
Yield 15	0.0	1.3	1.7	-1.3
12 month SGD Fixed Deposit rate	N.A.	N.A.	0.83	N.A.

Source: Prudential Asset Management (Singapore) Limited, the 12 month SGD Fixed Deposit rate is taken from MAS. The return is in S\$, and calculated on a bid-to-bid basis with net income reinvested.

+ The first date of valuation of Yield 15 was 10 June 2005.

Yield 15 has distribution payout of 3% of the Initial Offer Price per Unit (i.e. 3 cents computed based on the initial issue price per unit of \$1.00) on 22 Jun 07.

Past performance is not necessarily indicative of the future performance of Yield 15.

Schedule of Investments

As at 31 December 2007

Number of Shares	Notes	Fair Value SGD	% of net assets***
	Singapore		
252,388,000	RASA LTD 3.75% 10/06/2010**	240,140,560	96.97
Total Investments		240,140,560	96.97
Other Net Assets		7,504,514	3.03
Total Net Assets			
Attributable to unitholders		247,645,074	100.00

** The credit rating of RASA Ltd 3.75% as at 31 December 2007 is AA (S&P).

*** Any differences in the percentage of the Net Asset figures are the result of roundings.

Yield 15

As at 31 December 2007

Exposure to Derivatives

Yield 15 invests SGD240,140,560 equivalent to 96.97% of its net asset value attributable to unitholders, in RASA Ltd 3.75% 10/06/2010.

Investment in other unit trusts, mutual funds and collective investment schemes

Nil.

Borrowings

Nil.

Related Party Transactions

Nil.

Total Subscriptions and Redemptions for the year ended 31 December 2007

	SGD
Redemptions	10,920,256

Annualised Expense Ratio**

1.08% (2006: 1.06%)

*** The expense ratio does not include, (where applicable) brokerage and other transaction costs, performance fee, foreign exchange gains/losses, front or back end loads arising from the purchase or sale of other schemes and tax deducted at source or arising out of income received.*

Turnover Ratio

Nil.

Soft Dollar Commission

Not applicable.

Any other material information that will adversely impact the valuation of the fund

Nil.

Yield 20

Fund Performance

As at 31 December 2007

Sub-Fund	3-month %	6-month %	1-year %	since inception+ %
			(average annual compounded return)	
Yield 20	0.4	2.2	1.4	-1.1
12 month USD Fixed Deposit rate	N.A.	N.A.	4.5	N.A.

Source: Prudential Asset Management (Singapore) Limited, the 12 month USD Fixed Deposit rate is taken from MAS. The return is in US\$, and calculated on a bid-to-bid basis with net income reinvested.

+ The first date of valuation of Yield 20 was 10 June 2005.

Past performance is not necessarily indicative of the future performance of Yield 20.

Yield 20 has distribution payout of 4.5% of the Initial Offer Price per Unit (i.e. 4.5 cents computed based on the initial issue price per unit of \$1.00) on 22 Jun 07.

Schedule of Investments

As at 31 December 2007

Number of Shares	Straight Bonds Singapore	Fair Value USD	% of net assets ***
16,105,790	RASA LTD 5.5% 10/06/2010**	16,105,790	96.79
Total Investments		16,105,790	96.79
Other Net Assets		534,116	3.21
Total Net Assets			
Attributable to unitholders		16,639,906	100.00

** The credit rating of RASA Ltd 5.5% as at 31 December 2007 is AA (S&P).

*** Any differences in the percentage of the Net Asset figures are the result of roundings.

Yield 20

As at 31 December 2007

Exposure to Derivatives

Yield 20 invests USD16,105,790 equivalent to 96.79% of its net asset value attributable to unitholders, in RASA Ltd 5.5% 10/06/2010.

Investment in other unit trusts, mutual funds and collective investment schemes

Nil.

Borrowings

Nil.

Related Party Transactions

Nil.

Total Subscriptions and Redemptions for the year ended 31 December 2007

	USD
Redemptions	3,307,230

Annualised Expense Ratio**

1.09% (2006: 1.07%)

*** The expense ratio does not include, (where applicable) brokerage and other transaction costs, performance fee, foreign exchange gains/losses, front or back end loads arising from the purchase or sale of other schemes and tax deducted at source or arising out of income received.*

Turnover Ratio

Nil.

Soft Dollar Commission

Not applicable.

Any other material information that will adversely impact the valuation of the fund

Nil.

FINANCIAL STATEMENTS

For the year ended 31 December 2007 (Audited)

	Page
Report of the Trustee	27
Statement by the Manager	28
Auditor's Report to the Unitholders of Prudential Funds	29 - 30
Statement of Total Return	31 - 32
Balance Sheet	33 - 34
Portfolio Statement	35 - 42
Notes to the Financial Statements	43 - 60

Report Of The Trustee

The Trustee is under a duty to take into custody and hold the assets of Prudential Funds (the “Fund”) in trust for the unitholders. In accordance with the Securities and Futures Act (Cap 289), its subsidiary legislation and the Code on Collective Investment Schemes (collectively referred to as the “laws and regulations”), the Trustee shall monitor the activities of the Manager for compliance with the limitations imposed on the investment and borrowing powers as set out in the Trust Deed in each annual accounting period and report thereon to unitholders in an annual report which shall contain the matters prescribed by the laws and regulations as well as the recommendations of the Statement of Recommended Accounting Practice 7 “Reporting Framework for Unit Trusts” issued by the Institute of Certified Public Accountants of Singapore and the provisions of the Trust Deed.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed the Fund during the year covered by these financial statements, set out on pages 31 to 60, comprising the Statement of Total Return, Balance Sheet, Portfolio Statement and Notes to the Financial Statements, in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed, laws and regulations and otherwise in accordance with the provisions of the Trust Deed.

For and on behalf of
HSBC Institutional Trust Services (Singapore) Limited

.....
Authorised Signatory

Singapore, 18 March 2008

Statement by The Manager

In the opinion of the directors of Prudential Asset Management (Singapore) Limited, the accompanying financial statements set out on pages 31 to 60, comprising the Statement of Total Return, Balance Sheet, Portfolio Statement and Notes to the Financial Statements, are drawn up so as to present fairly, in all material respects, the financial position of Prudential Funds as at 31 December 2007 and the total return for the year ended in accordance with the recommendations of Statement of Recommended Accounting Practice 7 “Reporting Framework for Unit Trusts” issued by the Institute of Certified Public Accountants of Singapore and the provisions of the Trust Deed. At the date of this statement, there are reasonable grounds to believe that Prudential Funds will be able to meet its financial obligations as and when they materialise.

For and on behalf of directors of
Prudential Asset Management (Singapore) Limited

.....
Suraj Mishra

Director

Singapore, 18 March 2008

Auditors' Report to The Unitholders of Prudential Funds

(Constituted under a Trust Deed in the Republic of Singapore)

We have audited the financial statements of Prudential Funds (the "Fund"), which comprise the Statement of Total Return for the year ended 31 December 2007, Balance Sheet, and Portfolio Statement as at 31 December 2007, and a summary of significant accounting policies and other explanatory notes, as set out on pages 31 to 60.

Manager's Responsibility for the Financial Statements

The Fund's Manager is responsible for the preparation and fair presentation of these financial statements in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Certified Public Accountants of Singapore. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Fund's Manager, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the total return for the year ended 31 December 2007 and the financial position of the Fund as at 31 December 2007 in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Certified Public Accountants of Singapore.

KPMG

Certified Public Accountants

Singapore, 18 March 2008

Prudential Funds

Statement of Total Return

Year ended 31 December 2007

	PRU Monthly Income Plan	
	Year ended	Year ended
	31/12/07	31/12/06
	S\$	S\$
Income		
Dividends	70,591	579,749
Interest	154,603	127,573
Others	12,186	460
	237,380	707,782
Less: Expenses		
Management fees	786,401	722,014
Registration Fees	16,110	7,500
Trustees' Fees	25,314	23,105
Custody Fees	4,689	2,139
Audit Fees	7,167	4,500
Other expenses	84,315	131,020
	923,996	890,278
Net income/(losses)	(686,616)	(182,496)
Net gains or losses on value of investment		
Net realised gains/(losses) on investments sold	3,402,779	1,590,758
Net change in fair value on investments	(1,497,925)	707,181
Net realised gains on financial derivatives	1,505,907	1,580,676
Net change in fair value on financial derivatives	2,265,518	1,552,834
Net foreign exchange losses	(14,390)	(238,333)
Net gains on value of investments	5,661,889	5,193,116
Total return for the year before income tax	4,975,273	5,010,620
Less: Income tax	3 6,752	26,067
Total return for the year after income tax before distribution	4,968,521	4,984,553
Less: Distribution	4,647,735	2,876,325
Total return for the year	320,786	2,108,228

The accompanying notes form an integral part of these financial statements.

Prudential Funds
Statement of Total Return

Year ended 31 December 2007

Note	Yield 15		Yield 20	
	Year ended 31/12/07	Year ended 31/12/06	Year ended 31/12/07	Year ended 31/12/06
	S\$	S\$	US\$	US\$
Income				
Dividends	-	-	-	-
Interest	53	4,203	1,476	1,346
Others	-	-	-	-
	53	4,203	1,476	1,346
Less: Expenses				
Management fees	2,503,666	2,499,322	197,800	196,333
Registration Fees	53,447	53,389	4,211	4,207
Trustees' Fees	110,323	106,777	8,804	8,413
Custody Fees	40,037	39,993	3,155	3,151
Audit Fees	3,400	5,000	2,015	3,263
Other expenses	34,088	37,348	2,956	3,173
	2,744,961	2,741,829	218,941	218,540
Net income/(losses)	(2,744,908)	(2,737,626)	(217,465)	(217,194)
Net gains or losses on value of investments				
Net realised gains/(losses) on investments sold	9,126,997	(236,680)	912,457	(51,437)
Net change in fair value on investments	2,699,560	17,862,694	178,187	2,067,673
Net realised gains on financial derivatives	-	-	-	-
Net change in fair value on financial derivatives	-	-	-	-
Net foreign exchange losses	-	-	-	-
Net gains on value of investments	11,826,557	17,626,014	1,090,644	2,016,236
Total return for the year before income tax	9,081,649	14,888,388	873,179	1,799,042
Less: Income tax	3	-	-	-
Total return for the year after income tax before distribution	9,081,649	14,888,388	873,179	1,799,042
Less: Distribution	7,724,582	7,921,817	831,055	916,181
Total return for the year	1,357,067	6,966,571	42,124	882,861

The accompanying notes form an integral part of these financial statements.

Prudential Funds**Balance Sheet**
Year ended 31 December 2007

	PRU Monthly Income Plan	
	2007	2006
Note	S\$	S\$
ASSETS		
Portfolio of investments	59,692,779	49,937,649
Prepaid expenses	4	-
Receivables	5	78,527
Cash and bank balances	2,767,032	8,334,240
Financial derivatives, at fair value	7	2,265,518
Total assets	64,803,856	61,123,753
LIABILITIES		
Payables	6	1,494,573
Net assets attributable to unitholders	8	63,309,283
Total liabilities	64,803,856	61,123,753

The accompanying notes form an integral part of these financial statements.

Prudential Funds

Balance Sheet

As at 31 December 2007

	Note	Yield 15		Yield 20	
		2007	2006	2007	2006
		S\$	S\$	US\$	US\$
ASSETS					
Portfolio of investments		240,140,560	247,721,257	16,105,790	19,145,985
Prepaid expenses	4	6,696,391	9,440,740	533,313	751,880
Receivables	5	749,679	423,619	110,143	226,380
Cash and bank balances		819,187	50,190	1,429	9,892
Total assets		<u>248,405,817</u>	<u>257,635,806</u>	<u>16,750,675</u>	<u>20,134,137</u>
LIABILITIES					
Payables	6	760,743	427,543	110,768	229,125
Net assets attributable to unitholders	8	<u>247,645,074</u>	<u>257,208,263</u>	<u>16,639,907</u>	<u>19,905,012</u>
Total liabilities		<u>248,405,817</u>	<u>257,635,806</u>	<u>16,750,675</u>	<u>20,134,137</u>

The accompanying notes form an integral part of these financial statements.

PRU Monthly Income Plan

	Holdings 31/12/2007 (units)	Fair value 31/12/2007 (S\$)	Percentage of total net assets attributable to unitholders 31/12/2007 (%)
By Geography* - Primary Quoted Investment Funds			
Luxembourg			
International Opportunities Funds: Asian Bond Class D	1,701,517	30,747,870	48.56
International Opportunities Funds: High Yield Bond Class D	1,140,332	18,293,979	28.90
		49,041,849	77.46
Singapore			
Cambridge Industrial Trust	466,000	328,530	0.52
Lippo Mapletree Indonesia Retail Trust/REIT	931,000	609,805	0.96
Macarthurcook Industrial/REIT	265,000	283,550	0.45
		1,221,885	1.93

* Geography classification is based on the country of incorporation of the entities/issuers of debt securities.

The accompanying notes form an integral part of these financial statements.

PRU Monthly Income Plan

	Holdings 31/12/2007 (units)	Fair value 31/12/2007 (S\$)	Percentage of total net assets attributable to unitholders 31/12/2007 (%)
Quoted Shares			
Indonesia			
Indo Tambangraya Megah	26,500	76,757	0.12
First Resources	237,000	293,880	0.46
		370,637	0.58
Thailand			
Advanced Info Service PCL	76,900	315,470	0.50
		315,470	0.50
Singapore			
DBS Group Holdings Ltd	16,000	330,880	0.52
Jardine Cycle & Carriage Ltd	24,735	535,760	0.85
Singapore Press Holdings Ltd	111,000	497,280	0.79
Venture Corp Ltd	29,000	368,300	0.58
		1,732,220	2.74
Quoted Debt Securities			
Singapore			
Singapore Treasury Bills	7,019,000	7,010,718	11.07
		7,010,718	11.07
Portfolio of investments		59,692,779	94.28
Other net current assets		3,616,504	5.72
Net assets attributable to unitholders		63,309,283	100.00

The accompanying notes form an integral part of these financial statements.

As 31 December 2007

PRU Monthly Income Plan

	Percentage of total net assets attributable to unit holders 31/12/2007 (%)	Percentage of total net assets attributable to unit holders 31/12/2006 (%)
By Geography* (Summary) – Primary		
Indonesia	0.58	-
Luxembourg	77.46	77.73
Singapore	15.74	5.73
Thailand	0.50	-
Portfolio of investments	94.28	83.46
Other net current assets/(liabilities)	5.72	16.54
Net assets attributable to unitholders	100.00	100.00

* Geography classification is based on the country of incorporation the entities/issuers of debt securities.

The accompanying notes form an integral part of these financial statements.

PRU Monthly Income Plan

	Fair value 31/12/2007 (S\$)	Percentage of total net assets attributable to unitholders 31/12/2007 (%)	Percentage of total net assets attributable to unitholders 31/12/2006 (%)
By Industry - Secondary			
Automobile industry	535,760	0.84	0.39
Bank and financial institutions	330,880	0.52	-
Electronic	368,300	0.58	-
Energy	293,880	0.47	-
Government	7,010,718	11.07	-
Graphic art & publishing	497,280	0.79	0.33
Investment funds	50,263,733	79.39	82.37
Mining and heavy industries	-	-	0.37
Telecom services	315,470	0.50	-
Miscellaneous	76,758	0.12	-
Portfolio of investments	59,692,779	94.28	83.46
Other net current assets	3,616,504	5.72	16.54
Net assets attributable to unitholders	63,309,283	100.00	100.00

The accompanying notes form an integral part of these financial statements.

Yield 15

	Holdings 31/12/2007 (units)	Fair Value 31/12/2007 (S\$)	Percentage of total net assets attributable to unitholders 31/12/2007 (%)	Percentage of total net assets attributable to unitholders 31/12/2006 (%)
By Geography* - Primary				
Unquoted Note				
Singapore				
R.A.S.A. (Repackaged Assets & Securities in Asia) Limited Notes Series 23	252,388,000	240,140,560	96.97	96.31
Other net current assets		7,504,514	3.03	3.69
Net assets attributable to unitholders		247,645,074	100.00	100.00

Notes issued by R.A.S.A. (Repackaged Assets & Securities in Asia) Limited ("RASA Limited") are part of a master note issuance program. The proceeds received by RASA Limited are used to purchase fixed income securities which include:

1. SGD 67,000,000 nominal amount bond issued by Depfa Bank plc.
2. SGD 67,000,000 nominal amount bond issued by Westpac Banking Corporation.
3. SGD 67,000,000 nominal amount bond issued by BNP Paribas SA.
4. SGD 66,250,000 nominal amount bond issued by Deutsche Bank AG, Sydney Branch.

These securities form the Collateral for RASA Limited's obligation under a portfolio credit default swap agreement entered into with Deutsche Bank AG by way of an asset swap hedging agreement. The portfolio credit default swap is linked to a reference portfolio of between 70 to 120 equally weighted credits. The entry into this swap agreement results in RASA Limited assuming certain credit risks associated with the credit portfolio for which it receives a fee from Deutsche Bank AG. Deutsche Bank AG quotes an unwinding price for the RASA Note.

* Geography classification is based on the country of incorporation the entities/issuers of debt securities.

The accompanying notes form an integral part of these financial statements.

Prudential Funds

Portfolio Statement

As at 31 December 2007

	Yield 15		
	Fair Value 31/12/2007 (S\$)	Percentage of total net assets attributable to unitholders 31/12/2007 (%)	Percentage of total net assets attributable to unitholders 31/12/2006 (%)
By Industry – Secondary			
Financial institutions	240,140,560	96.97	96.31
Other net current Assets	7,504,514	3.03	3.69
Net assets attributable to unitholders	247,645,074	100.00	100.00

The accompanying notes form an integral part of these financial statements.

As at 31 December 2007

	Yield 20			
	Holdings 31/12/2007 (units)	Fair Value 31/12/2007 (US\$)	Percentage of total net assets attributable to unitholders 31/12/2007 (%)	Percentage of total net assets attributable to unitholders 31/12/2006 (%)
By Geography* - Primary				
Unquoted Note				
Singapore				
R.A.S.A. (Repackaged Assets & Securities in Asia) Limited Notes Series 24	16,667,000	16,105,790	96.79	96.19
Other net current assets		534,117	3.21	3.81
Net assets attributable to unitholders		16,639,907	100.00	100.00

Notes issued by R.A.S.A. (Repackaged Assets & Securities in Asia) Limited ("RASA Limited") are part of a master note issuance program. The proceeds received by RASA Limited are used to purchase fixed income securities which include:

1. USD 5,260,000 nominal amount bond issued by Depfa Bank plc.
2. USD 5,260,000 nominal amount bond issued by Westpac Banking Corporation.
3. USD 5,270,000 nominal amount bond issued by BNP Paribas SA.
4. USD 5,270,000 nominal amount bond issued by Deutsche Bank AG, Sydney Branch.

These securities form the Collateral for RASA Limited's obligation under a portfolio credit default swap agreement entered into with Deutsche Bank AG by way of an asset swap hedging agreement. The portfolio credit default swap is linked to a reference portfolio of between 70 to 120 equally weighted credits. The entry into this swap agreement results in RASA Limited assuming certain credit risks associated with the credit portfolio for which it receives a fee from Deutsche Bank AG. Deutsche Bank AG quotes an unwinding price for the RASA Note.

* Geography classification is based on the country of incorporation the entities/issuers of debt securities.

The accompanying notes form an integral part of these financial statements.

	Yield 20		
	Fair Value 31/12/2007 (US\$)	Percentage of total net assets attributable to unitholders 31/12/2007 (%)	Percentage of total net assets attributable to unitholders 31/12/2006 (%)
By Industry – Secondary			
Financial institutions	16,105,790	96.79	96.19
Other Net Current Assets	534,117	3.21	3.81
Net assets attributable to unitholders	16,639,907	100.00	100.00

The accompanying notes form an integral part of these financial statements.

1. Principal activities

Prudential Funds (“the Fund”) is an umbrella unit trust constituted pursuant to a Trust Deed dated 10 January 2005 and Supplemental Deeds between Prudential Asset Management (Singapore) Limited (“the Manager”) and HSBC Institutional Trust Services (Singapore) Limited (“the Trustee”). The Deed of Trust and Supplemental Deeds are governed by the laws of the Republic of Singapore. During the financial year, the trustee was changed from RBC Dexia Trust Services Singapore Limited to HSBC Institutional Trust Services (Singapore) Limited.

As at 31 December 2007, the Fund had the following sub-funds:

<u>Sub-Fund</u>	<u>Commencement Date</u>	<u>Maturity Date</u>	<u>Underlying Investments</u>
PRU Monthly Income Plan	1 February 2005	-	International Opportunities Funds - US High Yield Bond - Asian Bond Securities
Yield 15	10 June 2005	10 June 2010	R.A.S.A. (Repackaged Assets & Securities in Asia) Limited Notes Series 23
Yield 20	10 June 2005	10 June 2010	R.A.S.A. (Repackaged Assets & Securities in Asia) Limited Notes Series 24

The sub-fund, PRU Monthly Income Plan, which was established with two classes of Units, namely “Class A” and “Class M”, invests all or substantially all its assets in the units of the sub-funds of the Luxembourg-domiciled International Opportunities Funds, other funds and direct securities. The two Classes of Units have been established by the Manager for internal classification purposes to enable the different frequency and amount of payouts and do not constitute separate pool of assets. Consequently, the financial statements of this sub-fund have been presented to show the combined financial results of Class A and Class M.

The sub-funds, Yield 15 and Yield 20 invests all or substantially all its assets in the R.A.S.A. Notes Series 23 and 24 respectively. These notes are arranged by Deutsche Bank AG and issued by R.A.S.A Limited as part of its master note issuance program.

2. Summary of Significant Accounting Policies

2.1 Basis of preparation

The financial statements are expressed in Singapore dollar except for the Yield 20 sub-fund where the financial statements are expressed in the United States dollars. These financial statements are prepared in accordance with the historical cost convention, as modified by the revaluation of investments, and in accordance with the Statement of Recommended Accounting Practice 7 “Reporting Framework for Unit Trusts” issued by the Institute of Certified Public Accountants of Singapore.

For the purposes of preparation of these financial statements, the basis used for calculating the ratio of expenses and portfolio turnover ratio are in accordance with the guidelines issued by the Investment Management Association of Singapore and the Code of Collective Investment Schemes under the Securities and Futures Act (Chapter 289).

2.2 Recognition of income

Dividend income is recognised when declared. Interest income is recognised on accrual basis.

2.3 Distribution policy

PRU Monthly Income Plan

The sub-fund consists of two classes of Units, Class A (annual payout) and Class M (monthly payout). As part of the investment objective of the sub-fund, the Manager intends to make regular annual and monthly distributions for Class A and Class M respectively.

Distributions are at the discretion of the Manager and there is no guarantee that any distribution will be made. The Manager may also vary the frequency and/or amount of the distributions made.

Distributions of the sub-fund may, in the event that income and net capital gains are insufficient, be made out of the capital of the sub-fund. In the event distributions are made out of the capital of the sub-fund, unitholders will be notified accordingly of the proportion of the distribution which is made out of the capital of the sub-fund.

Yield 15

The Manager intends to make a payout of 3% of the initial offer price per Unit of S\$1.00 held by each unitholder as at each Anniversary Date.

2. Summary of Significant Accounting Policies (continued)

“Anniversary Date” means 10 June 2007, 10 June 2008, 10 June 2009 (or if such dates do not fall on a business day, the next business day) and the maturity date (or such other dates as the Manager may determine from time to time).

There is no guarantee that any payout will be made. The Manager may also vary the frequency and/or amount of the payout.

Yield 20

The Manager intends to make a payout of 4.5% of the initial offer price per Unit of US\$1.00 held by each unitholder as at each Anniversary Date.

“Anniversary Date” means 10 June 2007, 10 June 2008, 10 June 2009 (or if such dates do not fall on a business day, the next business day) and the maturity date (or such other dates as the Manager may determine from time to time).

There is no guarantee that any payout will be made. The Manager may also vary the frequency and/or amount of the payout.

2.4 Investments

PRU Monthly Income Plan

Investments in underlying investment funds and quoted securities are stated at fair value based on the last bid price as at the balance sheet date.

Yield 15 and Yield 20

Investments in unquoted RASA Notes for the sub funds Yield 15 and Yield 20 are initially recognised at cost and are subsequently remeasured at the fair values estimated by the arranger of the notes. This fair value is determined based on valuation techniques.

As explained in Note 12, the fair values estimated are dependent on the collaterals, interest rates, the creditworthiness of the reference entities in relation to the portfolio credit default swap, the creditworthiness of RASA Limited and the creditworthiness of the swap counterparty. The fair values of the RASA Notes are therefore a function of the fair values of the collaterals and the fair values of the swaps.

The fair values of the collaterals are estimated using pricing models or discounted cash flow techniques. Where discounted cash flow techniques are used, estimated future cash flows are based on best estimates and the discount rate is a market related rate for a similar instrument at the balance sheet date. Where other pricing models are used, inputs are based on market related data at the balance sheet date.

2. Summary of Significant Accounting Policies (continued)

The swaps are not separate market instruments and therefore do not have a readily available market value. The fair values of the swaps are estimated based on a function of time and movement in credit spreads.

The unrealised difference between the fair value and original cost is taken directly to the Statement of Total Return. All realised gains and losses on disposal of investments are computed on the basis of the difference between weighted average cost and selling price and are taken directly to the Statement of Total Return.

2.5 Foreign currencies

Transactions in foreign currencies are translated at the exchange rate at the date of transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated at exchange rates at the reporting date. All exchange differences are recognised in the Statement of Total Return.

2.6 Units

All units issued by the sub-funds provide the investors with the right to require redemption for cash at the value proportionate to the investor's share in the sub-funds' net assets at the redemption date. Accordingly, units give rise to a financial liability for the present value of the redemption amount.

2.7 Financial derivatives

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in the Statement of Total Return when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognised in the Statement of Total Return.

2.8 Prepaid Expenses

In respect to the Yield 15 and Yield 20 sub-funds, prepaid management fees, custody fees, trustee fees, registration fees, valuation fees, audit fees and other expenses are stated at cost and amortised on a straight line basis over 5 years through the Statement of Total Return.

Prepaid expenses are excluded by the Manager in the computation of the Net Assets Value per unit ("NAV") for redemption purposes.

3. Taxation

The sub-funds are designated unit trusts under the Singapore Income Tax Act (Chapter 134). As a result, the following income will not be taxed at the sub-fund level on:

- gains or profits derived from Singapore or elsewhere from the disposal of securities;
- interest (other than interest for which Singapore tax has been withheld); and
- dividend derived from outside Singapore and received in Singapore.

	PRU Monthly Income Plan	
	2007	2006
	S\$	S\$
Singapore withholding tax suffered	-	26,067
Overseas tax suffered	6,752	-
	6,752	26,067

4. Prepaid Expenses

	Yield 15		Yield 20	
	2007	2006	2007	2006
	S\$	S\$	US\$	US\$
Prepaid trustee fees	175,685	247,685	19,521	27,521
Prepaid expenses deducted upfront				
- Management fees	6,113,807	8,617,473	485,727	683,527
- Custody fees	97,693	137,730	7,697	10,852
- Trustee fees	93,509	131,832	1,960	2,764
- Registration fees	130,415	183,862	10,276	14,487
- Valuation fees	65,207	91,931	5,137	7,243
- Audit fees	3,600	7,000	1,834	3,849
- Others	16,475	23,227	1,161	1,637
	6,520,706	9,193,055	513,792	724,359
Total	6,696,391	9,440,740	533,313	751,880

For the Yield 15 and Yield 20 sub-funds, the amounts of S\$6,520,706 (2006: S\$9,193,055) and US\$513,792 (2006: US\$724,359) respectively, represent prepaid management fees, custody fees, trustee fees, registration fees, valuation fees, audit fees and other expenses which have been deducted upfront after the initial period of the sub-funds in accordance with the prospectus of the sub-funds.

The above prepaid expenses have been excluded by the Manager in the computation of the Net Assets Value per unit ("NAV") for redemption purposes.

	Yield 15		Yield 20	
	2007	2006	2007	2006
	S\$	S\$	US\$	US\$
Net assets attributable to unitholders per unit for redemption purposes (excluding effect of prepaid expenses)	0.97	0.95	0.99	0.97
Add: prepaid expenses per unit	0.03	0.04	0.03	0.04
Net assets attributable to unitholders per unit (including effect of prepaid expenses)	1.00	0.99	1.02	1.01

5. Receivables

	PRU Monthly Income Plan		Yield 15		Yield 20	
	2007	2006	2007	2006	2007	2006
	S\$	S\$	S\$	S\$	US\$	US\$
Amount receivable for the creation of units	78,527	1,025,986	-	-	-	-
Sales awaiting settlement	-	-	749,679	423,619	110,143	226,380
Accrued interest receivables	-	6,044	-	-	-	-
	78,527	1,032,030	749,679	423,619	110,143	226,380

6. Payables

	PRU Monthly Income Plan		Yield 15		Yield 20	
	2007	2006	2007	2006	2007	2006
	S\$	S\$	S\$	S\$	US\$	US\$
Payable to unitholders for cancellation of units	1,285,218	895,591	760,743	427,543	110,768	229,125
Payable to unitholders for distribution payout	-	167,557	-	-	-	-
Accrued expenses	209,355	226,642	-	-	-	-
	1,494,573	1,289,790	760,743	427,543	110,768	229,125

7. Fair Value of financial derivative contracts

	PRU Monthly Income Plan			
	Contract or underlying principal amount		Positive fair value	
	2007	2006	2007	2006
	S\$	S\$	S\$	S\$
Forward foreign exchange contracts	55,426,210	47,755,357	2,265,518	1,819,834

Financial derivative contracts for PRU Monthly Income Fund comprise forward foreign exchange contracts, executed for the sale and purchase of foreign currencies. The year-end positive and negative fair values represent the unrealised gains and losses respectively on revaluation of financial derivative contracts at the balance sheet date.

8. Net Assets Attributable to Unitholders

	PRU Monthly Income Plan	
	31/12/2007	31/12/2006
	S\$	S\$
At the beginning of financial year	59,833,963	54,945,995
Operations		
Change in net assets attributable to unitholders resulting from operations	320,786	2,108,228
Unitholders' contributions/ (withdrawals)		
Creation of units	25,467,187	16,594,734
Cancellation of units	(22,312,653)	(13,814,994)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units	3,154,534	2,779,740
Total increase/(decrease) in net assets attributable to unitholders	3,475,320	4,887,968
At the end of financial year	63,309,283	59,833,963
Net Asset Attributable to Unitholders:		
- Class A	18,992,785	16,813,007
- Class M	44,316,498	43,020,956
Total net assets attributable to unitholders	63,309,283	59,833,963
Units in issue:		
Class A	17,589,996	15,611,304
Class M	43,010,446	41,839,226
Total units in issue	60,600,442	57,450,530
Net Asset Attributable to Unitholders Per Unit		
Class A	1.08	1.08
Class M	1.03	1.03

8. Net Assets Attributable to Unitholders (continued)

	Yield 15		Yield 20	
	31/12/2007	31/12/2006	31/12/2007	31/12/2006
	S\$	S\$	US\$	US\$
At the beginning of financial year	257,208,263	256,124,370	19,905,012	20,301,931
Operations				
Change in net assets attributable to unitholders resulting from operations	1,357,067	6,966,571	42,124	882,861
Unitholders' contributions/ (withdrawals)				
Creation of units	-	-	-	-
Cancellation of units	(10,920,256)	(5,882,678)	(3,307,229)	(1,279,780)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units	(10,920,256)	(5,882,678)	(3,307,229)	(1,279,780)
Total increase/(decrease) in net assets attributable to unitholders	(9,563,189)	1,083,893	(3,265,105)	(396,919)
At the end of financial year	247,645,074	257,208,263	16,639,907	19,905,012
Total units in issue	248,879,116	260,216,959	16,281,962	19,639,392
Net Asset Attributable to Unitholders Per Unit	1.00	0.99	1.02	1.01

9. Units in issue

	PRU Monthly Income Plan			
	31/12/2007 (Class M)	31/12/2006 (Class M)	31/12/2007 (Class A)	31/12/2006 (Class A)
Units at beginning of year	15,611,304	15,150,972	41,839,226	39,544,874
Units created	10,822,732	5,618,790	13,468,852	10,802,152
Units cancelled	(8,844,040)	(5,158,458)	(12,297,632)	(8,507,800)
Units at end of the year	17,589,996	15,611,304	43,010,446	41,839,226
	Yield 15		Yield 20	
	31/12/2007	31/12/2006	31/12/2007	31/12/2006
Units at beginning of year	260,216,959	266,479,444	19,639,392	20,966,573
Units created	-	-	-	-
Units cancelled	(11,337,843)	(6,262,485)	(3,357,430)	(1,327,181)
Units at end of the year	248,879,116	260,216,959	16,281,962	19,639,392

10. Related Party Transactions

In the normal course of the business of the Fund, trustee fees, valuation fees and management fees have been paid or are payable to the Trustee and the Manager respectively as noted in the Statement of Total Return. In addition, sub-funds place deposits in bank accounts with related corporations of the Trustee.

Transactions with related parties were at terms agreed between the parties and within the provisions of the Trust Deed.

11. Financial Instruments

In the ordinary course of business, the Fund is exposed to a variety of risks as stated in the Fund's prospectus. The Manager continually monitors the exposure of the Fund to risks and appropriate procedures are in place to manage such risks. The risks relevant to the Fund are detailed below.

Credit risk

Credit risk is the risk that counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the sub-funds. Exposure to credit risk is monitored by the Manager on an ongoing basis. Cash is placed with financial institutions of good credit ratings.

11. Financial Instruments (continued)

Investments in fixed income securities are subject to adverse changes in the financial condition of the issuer, or in general economic conditions, or both, or an unanticipated rise in interest rates, which may impair the ability of the issuer to make payments of interest and principal. Such issuer's ability to meet its debt obligations may also be adversely affected by specific projected business forecasts, or the unavailability of additional financing.

Transactions involving the sale and purchase of investments are allowed only with brokers that are of high credit quality. The sub-funds do not expect any counterparty to fail to meet their obligations. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet. Concentration of the sub-funds investments are disclosed in the Portfolio Statement.

Liquidity risk

The Manager monitors and maintains a level of cash deemed adequate by management to finance the sub-fund's operations and to mitigate the effects of fluctuations in cash flows.

Interest rate risk

Investments in fixed income portfolios will be subject to the usual risks of investing in bonds and other fixed income securities. Bonds and other fixed income securities are subject to interest rate fluctuations and credit risks.

Foreign Currency risk

The sub-funds PRU Monthly Income Plan and Yield 15 are Singapore-dollar denominated while Yield 20 is US-dollar denominated. These sub-funds will invest in underlying securities which are denominated in foreign currencies where the fluctuations in the relevant exchange rates may have an impact on the income and value of such sub-funds.

Generally, the Manager and the relevant sub-manager do not hedge the foreign currency exposure (if any) of the sub-funds although they have the discretion to do so.

Fair value**PRU Monthly Income Plan**

The fair values of investments in underlying investment funds and quoted securities are based on the last bid price as at the balance sheet date.

11. Financial Instruments (continued)Yield 15 and Yield 20

The fair values of the unquoted RASA Notes for the sub funds Yield 15 and Yield 20 are estimated by the arranger of the notes. These fair values are determined based on valuation techniques.

The fair values estimated are dependent on the collaterals, interest rates, the creditworthiness of the reference entities in relation to the portfolio credit default swap, the creditworthiness of RASA Limited and the creditworthiness of the swap counterparty. The fair values of the RASA Notes are therefore a function of the fair values of the collaterals and the fair values of the swaps.

The fair values of the collaterals are estimated by the arranger using pricing models or discounted cash flow techniques. Where discounted cash flow techniques are used, estimated future cash flows are based on best estimates and the discount rate is a market related rate for a similar instrument at the balance sheet date. Where other pricing models are used, inputs are based on market related data at the balance sheet date.

The swaps are not separate market instruments and therefore do not have a readily available market value. The fair values of the swaps are estimated based on a function of time and movement in credit spreads.

12. Additional Risks for Yield 15 and Yield 20

In the prospectus of the Fund, the following additional risks were explained in respect of the sub-funds Yield 15 and Yield 20.

Lack of diversification

Investments of the sub-funds will be invested in compliance with the exception to the 10% single party limit under the Appendix 1 of the Code on Collective Investment Schemes of Singapore (the "Code"). The sub-funds may also invest beyond the one-third limit and up to 100% of their respective net asset values in debt instruments which are structured products issued or guaranteed by a government, government agency or supranational that has a minimum long-term issuer rating of AA by Fitch Inc, AA by Moody's or AA by Standard and Poor's.

The sub-funds may therefore be subject to a higher level of risk than portfolios diversifying their holdings across different issuers in accordance with the abovementioned 10% single party limit.

12. Additional Risks for Yield 15 and Yield 20 (continued)*Capital protection and payouts not guaranteed*

The sub-funds are capital protected funds and not guaranteed sub-funds. The capital protection for units held until the relevant maturity date and payouts for units held until the respective anniversary dates is provided by payouts on the Deutsche Bank AG (“Deutsche Bank”) arranged notes (“RASA Note”) issued by R.A.S.A. (Repackaged Assets & Securities in Asia) Limited (“RASA Limited”) and not by any guarantees.

No guarantee is given (whether express or implied) that unitholders will receive the payouts on the relevant anniversary dates and the 100% capital protection on the relevant maturity date.

Default risk in relation to RASA Limited and issuers of the Collateral

The Manager’s ability to provide the capital protection and relevant payouts is dependent upon the receipt by RASA Limited of monies due to it under the investments made using the proceeds of the RASA Note (the “Collateral”) for RASA Limited’s obligations under the derivative transactions entered into with Deutsche Bank. To the extent that any or all of the issuers of the Collateral fails to make payments in respect of the Collateral held by RASA Limited, RASA Limited will have insufficient funds available to meet its obligations in respect of the RASA Note and the sub-funds could lose a substantial portion or all of their investment in the RASA Note.

Downgrade risk of issuers of the Collateral

Any credit ratings given to any of the issuers of the Collateral and the relevant financial institutions may be subject to suspension, downgrade or withdrawal at any time. In the event any of the ratings of the issuers of the Collateral and/or financial institutions with whom deposits are placed fall below the levels required, the Manager shall take all necessary actions within the prescribed periods to comply with the levels set out therein. In taking such action, capital losses and/or expenses may be incurred by the sub-funds resulting in the 100% capital protection not being achieved at the relevant maturity date of the sub-funds. Payouts, if any, may also be lower than expected as a result.

Liquidity of the Collateral

In the event the Collateral has to be liquidated prior to its maturity for any reason, the price obtainable for the Collateral will depend on the liquidity of the Collateral.

12. Additional Risks for Yield 15 and Yield 20 (continued)*Exposure to the Portfolio Credit Default Swap*

The amount of principal repayable by RASA Limited on the maturity of the RASA Note is also subject to occurrence of credit events (each a "Credit Event") as defined in the portfolio default swap agreement entered between RASA Limited and Deutsche Bank (the "Portfolio Credit Default Swap"). Upon the occurrence of a number of Credit Events resulting in cumulative losses that exceed the initial loss protection level, an amount will become payable by RASA Limited under the Portfolio Credit Default Swap. This amount and the costs (if any) associated with the partial termination of the asset swap hedging agreement entered into between RASA Limited and Deutsche Bank (the "Asset Swap Hedging Agreement") will be funded by liquidating the Collateral and the proceeds of such liquidation will be paid to Deutsche Bank in priority to payments due to the sub-funds under the RASA Note, and therefore RASA Limited would not have sufficient funds to redeem the RASA Note at its principal amount at maturity. Payments upon redemption (whether at maturity or earlier) will therefore depend upon, among other things, the credit performance of the reference portfolio of between 70 to 120 equally weighted credits linked to the Portfolio Credit Default Swap (each a "Reference Entity") and their successors.

Unitholders should also note that in the event of certain corporate reorganisations, other entities may succeed the initial Reference Entities and the identities of such Reference Entities and any information on such Reference Entities will not be available at the relevant issue date. Accordingly, the sub-funds could be exposed to the additional risks that such Reference Entities may suffer Credit Events during the life of the RASA Note which may or may not have an adverse impact on the return of its investment in the RASA Note.

The creditworthiness and/or performance of the Reference Entities and their successors may be dependent upon economic, political, financial and social events both locally and globally. There can be no assurance that such factors will not adversely affect the Reference Entities' or their successors' creditworthiness, credit ratings and/or performance and, in turn, the performance of the RASA Note. Further, when and whether to declare Credit Events of the Reference Entities is in the sole discretion of the calculation agent pursuant to the provisions of the Portfolio Credit Default Swap.

Unitholders should note that the occurrence of Credit Events, with cumulative losses not exceeding the loss protection level, whilst not leading to amounts being payable by RASA Limited under the Portfolio Credit Default Swap, may nevertheless affect the value of the RASA Note as potential buyers would be subject to fewer additional Credit Events having to occur prior to amounts becoming payable under the terms of the Portfolio Credit Default Swap. This could lead the sub-funds to suffer a loss of principal if the RASA Note is redeemed early for other reasons.

12. Additional Risks for Yield 15 and Yield 20 (continued)*Default risk of the swap counterparty*

Default by Deutsche Bank as the swap counterparty under the Portfolio Credit Default Swap and/or the Asset Swap Hedging Agreement will result in the early redemption of the RASA Note. If there is an early redemption of the RASA Note, RASA Limited or Deutsche Bank may be liable to make a termination payment (determined in accordance with the Portfolio Credit Default Swap and/or the Asset Swap Hedging Agreement) to the other. If there is an early termination of the Portfolio Credit Default Swap and/or the Asset Swap Hedging Agreement, and consequently an early redemption of the RASA Note occurs, there is no assurance that the proceeds from the liquidation of the Collateral plus (if the termination payment is due to RASA Limited) or minus (if the termination payment is due to Deutsche Bank) such termination payment will be sufficient to repay the principal amount due to be paid in respect of the RASA Note and any other amounts in respect thereof that may be due.

No recourse to Reference Entities

The RASA Note does not represent a claim against any Reference Entity and in the event of any loss on the RASA Note, the sub-funds will not have recourse under the RASA Note to any Reference Entity. The sub-funds will be exposed to the credit risk of the Reference Entities (as highlighted above).

Limited recourse to RASA Limited

Unitholders should also note that RASA Limited is incorporated with limited liability in Singapore. It is a special purpose company that will issue the RASA Note on a limited recourse basis backed by cash flows from certain assets held by it (comprising the Collateral and its rights under the Portfolio Credit Default Swap and the Asset Swap Hedging Agreement entered into in connection with the issue of the RASA Note). Due to the "limited recourse" nature of the RASA Note, claims in respect of the notes are limited to the proceeds of enforcement of the assets secured under the RASA Note and the other assets of RASA Limited will not be available to meet any shortfall.

In addition, should any unforeseen expenses or liabilities (which have not been provided for) arise, RASA Limited may be unable to meet them and may default on its obligations under the RASA Note. In such an event, there is no guarantee that the sub-funds will recover any amounts payable under the RASA Note and, accordingly, the sub-funds could lose a substantial portion or all of their investment in the RASA Note.

12. Additional Risks for Yield 15 and Yield 20 (continued)*Credit Rating*

While credit ratings can be a useful tool for financial analysis, however they are not a guarantee of quality or a guarantee of future performance in relation to the relevant obligations. Ratings assigned to securities by rating agencies may not fully reflect the true risks of an investment. Any rating may be subject to suspension, downgrade or withdrawal at any time.

A rating is not a guarantee of payment and the RASA Note could be subject to a ratings downgrade in future if Credit Events begin to occur to Reference Entities or if Reference Entities themselves become subject to ratings downgrades. A suspension, downgrade or withdrawal of the rating assigned to any issuer of the Collateral, relevant financial institution with whom deposits are placed may also result in a reduction of the rating assigned to the RASA Note. A suspension, downgrade or withdrawal of the rating assigned to the RASA Note may adversely affect the value of the RASA Note.

Risk of fluctuations in the value of the RASA Note

There can be no assurance that any appreciation in value will occur or that capital value will be preserved. The price of the RASA Note may therefore fall in value as rapidly as it may rise due to, including but not limited to, variations in the frequency and magnitude of the changes in the price of the Collateral, interest rates, the creditworthiness of the Reference Entities in relation to the Portfolio Credit Default Swap, the creditworthiness of RASA Limited and the creditworthiness of Deutsche Bank, as the swap counterparty. This may impact the respective net asset values of the sub-funds.

Interest rate risk

Investments of the sub-funds will be indirectly subject to the usual risks of investing in bonds and other fixed income securities as RASA Limited will invest the proceeds received from the issue of the RASA Note to purchase high grade fixed income securities issued by at least three different issuers. Unitholders should note that bonds and other fixed income securities are subject to interest rate fluctuations. Investments in fixed income securities may be subject to an unanticipated rise in interest rates, which may impair the ability of the issuer to make payments of interest and principal.

12. Additional Risks for Yield 15 and Yield 20 (continued)*Risk of final maturity extension*

Unitholders will be required to hold their investment in the sub-funds for the entire investment tenure from the relevant start dates of the sub-funds in order that they may enjoy the 100% capital protection and the full benefit of the relevant payouts. Unitholders seeking to realise their units prior to the relevant maturity date may run the risk of losing part of their investment in the sub-funds and consequently, an investment in the sub-funds should be regarded as a long term investment. As the relevant maturity date will be tied to the maturity date of the RASA Note, unitholders should note that the investment tenure of the sub-funds may be extended in the event the maturity date of the RASA Note is extended. If Deutsche Bank, in its capacity as the calculation agent, determines in its sole discretion that there has been an occurrence of certain specified events, the maturity date of the RASA Note may be extended beyond its scheduled maturity date.

Early redemption risk

Although the investment tenure of the sub-funds is 5 years from the relevant start dates, unitholders should note the risk of early redemption of the RASA Note upon certain specified events occurring. The sub-funds may be terminated prior to the relevant maturity dates in such event (an "Early Redemption Event"). Payments of the minimum specified interest and principal redemption in respect of the RASA Note to the Sub-funds is, inter alia, conditional on the RASA Note maturing as scheduled.

Any early redemption of the RASA Note upon an Early Redemption Event may result in early termination unwind costs being incurred. The Manager may also, where the Manager considers it to be in the interest of holders, procure that Deutsche Bank unwind the RASA Note. This may result in the sub-funds not being able to fulfil their investment objectives.

Managed portfolio

The Manager may also, where the Manager considers it to be in the interest of holders, substitute existing Reference Entities with new Reference Entities (each such substitution, a "Replacement"). Replacements may give rise to trading losses or trading gains, as determined by the calculation agent. Trading losses will decrease the loss protection level and Replacements may affect the likelihood of the reference portfolio being subject to Credit Events.

13. Financial Ratios

	2007 %	2006 %
PRU Monthly Income Plan		
Expense ratio (Note 1)	1.54	1.60
Turnover ratio (Note 2)	61.71	97.84
<hr/>		
Yield 15		
Expense ratio (Note 1)	1.08	1.06
Turnover ratio (Note 2)	-	-
<hr/>		
Yield 20		
Expense ratio (Note 1)	1.09	1.07
Turnover ratio (Note 2)	-	-
<hr/>		

Note 1

The expenses used in calculating the "Ratio of expenses to average net assets" at the sub-fund level include expenses such as management fees (net of rebate), registration fees, trustees' fees, custody fees, audit fees and other expenses incurred by the sub-fund. For feeder funds, the ratio of expenses is determined after taking into account the expenses of the underlying sub-fund.

Note 2

The turnover ratio means the number of times per year that a dollar of assets is reinvested. It is calculated based on the lesser of purchases or sales for the year preceding the reporting date expressed as a percentage of daily average net asset value.

Important Information

A prospectus in relation to the Fund is available and a copy of the prospectus may be obtained from the Manager and its distribution partners. All application for units in the Fund must be made on the application form accompanying the prospectus. Investors should read the prospectus before deciding whether to subscribe for or purchase units in the Fund. The value of units in the Fund and the income accruing to the units, if any, may fall or rise. Past performance of the Fund is not necessarily indicative of the future performance of the Fund. The prediction, projection or forecast on the economy, securities markets or the economic trends of the markets targeted by the Fund are not necessarily indicative of the future or likely performance of the Fund. An investment in the Fund is subject to investment risks, including the possible loss of the principal amount invested. Investments in unit trusts are not deposits or other obligations of, or guaranteed or insured by Prudential Asset Management (Singapore) Limited or any of its related corporations. Investors may wish to seek advice from a financial adviser before making a commitment to invest in units of the Fund. In the event an investor chooses not to seek advice from a financial adviser, the investor should consider whether the Fund is suitable for him.

Prudential Asset Management (Singapore) Limited is an indirect subsidiary of Prudential plc of the United Kingdom. Prudential Asset Management (Singapore) Limited and Prudential plc are not affiliated in any manner with Prudential Financial, Inc., a company whose principal place of business is in the United States of America.

1. The name of the sub-fund, "PRU Monthly Income Plan" should not be taken as implying that monthly or regular distributions in respect of units will be made. Distribution payout shall, at the sole discretion of PAMS, be made out of either (a) income; or (b) net capital gains; or (c) capital of the Sub-Fund or a combination of (a) and/or (b) and/or (c). There is no guarantee that any distribution will be made or that the frequency and amount of distributions as set out in the prospectus will be met. When distributions are declared and paid out (including out of capital) with respect to the PRU Monthly Income Plan, the net assets attributable to the relevant Class of Units will stand reduced by an amount equivalent to the product of the number of Units outstanding and distribution amount declared per unit. Payout is computed based on S\$1.00 initial issue price.
2. The Yield 15 and Yield 20 is no longer available for subscription. Investors will have to hold their investments in the Yield 15 and Yield 20 for the entire investment tenure of 5 years before they may benefit from the 100% capital protection. If investors realise their units before the Funds mature, the realisation price will be based on the prevailing net asset value, which can vary according to market fluctuations, and may be less than the capital protected value per unit at maturity. The 100% capital protection and the payouts are provided for by debt securities and derivative transactions employed as part of the investment approach of the Yield 15 and Yield 20 and not backed by a guarantee. Investors may lose part or all of their investment in the Yield 15 and Yield 20 in the event there is a downgrade of the debt securities, default by the issuers of the debt securities, a default of the swap counterparty to the derivative transactions, an early redemption of the Note, or credit events/trading actions resulting in cumulative losses that exceed the initial loss protection level (as defined in the portfolio credit default swap agreement). As such, no guarantee is given that investors will receive the capital protected value at maturity or the payouts at each Anniversary Date and the value of units and the income accruing to the units in the Yield 15 and Yield 20, if any, may fall or rise.