

PRU MONTHLY INCOME PLAN

YIELD 15

YIELD 20

SEMI-ANNUAL REPORTS

For the half year ended 30 June 2008

UNAUDITED FINANCIAL STATEMENTS

For the half year ended 30 June 2008

PRUDENTIAL FUNDS

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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 Commentary

Fund performance

The Pru Monthly Income Plan Class M and Class A fell 4.98% and 4.99% in Singapore dollars respectively over the review. Both share classes' returns were behind the target return of 5% p.a. amid a difficult period for both bond and equity markets. In February 2005, Class A and Class M unit prices rose by 12.33% and 12.61% respectively.

Market background

Resuming its downward trend since the second half of last year, global credit markets started 2008 on a weak note, with further spread widening. Deteriorating global growth outlook and persistent concerns over financial sector instability led to a widening in credit spreads. In March, financial markets witnessed the first casualty of the credit crunch when Bear Stearns failed to secure funding to continue its operations. The subsequent announcement of JP Morgan Chase's acquisition of Bear Stearns, supported by the US Federal Reserve, restored some confidence back into the capital markets. The 'relief rally' in April/May, however, came to a halt as escalating oil prices and fears of more bank write downs led to a rise in investor risk aversion. For first six months of 2008, the US high yield market (using Merrill Lynch US High Yield 70% BB-Rated and 30% B-Rated Index as a proxy) fell 6.4% in Singapore dollar terms (mainly driven by a 5.95% appreciation in the Singapore dollar against the US dollar)¹. After tightening slightly over the April/May high yield credit spreads over treasuries closed the first half slightly higher, although they were off the highs recorded in March. Not surprisingly, returns by credit quality mostly mirrored the overall flight to quality with BB rated bonds outperforming the single-B's.

Prudential Funds – Monthly Income Plan

Plagued by similar concerns, the JP Morgan Asian Composite Index (JACI) had a volatile first half. Price swung widely over this period, with credit spreads widening to a high of 349bps in March and subsequently falling to a low of 276bps in May before closing the first half at 328bps¹. For the review period, credit spreads widened by 92 bps¹; investment grade credit outperformed with spreads widening by 77bps whilst non-investment grade widened by a larger 116bps¹. The JP Morgan Asian Credit Index fell by 6.60%¹ in Singapore dollar terms over the corresponding period.

Oil dependent Asian ex-Japan stock markets declined in the first half of the year, as fears of inflation and slower growth triggered by higher oil prices weighed heavily on investor sentiment. The MSCI Far East Free ex Japan Index was down by 18.2% in USD terms (22.8% in Singapore dollar terms), underperforming the MSCI World Index by about 8%¹, reversing the outperforming trend seen in the previous years. Philippines and China were worst hit, declining by 37.5% and 26.3%¹ (in US dollar terms) respectively for the review period. Taiwan, Singapore and Thailand fared the best, posting single digit loss in the first half of the year.

Factors affecting performance

For the review period, the decline in the value of the Fund was due mainly to the lackluster performance of its bond and equity holdings amid a difficult period for financial assets. Our decision to hedge the US dollar exposure of the fund aided performance as the Singapore dollar appreciated by about 6% against the US period over the review period.

Key changes to the portfolio

The Fund has maintained its investment in US high yield and Asian bonds respectively at around 30% and 50% of the Fund from January through mid May. It increased its holdings in US high yield bonds to around 40% in mid May as we felt that the wide credit spreads has, to some extent, priced in a deteriorating macro backdrop, falling corporate earnings and ensuing rise in expected corporate default rates. During the review period, the fund has opportunistically invested in selected Asian high yielding equities.

Outlook

We continue to favour Asian bonds over US high yield bonds. We continue to hold cash within the portfolio given the negative outlook for US dollar credit. In terms of currency exposure, we will continue to fully hedge the USD exposure back into Singapore dollar given our expectation that the MAS is likely to maintain a modest and gradual appreciation of the Singapore dollar nominal effective exchange rate (S\$NEER) policy band. While Prudential believes that the medium-term economic outlook for Asia remains strong, the market may face short term headwinds of slower growth and rising inflation in the near term. Nevertheless, we will continue to opportunistically invest in Asian high yielding equities where there are high-conviction bottom-up stock ideas.

¹ Bloomberg

Prudential Funds – Monthly Income Plan

For the Asian bond sub-fund, our strategy is to remain close to benchmark weight on credit spread duration. We will remain moderately overweight in financials recognising the value in the credit spreads, but noting that the sector is still in the midst of its woes. We continue to note the good value offered by credits and will be selectively moving to increase our credit exposures where the return to risk situation provides optimal opportunities.

For the US high yield bond sub-fund, we plan to maintain the portfolio's average credit quality in line with its benchmark. We look to overweight Homebuilders, Auto Loans, Gaming and Investment Grade Financials as we believe that all of these sectors have been discounted well in excess of their long term fundamentals. We will maintain our underweight in energy and utilities. The energy sector is vulnerable to the risk of commodity price readjustments to the downside. We do not think that the current low level of yields reflects this risk and leaves little room for price appreciation even if commodity prices remain elevated. The utilities sector's low yield combined with increasing event risk appears weighted toward the downside. We also look to maintain our underweight to Basic Industries, Capital Goods and many consumer industries which may struggle if the economy continues to weaken.

PRU Monthly Income Plan

Fund Performance

As at 30 June 2008

Sub-Fund / Benchmark	3 month %	6 month %	1 year %	3 year %	Since inception* %
			(average annual compounded return)		
PRU Monthly Income Plan – Class A	-1.7	-0.5	-4.5	3.4	3.5
PRU Monthly Income Plan – Class M	-1.7	-4.9	-4.1	3.5	3.6
12 month SGD Fixed Deposit rate	N.A.	N.A.	0.7	N.A.	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 08, 10 Mar 08, 10 Apr 08, 12 May 08 and 10 Jun 08. 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 13 Feb 08.

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 13 Feb 08.

PRU Monthly Income Plan

As at 30 June 2008

Exposure to Derivatives

	Fair Value at 30 Jun 08	Percentage of total net assets attributable to unitholders at 30 Jun 08	Unrealised Gains/ (Losses)	Realised Gains/ (Losses)
Type of Derivatives	\$	%	\$	\$
Forward Foreign Exchange Contracts	2,203,062	1.38	2,203,062	–

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

The PRU Monthly Income Plan invests SGD70,955,998 and SGD57,251,468 equivalent to 44.60% and 35.98% 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 SGD70,955,998 and SGD57,251,468 equivalent to 44.60% and 35.98% 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 30 June 2008

	SGD
Subscriptions	111,652,103
Redemptions	7,378,637

Annualised Expense Ratio**

1.23% (2007: 1.56%)

*** 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

18.02% (2007: 23.71%)

PRU Monthly Income Plan

As at 30 June 2008

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 30 June 2008

	Fair Value SGD	% of Net Assets Attributable to unitholders***
International Opportunities Funds: Asian Bond Class D	70,955,998	44.60
International Opportunities Funds: High Yield Bond Class D	57,251,468	35.98
Tenaga Nasional	635,744	0.40
Singapore Press Holdings Ltd	539,750	0.34
DBS Group Holdings Ltd	490,360	0.31
Cambridge Industrial Trust	487,320	0.31
Macarthurcook Industrial/REIT	478,800	0.30
Resorts World	475,251	0.30
Suntec REIT	458,320	0.29
First Resources	456,000	0.29

Top 10 holdings

As at 30 June 2007)

	Fair Value SGD	% of Total Net Assets***
International Opportunities Funds: Asian Bond Class D	23,855,555	37.94
International Opportunities Funds: High Yield Bond Class D	23,593,889	37.52
Hong Fok Corporation Ltd	1,725,840	2.74
Jardine Cycle & Carriage Ltd	1,617,000	2.57
China XLX Fertiliser Ltd	862,500	1.37
China Sunshine	85,020	0.14

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

PRU Monthly Income Plan

Schedule of Investments

As at 30 June 2008

	Fair value SGD	% of Total Net Assets ***
Country		
Indonesia	456,000	0.29
Luxembourg	128,207,466	80.58
Malaysia	3,567,708	2.24
Singapore	4,479,436	2.81
Thailand	1,847,274	1.16
Industry		
Agriculture	320,943	0.20
Automobile industry	419,506	0.26
Bank and financial institution	834,174	0.53
Consumer	342,126	0.22
Diversified resources	408,173	0.26
Electronic	1,069,086	0.67
Energy	456,000	0.29
Entertainment	1,780,171	1.12
Finance	620,301	0.38
Investment funds	130,452,586	81.99
Oil and Gas	270,633	0.17
Public Utility	635,744	0.40
Real estate	259,680	0.16
Telecom service	345,061	0.22
Miscellaneous	343,700	0.21
Asset Class		
Equities	10,350,418	6.50
Investment in underlying funds	128,207,466	80.58
Other net current assets/(liabilities)	20,551,236	12.92

*** 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 30 June 2008

	Market Value USD	% of Net Assets***
HK Government 3.73% 05/06/2013	26,203,004	3.30
PSA International 5.9% 29/6/2016	16,666,186	2.10
Hutchison 6.5% 13/02/2013	16,605,195	2.09
Sun Hung Property 5.375 8/3/2017	16,116,966	2.03
TM Global 5.25% 22/09/2014	16,100,625	2.03
Petronas Cap 7% 22/5/2012	15,467,785	1.95
Mgti Finance 8.375% 15/9/2010	15,060,026	1.90
Phil Tel 8.35% 06/03/2017	13,570,500	1.71
Sbb Cap 6.62% 29/11/2049	13,011,432	1.64
Pt Danamon 7.65% 30/3/2014	13,008,970	1.64

Top 10 Holdings

As at 30 June 2007)

	Market Value USD	% of Net Assets***
Hutchison Whampoa Intl 03/33 7.45% 24/11/2033	20,203,156	2.80
Citic Resources Finance 6.75% 15/5/2014	14,956,957	2.10
Hutchison Whampoa Intl 03/13 6.5% 13/2/2013	14,800,405	2.00
Agile Property Holdings Ltd 9% 22/09/2013	14,516,320	2.00
Sarawak International 5.5% 08/03/2015	14,378,893	2.00
GT 2005 Bonds Bv 10.25% 21/07/2010	14,093,750	1.90
Shinhan Bank 5.663% 02/03/2035	12,805,661	1.80
Indonesia Treasury Bond 11% 15/09/2025	12,174,350	1.70
Republic Of Philippines 10.625% 16/03/2025	11,948,625	1.60
Gain Silver Finance 6.375% 25/08/2016	11,719,464	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	2,401,380	0.30
Aa2	7,700,909	0.97
AA	42,869,190	5.40
A+	6,647,131	0.83
A	46,362,252	5.84
A-	165,802,120	20.87
A3	10,739,128	1.36
BBB+	27,657,740	3.48
BBB	96,538,142	12.17
BBB-	33,222,537	4.19
BB+	22,394,675	2.82
BB	34,419,149	4.33
BB-	70,411,831	8.88
B+	41,246,030	5.20
B	41,709,570	5.25
B-	12,357,250	1.56
Baa3	19,796,341	2.49
Ba3	6,513,390	0.82
Ba2	7,480,000	0.94
B1	9,610,000	1.21
Not rated	55,527,951	6.99

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

Annualised Expense Ratio

0.06% (2007: 0.05%)

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

Turnover Ratio

47.62% (2007: 36.23%)

International Opportunities Funds – Asian Bond

Schedule of Investments

As at 30 June 2008

Country	Fair Value USD	% of Total Net Assets***
Belgium	1,682,500	0.21
Bermuda	17,966,448	2.26
Cayman Islands	129,670,595	16.30
Hong Kong	54,809,687	6.91
India	4,395,058	0.56
Indonesia	67,334,836	8.49
Luxembourg	5,012,500	0.63
Malaysia	99,828,895	12.58
Netherlands	24,825,749	3.13
Philippines	63,015,437	7.94
Singapore	53,609,171	6.74
South Korea	118,545,809	14.94
Thailand	22,596,762	2.85
United States	41,862,178	5.27
Vietnam	5,509,011	0.70
Virgin Islands, British	50,742,080	6.39

*** 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 Total Net Assets***
Industry		
Auto - Auto Parts	7,793,240	0.98
Banking	167,302,545	21.10
Chemicals	10,876,433	1.38
Commercial Paper	2,928,057	0.37
Commercial Services	2,923,357	0.37
Computers & office Equipment	6,682,500	0.84
Distribution & Wholesale	3,026,768	0.38
Diversified Operations	48,131,857	6.06
Electronics & Electrical	9,781,537	1.23
Energy	2,650,630	0.33
Finance - Financial Services	31,335,856	3.95
Floating Rate Notes	16,472,269	2.07
Government Gilts	5,501,866	0.70
Oil & Gas	40,998,593	5.16
Others	253,877,583	31.96
Real Estate	29,288,073	3.68
Retail	9,939,080	1.25
Special Purpose Entity	42,321,688	5.33
Telecommunications	52,908,596	6.66
Transport	16,666,186	2.10
Asset Class		
Bonds	761,406,716	95.90
Other net current assets/(liabilities)	32,089,260	4.10

*** 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 30 June 2008

	Market Value USD	% of Net Assets***
Harrahs 10.75% 02/2016	4,651,860	2.52
Energy Fu 10.875% 1/11/2017	4,020,000	2.17
HCA Inc 9.25 15/11/2016	3,411,300	1.84
Edison Miss 7% 15/05/2017	3,116,355	1.69
Windstream 8.625% 8/1/2016	3,049,184	1.65
Dynegy Hlgds 7.75% 1/6/2019	2,760,030	1.49
Freescale 8.875% 15/12/2014	2,664,750	1.44
Unisys Corporation 8% 10/15/2012	2,658,250	1.44
Plains Expl 7.625% 1/6/2018	2,594,498	1.40
AES Corporation 8% 15/10/2017	2,443,750	1.32

Top 10 Holdings

As at 30 June 2007)

	Market Value USD	% of Net Assets***
Freeport-Mcmoran C & G 8.375% 1/4/2017	4,278,403	3.10
HCA Inc 9.25% 15/11/2016	3,523,350	2.50
Dyergy Holdings Inc 7.75% 01/06/2019	2,813,108	2.00
Freescale Semiconductor 10.125% 15/12/2016	2,788,040	2.00
Harrahs Operating Co Inc 5.375% 15/12/2013	2,689,118	1.90
GMAC 6.875% 15/9/2011	2,636,390	1.90
AES Corporation 9% 15/05/2015	1,874,844	1.40
Qwest Corp 6.875% 15/09/2033	1,860,000	1.30
GMAC 8% 01/11/2031	1,838,669	1.30
Deluxe Corp 7.375% 01/06/2015	1,735,280	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+	804,317	0.43
A	948,522	0.51
A-	1,724,871	0.93
BBB+	1,556,665	0.84
BBB	2,433,885	1.31
BBB-	9,482,127	5.12
BB+	18,828,702	10.17
BB	29,922,964	16.16
BB-	37,681,871	20.38
B+	10,740,302	5.80
B	20,158,179	10.91
B-	25,632,490	13.87
Ba3	523,958	0.28
B1	2,664,750	1.44
CCC+	2,124,456	1.15
Not rated	10,400,158	5.62

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

Annualised Expense Ratio**

0.08% (2007: 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

21.33% (2007: 25.44%)

International Opportunities Funds – US High Yield Bond

Schedule of Investments

As at 30 June 2008

	Market Value USD	% of Net Assets***
Country		
Canada	8,220,062	4.45
Cayman Islands	1,383,015	0.75
Germany	1,584,875	0.86
Liberia	2,570,358	1.39
Luxembourg	1,131,870	0.61
United Kingdom	2,461,363	1.33
United States	158,276,672	85.53
	Market Value USD	% of Net Assets***
Industry		
Advertising	910,000	0.49
Aerospace & Air Transport	627,392	0.34
Auto - Auto Parts	4,484,114	2.43
Building & Forest Products	6,744,335	3.64
Cable TV	1,219,960	0.66
Chemicals	1,011,030	0.55
Commercial Services	1,182,813	0.64
Computers & office Equipment	2,968,474	1.61
Construction	3,437,340	1.86
Diversified Operations	1,734,000	0.94
Electronics & Electrical	10,794,569	5.83
Energy	4,509,656	2.45
Finance - Financial Services	8,570,043	4.63
Food, Beverages, Tobacco	3,216,574	1.74
Healthcare	4,453,505	2.40
Hotels	10,622,635	5.75
Insurance	518,063	0.28
Leisure Time	3,387,008	1.83
Manufacturing	1,171,940	0.63
Media	6,655,953	3.60
Metals	1,483,816	0.81
Oil & Gas	12,119,557	6.54
Others	44,631,367	24.09

International Opportunities Funds – US High Yield Bond

Schedule of Investments *(continued)*

	Market Value USD	% of Net Assets***
Pharmaceuticals	440,300	0.24
Pipelines	6,192,716	3.34
Publishing	4,533,760	2.45
Real Estate	1,754,540	0.95
Retail	3,120,455	1.70
Special Purpose Entity	1,929,855	1.05
Telecommunications	18,773,219	10.13
Transport	861,350	0.47
Utilities - Electric	908,540	0.49
Utilities - Other	659,338	0.36
Asset Class		
Bonds	175,628,215	94.92
Other net current assets/(liabilities)	9,277,760	5.08

*** 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 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. Half year performance of the Fund 2008 remained within expectations with no defaults. Spreads of the Fund had widened to 863bps in June 2008 versus inception of 363bps (April 2005).

In terms of NAV performances for Yield 15 & 20 are S\$0.961 and US\$0.983 as at end January 2008 respectively versus S\$0.919 and US\$0.941 as at end June 2008 respectively.

The subordination of the Fund remained intact given the volatile and “credit crisis” that occurred in 1st half of the 2008. There were ratings revision where downgrades outpaced upgrades (year to date rating agencies reported 292 downgrades versus 169 upgrades). The high downgrades were the result of ratings agencies vigilance ahead of potential dim outlook for these credits after the “crisis conditions”.

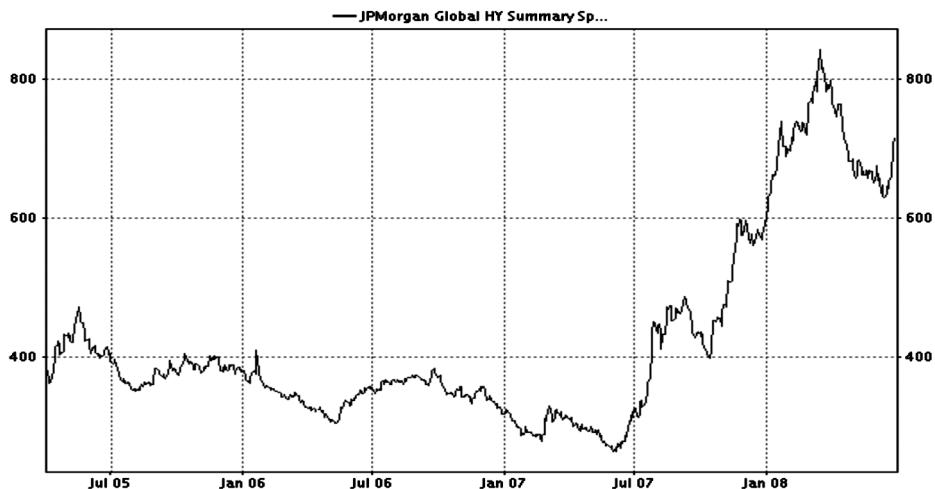
Market background

Performance of the high yield market had been poor due to the “financial credit crisis”. Spreads widen tremendously as adverse risk sentiments increased substantially. The primary causes of the curtailment in performance were as follows:

- Illiquidity among Financial institutions that affected the global financial system.
- De leveraging effects among Financial institutions, investors & consumers
- Capital preservation among major global financial institutions.
- Curtailment of the lending activity by Banks.

Yield 15 & Yield 20

The graph below shows the JP Morgan Global High Yield.



Source: JP Morgan, as at June 2008

Factors affecting performance

The “Financial credit crisis”, volatility and risk adversity affected the NAV performances as spreads widen too immensely (shown above) during the period. Despite the conditions the Fund did not experience any default.

The highest exposure of the Fund is cable & satellite sector at 8.25% followed by the insurance sector at 7.22%.

In respect of interest rates, SGD interest rate was at 2.98% in December 2007 versus 3.82% in June 2008, while US interest rate was at 4.95% in December 2007 versus 4.26% in June 2008¹.

Key changes to the portfolio

There were no changes to the portfolio, the subordination levels are 19.14% for Yield 15 and 19.20% for Yield 20. The rating for the tranche remained at AA.

¹ Bloomberg

Yield 15 & Yield 20

Outlook

High yield market performance for the 2nd half in 2008 will depend on the following factors:

1. The extent of the slow global economic growth.
2. High crude oil and commodity prices which will increase inflationary pressures.
3. Declining consumer confidence.
4. Rising idiosyncratic and default risks.
5. Prolong deterioration/depressed US housing market
6. Possible reversal of easier monetary policy.

Apart from the gloomy outlook there could be some positive elements which may offset the above factors i.e.:

- Investors' confidence are gradually recovering from the "crisis"
- Financial institutions are gaining ground in their recapitalizing their balance sheets
- Sovereign wealth Funds (SWFs) & private equity Funds are in search for valued investments in this current environment.
- New regulations and policy response from the governments in respect of the "crisis"
- M & A in the financial sector maybe gaining ground as consolidations are needed to strengthen balance sheets.

Overall the Fund current subordination can withstand any potential default while the tranche ratings are expected to remain robust. The subordination calculation on the S & P CDO model has indicated that the cushions for AA rating are sufficient.

Yield 15

Fund Performance

As at 30 June 2008

Sub-Fund	3-month %	6-month %	1-year %	3 year %	since inception ⁺ %
			(average annual compounded return)		
Yield 15	-0.5	-5.1	-3.9	-1.2	-2.7
12 month SGD Fixed Deposit rate	N.A.	N.A.	0.7	N.A.	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 24 Jun 08.

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

Schedule of Investments

As at 30 June 2008

Number of Shares	Notes Singapore	Fair Value SGD	% of net assets attributable to unitholders***
249,774,000	RASA LTD 3.75% 10/06/2010**	223,566,396	96.78
Total Investments		223,566,396	96.78
Other Net Assets		7,432,696	3.22
Total Net Assets Attributable to unitholders		230,999,092	100.00

** The credit rating of RASA Ltd 3.75% as at 30 June 2008 is AA (S&P).

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

Yield 15

As at 30 June 2008

Exposure to Derivatives

Yield 15 invests SGD223,556,396 equivalent to 96.78% 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 30 June 2008

	SGD
Redemptions	3,219,346

Annualised Expense Ratio**

1.08% (2007: 1.03%)

*** 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 30 June 2008

Sub-Fund	3-month %	6-month %	1-year %	3 year %	since inception* %
			(average annual compounded return)		
Yield 20	-5.2	-4.9	-2.8	-0.5	-2.0
12 month USD Fixed Deposit rate	N.A.	N.A.	3.5	N.A.	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 24 Jun 08.

Schedule of Investments

As at 30 June 2008

Number of Shares	Straight Bonds Singapore	Fair Value USD	% of net assets attributable to unitholders ***
16,231,000	RASA LTD 5.5% 10/06/2010**	14,751,511	98.67
Total Investments		14,751,511	98.67
Other Net Assets		198,772	1.33
Total Net Assets Attributable to unitholders		14,950,283	100.00

** The credit rating of RASA Ltd 5.5% as at 30 June 2008 is AA (S&P).

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

Yield 20

As at 30 June 2008

Exposure to Derivatives

Yield 20 invests USD14,751,511 equivalent to 98.67% 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	839,222

Annualised Expense **

1.09% (2007: 1.04%)

*** 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 30 Jun 2008

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		PRU Monthly Income Plan	
Note	Financial period from 1 Jan 08 to 30 Jun 08 S\$	Financial period from 1 Jan 07 to 30 Jun 07 S\$	
Income			
	189,275	36,301	
Dividends			
	25,142	126,801	
Interest			
	–	–	
Others			
	214,417	163,102	
Less: Expenses			
	632,190	376,014	
Management fees			
	10,088	7,161	
Registration fees			
	19,572	12,032	
Trustees' fees			
	4,548	1,646	
Custody fees			
	5,533	3,554	
Audit fees			
	31,929	48,142	
Other expenses			
	703,860	448,549	
Net income/(losses)	(489,443)	(285,447)	
Net gains or losses on value of investments			
	48,035	2,021,715	
Net realised gains/(losses) on investments sold			
	(7,679,412)	1,135,373	
Net change in fair value on investments			
	–	1,996,288	
Net realised gains on financial derivatives			
	2,203,062	(2,488,472)	7
Net change in fair value on financial derivatives			
	606,536	–	
Net foreign exchange gains			
Net gains/(losses) on value of investments	(4,821,779)	2,664,904	
	(5,311,222)	2,379,457	
Total return for the period before income tax			
	17,462	4,376	3
Less : Income tax			
	(5,328,684)	2,375,081	
Total return for the period after income tax before distribution			
	3,144,945	1,868,031	
Less: Distribution			
	(8,473,629)	507,050	

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

Prudential Funds

Statement of Total Return

As at 30 June 2008

Note	Yield 15		Yield 20	
	Financial period from 1 Jan 08 to 30 Jun 08	Financial period from 1 Jan 07 to 30 Jun 07	Financial period from 1 Jan 08 to 30 Jun 08	Financial period from 1 Jan 07 to 30 Jun 07
	S\$	S\$	US\$	US\$
Income				
Dividends	–	–	–	–
Interest	–	–	30	590
Others	–	–	–	–
	–	–	30	590
Less: Expenses				
Management fees	1,251,833	1,239,869	98,900	98,278
Registration Fees	26,724	26,475	2,106	2,086
Trustees' Fees	55,161	54,648	4,402	4,361
Custody Fees	20,018	19,832	1,577	1,563
Audit Fees	1,700	2,000	1,008	700
Other expenses	17,029	17,090	1,663	1,481
	1,372,465	1,359,914	109,656	108,469
Net income / (losses)	(1,372,465)	(1,359,914)	(109,626)	(107,879)
Net gains or losses on value of investments				
Net realised gains/ (losses) on investments sold	3,860,461	(170,497)	369,101	(59,341)
Net change in fair value on investments	(8,540,444)	8,943,896	(396,134)	783,577
Net gains/(losses) on value of investments	(4,679,983)	8,773,399	(27,033)	724,236

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

Prudential Funds

Statement of Total Return

As at 30 June 2008

	Note	Yield 15		Yield 20	
		Financial period from 1 Jan 08 to 30 Jun 08 S\$	Financial period from 1 Jan 07 to 30 Jun 07 S\$	Financial period from 1 Jan 08 to 30 Jun 08 US\$	Financial period from 1 Jan 07 to 30 Jun 07 US\$
Total return for the year before income tax		(6,052,448)	7,413,485	(136,659)	616,357
Less: Income tax	3	–	–	–	–
Total return for the year after income tax before distribution		(6,052,448)	7,413,485	(136,659)	616,357
Less: Distribution		7,374,188	7,724,582	713,743	831,054
Total return for the year		(13,426,636)	(311,097)	(850,402)	(214,697)

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

Prudential Funds

Balance Sheet

As at 30 June 2008

	Note	PRU Monthly Income Plan	
		30 Jun 08	31 Dec 07
		S\$	S\$
ASSETS			
Portfolio of investments		138,557,884	59,692,779
Prepaid expenses	4	–	–
Receivables	5	2,387,626	78,527
Cash and bank balances		5,424,058	2,767,032
Fixed deposits		12,009,696	–
Financial derivatives, at fair value	7	2,331,338	2,265,518
Total assets		160,710,602	64,803,856
LIABILITIES			
Payables	6	1,473,207	1,494,573
Financial derivatives, at fair value	7	128,275	–
Net assets attributable to unitholders	8	159,109,120	63,309,283
Total liabilities		160,710,602	64,803,856

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

Prudential Funds

Balance Sheet

As at 30 June 2008

	Note	Yield 15		Yield 20	
		30 Jun 08	31 Dec 07	30 Jun 08	31 Dec 07
		S\$	S\$	US\$	US\$
ASSETS					
Portfolio of investments		223,566,396	240,140,560	14,751,511	16,105,790
Prepaid expenses	4	5,324,217	6,696,391	424,029	533,313
Receivables	5	223,716	749,679	–	110,143
Cash and bank balances		2,109,931	819,187	184,421	1,429
Fixed deposits		–	–	–	–
Financial derivatives, at fair value	7	–	–	–	–
Total assets		231,224,260	248,405,817	15,359,961	16,750,675
LIABILITIES					
Payables	6	225,168	760,743	409,678	110,768
Financial derivatives, at fair value	7	–	–	–	–
Net assets attributable to unitholders	8	230,999,092	247,645,074	14,950,283	16,639,907
Total liabilities		231,224,260	248,405,817	15,359,961	16,750,675

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

As at 30 June 2008

PRU Monthly Income Plan

	Holdings 30 Jun 08 (units)	Fair value 30 Jun 08 (\$)	Percentage of total net assets attributable to unitholders 30 Jun 08 (%)
By Geography* – Primary			
Quoted investment funds			
Luxembourg			
International Opportunities Funds: Asian Bond - Class D	4,288,501	70,955,998	44.60
International Opportunities Funds: High Yield Bond Class D-USD	3,875,873	57,251,468	35.98
		128,207,466	80.85
Singapore			
Ascott Residence Trust REIT	382,000	401,100	0.25
Cambridge Industrial Trust	744,000	487,320	0.31
Lippo Mapletree Indonesia Retail Trust/REIT	777,000	419,580	0.26
Macarthurcook Industrial/REIT	532,000	478,800	0.30
Suntec REIT	337,000	458,320	0.29
		2,245,120	1.41
Quoted Shares			
Indonesia			
First Resources	400,000	456,000	0.29
		456,000	0.29
Malaysia			
Hap Seng Plantations Holdings	253,900	320,943	0.20
British American Tobacco Malaysia	18,700	342,126	0.22
Sime Darby	106,700	408,173	0.26
Berjaya Sports Toto	165,200	331,092	0.21
Resorts World	439,600	475,251	0.30
Tanjong PLC	76,200	434,078	0.27
Malayan Banking	75,000	219,858	0.13

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

PRU Monthly Income Plan

	Holdings 30 Jun 08 (units)	Fair value 30 Jun 08 (\$)	Percentage of total net assets attributable to unitholders 30 Jun 08 (%)
Quoted Shares cont'd			
Public Bank	93,500	400,443	0.25
Tenaga Nasional	187,600	635,744	0.40
		3,567,708	2.24
Singapore			
ARA Asset Management Ltd	491,000	343,700	0.21
DBS Group Holdings Ltd	26,000	490,360	0.31
Jardine Cycle & Carriage Ltd	24,735	419,506	0.26
Singapore Press Holdings Ltd	127,000	539,750	0.34
Venture Corp Ltd	45,000	441,000	0.28
		2,234,316	1.40
Thailand			
Advanced Info Service PCL	92,300	345,061	0.22
Bangkok Bank PCL	71,100	343,814	0.22
Glow Energy PCL	240,500	283,413	0.17
Hana Microelectronics PCL	463,500	344,673	0.22
PTT PCL	22,200	270,633	0.17
Quality House PCL	3,163,600	259,680	0.16
		1,847,274	1.16
Portfolio of investments		138,557,884	87.08
Other net current assets		20,551,236	12.92
Net assets attributable to unitholders		159,109,120	100.00

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

As at 30 June 2008

	PRU Monthly Income Plan	
	Percentage of total net assets attributable to unitholders 30 Jun 08 (%)	Percentage of total net assets attributable to unitholders 31 Dec 07 (%)
By Geography* (Summary) – Primary		
Indonesia	0.29	0.58
Luxembourg	80.58	77.46
Malaysia	2.24	–
Singapore	2.81	15.74
Thailand	1.16	0.50
Portfolio of investments	87.08	94.28
Other net current assets	12.92	5.72
Net assets attributable to unitholders	100.00	100.00

* Geography classification is based on the country of incorporation of the entities/ issuers.
The accompanying notes form an integral part of these financial statements.

	PRU Monthly Income Plan		
	Fair value 30 Jun 08 (\$)	Percentage of total net assets attributable to unitholders 30 Jun 08 (%)	Percentage of total net assets attributable to unitholders 30 Dec 07 (%)
By Industry - Secondary			
Agriculture	320,943	0.20	–
Automobile industry	419,506	0.26	0.84
Bank and financial institutions	834,174	0.53	0.52
Consumer	342,126	0.22	–
Diversified resources	408,173	0.26	–
Electronic	1,069,086	0.67	0.58
Energy	456,000	0.29	0.47
Entertainment	1,780,171	1.12	–
Finance	620,301	0.38	–
Government	–	–	11.07
Graphic art & publishing	–	–	0.79
Investment funds	130,452,586	81.99	79.39
Oil and Gas	270,633	0.17	–
Public utility	635,744	0.40	–
Real estate	259,680	0.16	–
Telecom service	345,061	0.22	0.50
Miscellaneous	343,700	0.21	0.12
Portfolio of investments	138,557,884	87.08	94.28
Other net current assets	20,551,236	12.92	5.72
Net assets attributable to unitholders	159,109,120	100.00	100.00

The accompanying notes form an integral part of these financial statements

As at 30 June 2008

Yield 15

	Holdings 30 Jun 08 (units)	Fair Value 30 Jun 08 (\$)	Percentage of total net assets attributable to unitholders 30 Jun 07 (%)	Percentage of total net assets attributable to unitholders 31 Dec 07 (%)
By Geography* – Primary Unquoted Note Singapore				
R.A.S.A. (Repackaged Assets & Securities in Asia) Limited Notes Series 23	249,774,000	223,566,396	96.78	96.97
Other net current assets		7,432,696	3.22	3.03
Net assets attributable to unitholders		230,999,092	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 includes:

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 issued by BNP Paribas SA.
4. SGD 66,250,000 nominal amount 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 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 of the entities/ issuers of debt securities.

	Yield 15		
Fair Value 30 Jun 08 (S\$)	Percentage of total net assets attributable to unitholders 30 Jun 08 (%)	Percentage of total net assets attributable to unitholders 31 Dec 07 (%)	
By Industry – Secondary			
Financial institutions	223,566,396	96.78	
Other net current assets	7,432,696	3.22	
Net assets attributable to unitholders	230,999,092	100.00	

As at 30 June 2008

Yield 20

	Holdings 30 Jun 08 (units)	Fair Value 30 Jun 08 (US\$)	Percentage of total net assets attributable to unitholders 30 Jun 08 (%)	Percentage of total net assets attributable to unitholders 31 Dec 07 (%)
By Geography* – Primary Unquoted Note Singapore				
R.A.S.A. (Repackaged Assets & Securities in Asia) Limited Notes Series 24	16,231,000	14,751,511	98.67	96.79
Other net current assets		198,772	1.33	3.21
Net assets attributable to unitholders		14,950,283	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 are used to purchase fixed income securities which includes:

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'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 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 of the entities/ issuers.

	Yield 20		
	Fair Value 30 Jun 08 (S\$)	Percentage of total net assets attributable to unitholders 30 Jun 08 (%)	Percentage of total net assets attributable to unitholders 31 Dec 07 (%)
By Industry – Secondary			
Financial institutions	14,751,511	98.67	96.79
Other net current assets	198,772	1.33	3.21
Net assets attributable to unitholders	14,950,283	100.00	100.00

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.

As at 30 June 2008, 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

(a) 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 on Collective Investment Schemes under the Securities and Futures Act (Chapter 289).

(b) Recognition of income

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

(c) 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.

“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.

(d) InvestmentsPRU 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 re-measured 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.

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.

3. 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.

(a) 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.

(b) 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.

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

(d) 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	
	30 Jun 08	30 Jun 07
	S\$	S\$
Singapore withholding tax suffered	7,640	4,376
Overseas tax suffered	9,822	–
	17,462	4,376

4. Prepaid Expenses

	Yield 15		Yield 20	
	30 Jun 08	31 Dec 07	30 Jun 08	31 Dec 07
	S\$	S\$	US\$	US\$
Prepaid trustee fees	139,685	175,685	15,521	19,521
Prepaid expenses deducted upfront				
- Management fees	4,861,974	6,113,807	386,827	485,727
- Custody fees	77,675	97,693	6,120	7,697
- Trustee fees	74,348	93,509	1,558	1,960
- Registration fees	103,691	130,415	8,170	10,276
- Valuation fees	51,845	65,207	4,084	5,137
- Audit fees	1,900	3,600	826	1,834
- Others	13,099	16,475	923	1,161
	5,184,532	6,520,706	408,508	513,792
Total	5,324,217	6,696,391	424,029	533,313

For the Yield 15 and Yield 20 sub-funds, the amounts of S\$5,184,532 (31 December 2007: S\$6,520,706) and US\$408,508 (31 December 2007: US\$513,792) 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	
	30 Jun 08	31 Dec 07	30 Jun 08	31 Dec 07
	S\$	S\$	US\$	US\$
Net assets attributable to unitholders per unit for redemption purposes (excluding effect of prepaid expenses)	0.92	0.97	0.94	0.99
Add: prepaid expenses per unit	0.02	0.03	–	0.03
Net assets attributable to unitholders per unit (including effect of prepaid expenses)	0.94	1.00	0.97	1.02

5. Receivables

	PRU Monthly Income Plan		Yield 15		Yield 20	
	30 Jun 08	31 Dec 07	30 Jun 08	31 Dec 07	30 Jun 08	31 Dec 07
	S\$	S\$	S\$	S\$	US\$	US\$
Amount receivable for the creation of units	2,365,042	78,527	–	–	–	–
Sales awaiting settlement	–	–	223,716	749,679	–	110,143
Dividends receivables	20,902	–	–	–	–	–
Accrued interest receivables	1,682	–	–	–	–	–
	2,387,626	78,527	223,716	749,679	–	110,143

6. Payables

	PRU Monthly Income Plan		Yield 15		Yield 20	
	30 Jun 08	31 Dec 07	30 Jun 08	31 Dec 07	30 Jun 08	31 Dec 07
	S\$	S\$	S\$	S\$	US\$	US\$
Payable to unitholders for cancellation of units	656,230	1,285,218	225,155	760,743	409,678	110,768
Dividends payables	552,855	—	—	—	—	—
Accrued expenses	264,122	209,355	13	—	—	—
	1,473,207	1,494,573	225,168	760,743	409,678	110,768

7. Fair Value of financial derivative contracts

	Contract or underlying principal amount		Positive fair value		Negative fair value	
	30 Jun 08	31 Dec 07	30 Jun 08	31 Dec 07	30 Jun 08	31 Dec 07
	S\$	S\$	S\$	S\$	US\$	US\$
Forward foreign exchange contracts	130,375,645	55,426,210	2,331,338	2,265,518	128,275	—

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	
	30 Jun 08	31 Dec 07
	S\$	S\$
At the beginning of financial year	63,309,283	59,833,963
Operations		
Change in net assets attributable to unitholders resulting from operations	(8,473,629)	320,786
Unitholders' contributions/ (withdrawals)		
Creation of units	111,652,103	25,467,187
Cancellation of units	(7,378,637)	(22,312,653)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units	104,273,466	3,154,534
Total increase/(decrease) in net assets attributable to unitholders	95,799,837	3,475,320
At the end of financial year	159,109,120	63,309,283
Net Asset Attributable to Unitholders		
- Class A	27,548,259	18,992,785
- Class M	131,560,861	44,316,498
Total net assets attributable to unitholders	159,109,120	63,309,283
Units in issue		
Class A	28,304,978	17,589,996
Class M	138,213,674	43,010,446
Total units in issue	166,518,652	60,600,442
Net Asset Attributable to Unitholders Per Unit		
Class A	0.97	1.08
Class M	0.95	1.03

8. Net Assets Attributable to Unitholders (continued)

	Yield 15		Yield 20	
	30 Jun 08	31 Dec 07	30 Jun 08	31 Dec 07
	S\$	S\$	US\$	US\$
At the beginning of financial year	247,645,074	257,208,263	16,639,907	19,905,012
Operations				
Change in net assets attributable to unitholders resulting from operations	(13,426,636)	1,357,067	(850,402)	42,124
Unitholders' contributions/ (withdrawals)				
Creation of units	–	–	–	–
Cancellation of units	(3,219,346)	(10,920,256)	(839,222)	(3,307,229)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units	(3,219,346)	(10,920,256)	(839,222)	(3,307,229)
Total increase/(decrease) in net assets attributable to unitholders	(16,645,982)	(9,563,189)	(1,689,624)	(3,265,105)
At the end of financial year	230,999,092	247,645,074	14,950,283	16,639,907
Units in issue	245,561,267	248,879,116	15,425,598	16,281,962
Net Asset Attributable to Unitholders Per Unit	0.94	1.00	0.97	1.02

9. Units in issue

	PRU Monthly Income Plan			
	30 Jun 08 (Class A)	31 Dec 07 (Class A)	30 Jun 08 (Class M)	31 Dec 07 (Class M)
Units at beginning of year	17,589,996	15,611,304	43,010,446	41,839,226
Units created	13,805,433	10,822,732	99,544,061	13,468,852
Units cancelled	(3,090,451)	(8,844,040)	(4,340,833)	(12,297,632)
Units at end of the year	28,304,978	17,589,996	138,213,674	43,010,446

	Yield 15		Yield 20	
	30 Jun 08	31 Dec 07	30 Jun 08	31 Dec 07
Units at beginning of year	248,879,116	260,216,959	16,281,962	19,639,392
Units created	–	–	–	–
Units cancelled	(3,317,849)	(11,337,843)	(856,364)	(3,357,430)
Units at end of the year	245,561,267	248,879,116	15,425,598	16,281,962

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.

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 entities 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.

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.

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.

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.

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 cashflows 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.

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.

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.

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 fulfill 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

	30 Jun 08 %	31 Jun 07 %
PRU Monthly Income Plan		
Expense ratio (Note 1)	1.23	1.56
Turnover ratio (Note 2)	18.02	23.71
<hr/>		
Yield 15		
Expense ratio (Note 1)	1.08	1.03
Turnover ratio (Note 2)	–	–
<hr/>		
Yield 20		
Expense ratio (Note 1)	1.09	1.04
Turnover ratio (Note 2)	–	–
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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 asset 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.

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