

# PRUDENTIAL UNIT TRUSTS

- GLOBAL TECHNOLOGY FUND
- PAN EUROPEAN FUND
- PROTECTED GLOBAL TITANS FUND (S\$)
- ASIAN BALANCED FUND
- DRAGON PEACOCK FUND
- GLOBAL BASICS FUND
- GLOBAL BALANCED FUND
- ASIAN INFRASTRUCTURE EQUITY FUND
- GLOBAL LEADERS FUND
- GLOBAL POSITIONING STRATEGY FUND

## ANNUAL REPORTS

For the year ended 31 December 2009

## AUDITED FINANCIAL STATEMENTS

For the year ended 31 December 2009

^This marks the first page of the Prudential Unit Trusts Annual Reports.

## PRUDENTIAL UNIT TRUSTS

### **Manager**

Prudential Asset Management  
(Singapore) Limited  
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Singapore 049712  
(Company Registration No. 199407631H)

### **Auditors**

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Hong Leong Building  
Singapore 048581

### **Directors of the Manager**

Guy Robert Strapp  
Julian Christopher Vivian Pull  
Nils Arne Lindman (*resigned on 18 December 2009*)

### **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

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## **PRUDENTIAL UNIT TRUSTS – GLOBAL TECHNOLOGY FUND ("PRU GLOBAL TECHNOLOGY FUND")**

Included under the CPF Investment Scheme – Ordinary Account

### **Structure**

PRU Global Technology Fund (the "Fund") is organised as a feeder fund which feeds into the Luxembourg-domiciled International Opportunities Funds – Global Technology ("GT Underlying Fund"). The investment manager and sub-manager of the GT Underlying Fund is the Manager and the UK domiciled Henderson Global Investors Limited respectively.

With effect from 1 December 2008, the sub-manager of the GT Underlying Fund has been changed from M&G Investment Management Limited to Henderson Global Investors Limited.

### **Investment Objective**

The investment objective of the Fund is to maximise long-term total returns through investment in equities and equity-related securities of companies around the world with innovative products, processes or services. These investments include, but are not restricted to, those companies whose provision or use of technology gives them a strategic advantage in the market.

The Manager intends to achieve this investment objective by investing all or substantially all of the assets of the Fund into the GT Underlying Fund which shares the same investment objective.

### **Manager's Commentary**

#### **Fund performance**

The Fund rose by 57.3% (bid-to-bid basis), outperformed its benchmark which rose 49.0%.

#### **Market background**

At the start of the year, whilst the general economy continued in a downward spiral, the technology sector uncharacteristically outperformed in a falling market. From March, there were stronger than expected demand trends with the consequence that inventories across the technology sector for the majority of 2009 were too low to accommodate this high demand. As the macro economy recovered with help from worldwide government stimulus programs, notably the Chinese, technology also participated in this rally enabling the sector to comfortably outperform the overall market.

## PRU GLOBAL TECHNOLOGY FUND

### **Factors affecting performance<sup>1</sup>**

The positive performance within our portfolio was derived mainly from the Internet sector, with Asian internet stocks CTrip, Baidu Inc. and Tencent Inc. leading the performance. Another strong area of performance was companies related to consumer demand, given that this demand was stronger than expected. As such, LG Display and Mediatek Inc., two companies both heavily exposed to the increased demand for mobile handsets, performed well.

Unfortunately, the Fund's defensive stance at the beginning of 2009 hindered the performance as the fund manager did not capitalise upon the cyclical rally. The Fund's holdings, especially within the Semiconductor sector, were skewed towards secular rather than cyclical growth opportunities.

### **Key changes to the portfolio<sup>1</sup>**

The Fund changed stance from a defensive position at the beginning of the year towards more growth opportunities throughout the year. Exposure towards the Internet grew due to the fund manager's strong conviction in a number of stocks with secular growth potential. In addition, as the economy recovers the fund manager has begun to anticipate greater corporate spending on computing, networking and storage as these areas have faced chronic underinvestment for a number of years and require a replacement cycle.

The fund manager cut exposure to mobile telecom equipment companies as devaluations of emerging market currencies during the summer meant that it became more expensive for operators in these regions to purchase equipment in the short term.

### **Outlook**

The fund manager believes that heading into 2010, the technology sector looks attractively valued when compared to most other sectors. The sector has shrugged off the irrational valuations seen in the early part of the prior decade and what remains are much akin to traditionally defensive holdings – namely well-managed businesses with strong market share with little or no balance sheet debt.

The fund manager tempers his enthusiasm on an absolute basis as he is concerned about the macroeconomy in long term given that the monetary and fiscal measures introduced by governments worldwide may prove to be only a temporary fix. However, the fund manager remains confident that on a relative basis, technology can outperform both rising and falling markets as one of the few genuine growth areas available to investors.

<sup>1</sup> *Please note that the securities mentioned herein are included for illustration purposes only. It should not be construed as a recommendation to purchase or sell any particular securities. There is no guarantee that any securities discussed herein will remain in the portfolio of the Fund at the time you received this material or that securities sold have not been repurchased.*

## PRU GLOBAL TECHNOLOGY FUND

### Fund Performance

(As at 31 December 2009)

Sub-Fund / Benchmark	3 months	6 months	1 year	3 years	5 years	Since inception*
	%		%	%	%	%
PRU Global Technology Fund	12.4	24.9	57.3	-4.9	0.3	-7.2
MSCI All Countries World Information Technology Index*	7.8	21.8	49.0	-4.1	-0.2	-5.0

\* The benchmark of PRU Global Technology Fund was changed from the FTSE World Information Technology Index to the MSCI All Countries World Information Technology Index with effect from 1 December 2008. The change in benchmark is to provide a more comparable performance benchmark in light of the change in the investment focus and approach of the GT Underlying Fund as a result of the change in the investment sub-manager of the GT Underlying Fund.

Source: Prudential Asset Management (Singapore) Limited, Henderson Global Investors Limited and Bloomberg. The return is in S\$, and calculated on a bid-to-bid basis with net income reinvested.

There has been no dividend distribution since the inception of the Fund.

+ 4 May 2001.

Past performance is not necessarily indicative of the future performance of the Fund.

### Schedule of Investments

(As at 31 December 2009)

Number of Shares	Investment Funds	Market Value SGD	% of Net Assets***
	<u>Luxembourg</u>		
	International Opportunities		
	Funds: - Global Technology		
14,925,905	Class C	84,331,365	99.90
<b>Total Investments</b>		<b>84,331,365</b>	<b>99.90</b>
Other Net Assets		82,717	0.10
<b>Total Net Assets Attributable to Unitholders</b>		<b>84,414,082</b>	<b>100.00</b>

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

## **PRU GLOBAL TECHNOLOGY FUND**

(As at 31 December 2009)

### **Exposure to Derivatives**

Nil

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

The PRU Global Technology Fund invests SGD 84,331,365, equivalent to 99.90% of its net asset value attributable to unitholders, in International Opportunities Funds - Global Technology.

### **Borrowings**

Nil

### **Related Party Transactions**

The Fund invests SGD 84,331,365 equivalent to 99.90% of its net asset value, in International Opportunities Funds - Global Technology. Some directors of the International Opportunities Funds, an open-ended investment company registered in Luxembourg, are also directors of Prudential Asset Management (Singapore) Limited.

Refer to Note 10 of "Notes to the Financial Statements".

### **Total Subscriptions and Redemptions for the year ended 31 December 2009**

	<b>SGD</b>
Subscriptions	4,960,795
Redemptions	6,836,471

### **Annualised Expense Ratio\*\***

1.82% (2008: 1.92%)

*\*\* 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**

5.62% (2008: 7.05%)

### **Soft Dollar Commission**

Nil for the Fund.

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

Nil.

## INTERNATIONAL OPPORTUNITIES FUNDS – GLOBAL TECHNOLOGY

### Top 10 Holdings

(As at 31 December 2009)

	Market Value USD	% of Net Assets***
Apple Inc	4,833,895	7.65
Microsoft Corp	4,314,511	6.83
Cisco Systems Inc	4,226,827	6.69
Google Inc	3,991,374	6.32
Intl Business Machines Co	3,411,712	5.40
Hewlett-Packard Co	2,674,156	4.23
Intel Corp	2,414,070	3.82
Oracle Corp	2,355,440	3.73
Qualcomm Inc	1,601,209	2.53
Netapp Inc	1,342,803	2.13

### Top 10 Holdings

(As at 31 December 2008)

	Market Value USD	% of Net Assets***
Intl Business Machines Co	3,031,445	7.66
Microsoft Corp	2,946,178	7.45
Hewlett-Packard Co	2,366,428	5.98
Intel Corp	1,735,433	4.39
Oracle Corp	1,697,131	4.29
Cisco Systems Inc	1,693,958	4.28
Apple Inc	1,591,619	4.02
Google Inc	1,363,995	3.45
Nintendo Co Limited	1,271,961	3.22
Qualcomm Inc	1,261,509	3.19

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

### Annualised Expense Ratio\*\*

1.13% (2008: 1.11%)

\*\* 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

90.35% (2008: 105.03%)

## INTERNATIONAL OPPORTUNITIES FUNDS – GLOBAL TECHNOLOGY

### Schedule of Investments

(As at 31 December 2009)

	Market Value USD	% of Net Assets***
<b>Country</b>		
Argentina	736,958	1.17
Bermuda	159,882	0.25
Canada	443,062	0.70
Cayman Islands	777,809	1.23
China	2,564,860	4.07
Germany	312,420	0.49
Netherlands	2,041,043	3.23
South Korea	1,965,900	3.12
Switzerland	499,210	0.79
Taiwan	5,006,313	7.92
United Kingdom	1,338,308	2.12
United States of America	46,570,765	73.72
<b>Industry</b>		
Commercial Services & Supplies	258,770	0.41
Communications Equipment	7,168,317	11.34
Computers & Peripherals	14,201,470	22.48
Electronic Equipment Instruments & Components	4,049,680	6.42
Information Technology	13,611,150	21.54
Internet & Catalog Retail	1,797,522	2.85
Internet Software & Services	10,372,083	16.42
IT Services	1,120,978	1.77
Renewable Energy Technology	1,172,383	1.86
Semiconductors & Semiconductor Equipment	8,664,177	13.72
<b>Asset Class</b>		
Equities	62,416,530	98.81
Other net assets	754,905	1.19

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

## **PRUDENTIAL UNIT TRUSTS – PAN EUROPEAN FUND ("PRU PAN EUROPEAN FUND")**

Included under the CPF Investment Scheme – Ordinary Account

### **Structure**

PRU Pan European Fund (the "Fund") is organised as a feeder fund which feeds into the Luxembourg-domiciled International Opportunities Funds – Pan European ("PE Underlying Fund"). The investment manager and sub-manager of the PE Underlying Fund is the Manager and the UK domiciled M&G Investment Management Limited respectively.

### **Investment Objective**

The investment objective of the PRU Pan European Fund is to maximise long-term total return by investing in equity and equity-related securities of companies, which are incorporated, or have their area of primary activity, in Europe (including United Kingdom). The PRU Pan European Fund may also invest in depository receipts, including American Depository Receipts (ADRs) and Global Depository Receipts (GDRs), debt securities convertible into common shares, preference shares and warrants. The Manager intends to achieve this investment objective by investing all or substantially all of the assets of the PRU Pan European Fund into the PE Underlying Fund which shares the same investment objective.

### **Manager's Commentary**

#### **Fund performance**

The Fund advanced 32.3% (bid-to-bid basis) over the review period while its benchmark returned 33.9%.

#### **Market background**

Despite a treacherous start to the year, European equities enjoyed strong returns during 2009. As soon as signs emerged that the unprecedented monetary and fiscal stimulus measures employed by governments worldwide had saved the economy from a 1930s-style depression, and economic data stopped deteriorating, investors demanded higher yielding assets. Having been heavily sold at the height of the downturn, cyclical-led sectors with the greatest exposure to the rebound in economic activity were the biggest beneficiaries of investors' renewed risk appetite. Commodity- and industrial-related stocks therefore achieved some of the biggest gains, spurred on by attractive demand fundamentals from emerging countries, such as China and India.

#### **Factors affecting performance<sup>1</sup>**

Anglo-Irish oil & gas exploration group Tullow Oil Plc, the Fund's largest holding, maintained its winning streak. Shares in the business advanced against a backdrop of rising oil prices, as well as optimism over the potential of its asset base.

<sup>1</sup> Please note that the securities mentioned herein are included for illustration purposes only. It should not be construed as a recommendation to purchase or sell any particular securities. There is no guarantee that any securities discussed herein will remain in the portfolio of the Fund at the time you received this material or that securities sold have not been repurchased.

## PRU PAN EUROPEAN FUND

There were also strong contributions from online gaming companies Sportingbet Plc and PartyGaming. A massive boost for the sector came in March when PartyGaming reached an agreement with the US authorities, ending nearly three years of uncertainty for the industry after the passing of a US law that made online gambling illegal there. Possible consolidation, expansion into new markets and various product launches also underpinned confidence in PartyGaming and Sportingbet.

A comparatively large position in Storebrand, the Norwegian insurance provider, benefited performance too. The company swung to profit in the third quarter of 2009, helped by recovering equity markets, a build-up of buffer capital, strength from its pension unit and improved investment returns.

As ever, there were a number of setbacks, including Public Power Corp (“PPC”), the Greek power provider, which succumbed to concerns over the country’s massive budget deficit. The fund manager believes that PPC offers compelling value since there is not enough capacity in the Greek electricity market. In his opinion, restructuring efforts will enhance the transparency and clarity of PPC’s different activities, and enable the business to charge higher electricity prices.

Another detractor, Irish airline Aer Lingus, was unable to escape the effects of the tough economic climate as companies and consumers scaled back their travel plans. The fund manager disposed of the holding in Aer Lingus, freeing up assets for more attractive investment opportunities.

At a sector level, an underweight position in basic materials, which rallied during the best part of the year, also proved detrimental to performance.

### **Key changes to the portfolio<sup>1</sup>**

There was a relatively high level of portfolio activity during the year as the fund manager rebalanced the Fund by reducing its underweight position in banks, as well as increasing its exposure to more cyclical stocks.

This is reflected by the significant reduction in the weighting of the Fund’s ‘defensive’ holdings, including German glasses retailer Fielmann AG, dialysis clinic operator Fresenius Medical Care AG & Co, French drug maker Ipsen Limited, Dutch animal feed manufacturer Nutreco, Spanish producer of blood and plasma products Grifols, and Icon, the Irish clinical trial outsourcing firm.

The fund manager also disposed of the longstanding holding in Belgian supermarket chain Colruyt. Although he regarded Colruyt as an extremely well run company, he believed that after nearly four years in the Fund, the stock had fulfilled its role and that its share price offered limited potential for further upside.

## **PRU PAN EUROPEAN FUND**

Wanting to increase the Fund's exposure to the financial sector, the fund manager established a holding in Belgian-Dutch financial services group Fortis. The business is now a pure life insurance provider, having recently sold its banking operations to BNP Paribas and disposed of its toxic assets via the bail-out programme. Positions in Bank of Cyprus and Spanish banking giant Santander were also initiated.

Given the subdued economic environment, the fund manager is building up the Fund's investment in companies that are taking specific actions to generate earnings and enhance their cash flows. To this end, he established a position in ThyssenKrupp, a German industrial conglomerate that he believes looks undervalued. A restructuring initiative is under way at ThyssenKrupp, and in the fund manager's view, the company is a good example of a business that is taking steps to enhance value.

### **Outlook**

Since businesses will not be able to rely on buoyant economic activity as a way to generate solid growth in earnings, the fund manager will continue to seek more companies in the transition stage, that is, businesses whose management teams are taking specific actions to grow their profits and boost their cash flows. Additionally, the fund manager will continue to favour companies that are able to tap into further sources of growth, for instance through exports to or operations in emerging markets, or through outsourcing production to lower cost locations in Eastern Europe. A thorough fundamental analysis of the business prospects of individual firms and the valuations paid for individual stocks will continue to form a solid base from which to generate long-term performance for the Fund's investors.

## PRU PAN EUROPEAN FUND

### Fund Performance

(As at 31 December 2009)

Sub-Fund / Benchmark	3 months %	6 months %	1 year %	3 years %	5 years %	Since inception*
			(average annual compounded return)			
PRU Pan European Fund	-1.0	14.5	32.3	-9.5	0.7	0.5
FTSE World Europe (including UK) Index#	2.8	23.7	33.9	-8.0	1.7	2.0

Source: Prudential Asset Management (Singapore) Limited and Bloomberg. The return is in S\$, and calculated on a bid-to-bid basis with net income reinvested.

# From inception to 16 March 2005, the Fund was benchmarked against FTSE Eurotop 300 Index and from 17 March 2005, the Fund was benchmarked against FTSE World Europe (incl UK) Index. The two series are chain-linked to derive the longer period benchmark returns.

There has been no dividend distribution since the inception of the Fund.

+ 4 May 2001.

Past performance is not necessarily indicative of the future performance of the Fund.

### Schedule of Investments

(As at 31 December 2009)

Number of Shares	Investment Funds	Market Value SGD	% of Net Assets***
	<u>Luxembourg</u>		
	International Opportunities		
	Funds: - Pan European		
4,713,422	Class C	53,535,048	99.29
<b>Total Investments</b>		<b>53,535,048</b>	<b>99.29</b>
Other Net Assets		383,882	0.71
<b>Total Net Assets Attributable to Unitholders</b>		<b>53,918,930</b>	<b>100.00</b>

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

## **PRU PAN EUROPEAN FUND**

(As at 31 December 2009)

### **Exposure to Derivatives**

Nil.

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

The Fund invests SGD 53,535,048 equivalent to 99.29% of its net asset attributable to unitholders, in International Opportunities Funds - Pan European.

### **Borrowings**

Nil.

### **Related Party Transactions**

The Fund invests SGD 53,535,048 equivalent to 99.29% of its net asset attributable to unitholders, in International Opportunities Funds - Pan European. Some directors of the International Opportunities Funds, an open-ended investment company registered in Luxembourg, are also directors of Prudential Asset Management (Singapore) Limited.

Refer to Note 10 of "Notes to the Financial Statements".

### **Total Subscriptions and Redemptions for the year ended 31 December 2009**

	<b>SGD</b>
Subscriptions	3,652,787
Redemptions	6,490,340

### **Annualised Expense Ratio\*\***

1.77% (2008: 1.79%)

*\*\* 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**

3.96% (2008: 14.54%)

### **Soft Dollar Commission**

Nil for the Fund.

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

Nil.

## INTERNATIONAL OPPORTUNITIES FUNDS – PAN EUROPEAN

### Top 10 Holdings

(As at 31 December 2009)

	Market Value USD	% of Net Assets***
Tullow Oil PLC	5,631,640	5.44
Sportingbet PLC	4,500,762	4.35
Partygaming PLC	4,432,927	4.28
Grpe Euro Tunnel Sa	4,258,880	4.11
Vallourec	4,086,916	3.95
Storebrand Asa	3,990,992	3.86
AXA SA	3,832,041	3.70
Credit Suisse Group Ag-Re	3,043,806	2.94
Fortum Oyj	2,887,382	2.79
Grifols SA	2,884,443	2.79

### Top 10 Holdings

(As at 31 December 2008)

	Market Value USD	% of Net Assets***
Colruyt AG	3,852,389	4.99
Ipsen Promesses	3,484,570	4.51
Tullow Oil PLC	3,460,497	4.48
Partygaming PLC	3,431,796	4.44
Fielmann AG	3,237,702	4.19
Vivendi SA	3,189,035	4.13
Ryanair Holdings PLC	2,928,568	3.79
Fresenius Medical Care	2,867,014	3.71
Aer Lingus Group PLC	2,840,530	3.68
AXA SA	2,767,871	3.58

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

### Annualised Expense Ratio\*\*

1.09% (2008: 1.09%)

\*\* 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

86.71% (2008: 71.32%)

## INTERNATIONAL OPPORTUNITIES FUNDS – PAN EUROPEAN

### Schedule of Investments

(As at 31 December 2009)

	Market Value USD	% of Net Assets***
<b>Country</b>		
Austria	4,225,464	4.09
Belgium	2,416,707	2.33
Cyprus	1,515,942	1.46
Finland	3,923,330	3.79
France	17,418,106	16.82
Germany	13,456,261	13.01
Gibraltar	4,432,927	4.28
Greece	2,524,384	2.44
Ireland	5,530,868	5.34
Jersey	2,614,872	2.53
Luxembourg	1,782,188	1.72
Netherlands	1,433,218	1.38
Norway	5,725,922	5.54
Poland	118,342	0.11
Spain	6,507,173	6.29
Sweden	2,724,023	2.63
Switzerland	8,098,892	7.82
United Kingdom	17,627,233	17.03
<b>Industry</b>		
Basic Materials	5,236,657	5.06
Communications	8,162,953	7.89
Consumer, Cyclical	12,499,386	12.07
Consumer, Non-cyclical	16,996,745	16.42
Energy	10,208,871	9.86
Financial	25,775,350	24.89
Industrials	11,708,466	11.31
Others	1,734,932	1.68
Technology	4,340,726	4.20
Utilities	5,411,767	5.23
<b>Asset Class</b>		
Equities	102,075,853	98.61
Other net assets	1,430,496	1.39

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

## **PRUDENTIAL UNIT TRUSTS – PROTECTED GLOBAL TITANS FUND (S\$) (“PRU PROTECTED GLOBAL TITANS FUND (S\$)”)**

Included under the CPF Investment Scheme – Ordinary Account and Special Account

### **Structure**

The PRU Protected Global Titans Fund (S\$) (the “Fund”) is a capital protected fund organised as a direct investment portfolio.

### **Investment Objective**

The investment objective of Fund is to achieve long term capital growth by gaining exposure to top global multinational companies through the Dow Jones Global Titans 50 Index<sup>SM</sup> while at the same time providing protection against the net asset value (“NAV”) of the Fund falling below the floor level of 95% of its NAV as at the start of each floor period, such period to be more than 12 months but less than 13 months. The Fund is denominated in Singapore Dollars.

### **Manager’s Commentary**

#### **Fund performance**

The Fund returned 3.4% (bid-to-bid basis) over the review period, outperformed its benchmark return of 2.5%.

#### **Market background**

Equities started the year on a pessimistic note following the global economy’s capitulation which had started towards the end of 2008. However, key markets began rebounding at the start of Q2 2009 as investors responded to news of better than expected Q1 earnings from US banks and signs that the fiscal stimulus measures undertaken by various countries had begun to take effect. As the year went on, it became clearer that the economy had stabilized but the US unemployment rate continued to hover at high levels and job opportunities remained limited despite the recovering economy. The economic recovery was seen as uneven and at certain times not convincing to investors.

#### **Factors affecting performance**

The Fund outperformed the benchmark by 0.90%. Although the Fund elected not to have an equity exposure at the Price Floor Resetting date in view of the weak and uncertain market conditions, the Fund managed to outperform the benchmark as a result of its positive bond security selection.

#### **Outlook**

As global economies stabilized and started to recover, investors began to mull on the potential impact of regulators restoring key interest rates higher and withdrawing the fiscal packages. The adjustment of benchmark interest rate higher and withdrawal of fiscal stimulus package may have negative impact on the economy if the regulators mis-time their execution. The economic recovery remains uneven as unemployment rate remains high. Although credit conditions have eased relative to the start of the year, the Fund remains selective of the fixed income/money market instruments that it invests in view of the uneven economic recovery.

## PRU PROTECTED GLOBAL TITANS FUND (S\$)

### Fund Performance

(As at 31 December 2009)

Sub-Fund / Benchmark	3 months %	6 months %	1 year %	3 years %	5 years %	Since inception*
			(average annual compounded return)			
PRU Protected Global Titans Fund (S\$)	0.7	2.1	3.4	2.9	3.2	2.1
CPF Ordinary Account Interest Rate *	0.6	1.3	2.5	2.5	2.5	2.5

Source: Prudential Asset Management (Singapore) Limited and CPF Board. The return is in S\$, and calculated on a bid-to-bid basis with net income reinvested. \* Proportion of 1 year CPF interest rate.

*There has been no dividend distribution since the inception of the Fund.*

+ 31 October 2001.

*Past performance is not necessarily indicative of the future performance of the Fund.*

## PRU PROTECTED GLOBAL TITANS FUND (S\$)

(As at 31 December 2009)

### Exposure to Derivatives

The Fund has the following exposure to derivatives as at 31 December 2009:

	Fair value 31 Dec 2009 SGD	Percentage of total net assets attributable to unitholders (%)
<b>Forward foreign exchange contracts</b>	21,258	0.09

The net realised and unrealised gains at the end of the year were SGD 110,386 and SGD 21,258 respectively.

### 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 2009

	SGD
Subscriptions	12,209,744
Redemptions	14,285,389

### Annualised Expense Ratio\*\*

0.70% (2008: 0.78%)

*\*\* 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

82.37% (2008: 76.16%)

### Soft Dollar Commission

Nil for the Fund.

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

Nil.

## PRU PROTECTED GLOBAL TITANS FUND (S\$)

### Top 10 Holdings

(As at 31 December 2009)

	Market Value SGD	% of Net Assets***
Sunshine Assets Limited MTN 2.78% 11/02/2011	1,262,739	5.12
Westfield Capital Corporation Series 4.375% 15/11/2010	1,078,824	4.38
Ascendas Real Estate Investment MTN 4.75% 29/04/2011	1,028,725	4.17
CCT MTN Pte Limited Series MTN 3.85% 20/08/2010	1,023,837	4.15
National Agricultural Company GMTN 3.3% 18/08/2010	1,018,776	4.13
Export-Import Bank of Korea EMTN 4.85% 28/04/2010	1,016,997	4.13
Mapletreelog Treasury Company MTN 3.8% 12/03/2010	1,012,832	4.11
Kookmin Bank Series GMTN 2.05% 18/10/2010	1,006,051	4.08
Midpoint Properties Series MTN 3.75% 04/07/2011	774,422	3.14
Ascott Capital Pte Limited MTN 3.1% 05/03/2010	759,039	3.08

### Top 10 Holdings

(As at 31 December 2008)

	Market Value SGD	% of Net Assets***
Cable & Wireless Optus Finance Pty Limited Series 8.125% 15/06/2009	1,488,570	5.75
Development Bank Of Singapore Series 7.875% 10/08/2009	1,130,759	4.37
Mapletreelog Treasury Company MTN 3.8% 19/10/2009	1,016,560	3.93
CCT MTN Pte Limited Series MTN 3.85% 20/08/2010	1,003,594	3.88
Ascott Capital Pte Limited MTN 2.725% 02/06/2009	1,002,910	3.88
Export-Import Bank Of Korea EMTN 2.28% 06/05/2009	1,002,348	3.87
Allgreen Properties Limited MTN 3% 12/08/2009	989,271	3.82
General Electric Capital Corporation EMTN 3.65% 06/04/2009	761,313	2.94
CMT MTN Pte Limited MTN 3.25% 01/04/2010	760,861	2.94
Hotel Properties Limited MTN 2.945% 07/08/2009	754,456	2.92

*Note: MTN denotes Medium Term Note, EMTN denotes Euro Medium Term Note, and GMTM denotes Global Medium Term Note.*

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

## PRU PROTECTED GLOBAL TITANS FUND (S\$)

### Schedule of Investments

(As at 31 December 2009)

	Market Value SGD	% of Net Assets***
<b>Country</b>		
Australia	1,582,891	6.42
New Zealand	1,019,200	4.13
Singapore	13,941,924	56.56
South Korea	5,789,128	23.49
United Kingdom	504,142	2.05
United States of America	858,408	3.48
<b>Industry</b>		
Banks	9,296,782	37.71
Diversified Financial Services	4,278,110	17.36
Electronics	256,276	1.04
Finance	1,934,772	7.85
Real Estate	5,379,709	21.83
Real Estate Investment Trusts	2,550,044	10.34
<b>Credit Ratings (by S&amp;P/Moody's)</b>		
AA+	1,078,824	4.38
AA	1,291,602	5.24
AA-	1,265,813	5.13
A	3,551,082	14.40
A-	2,261,272	9.18
BBB+	752,923	3.05
Not rated	11,794,027	47.85
<b>Asset Class</b>		
Bonds	21,995,543	89.23
Time deposits	1,700,150	6.90
Other net assets	954,664	3.87

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

## **PRUDENTIAL UNIT TRUSTS – ASIAN BALANCED FUND (“PRU ASIAN BALANCED FUND”)**

Included under the CPF Investment Scheme – Ordinary Account and Special Account

### **Structure**

The PRU Asian Balanced Fund (the “Fund”) is organised as a feeder fund which feeds into the Luxembourg - domiciled International Opportunities Funds – Asian Equity (“IOF – Asian Equity”) for its equity participation and International Opportunities Funds - US High Investment Grade Bond (“IOF - US HIG Bond”) and International Opportunities Funds – US Investment Grade Bond (“IOF - US IG Bond”) for its bond participation. The investment manager of IOF - Asian Equity, IOF - US HIG Bond and IOF - US IG Bond is the Manager. The investment sub-manager of the IOF - US HIG Bond and IOF - US IG Bond is PPM America, Inc.

### **Investment Objective**

The investment objective of the Fund is to maximise total return in the medium to long term by investing in a portfolio comprising of equities of companies in the Asian ex-Japan region, and quality corporate bonds and other fixed income securities issued in the United States market.

### **Manager’s Commentary**

#### **Fund performance**

The Fund returned 41.3% (bid-to-bid basis) for the year 2009, outperformed its composite benchmark return of 39.6%.

#### **Market background**

After one of the worst years in financial market history in 2008, equity and credit markets generally started 2009 on a weak note. Global macroeconomic data were weak at the beginning of the year but gradually showed signs of stabilisation, thanks largely to the bold policy actions from authorities around the world. Improving economic indicators, signs of financial system stabilisation as well a return of investors’ risk appetite over the course of the year propelled a strong rally in the equity and credit markets from their March lows.

The recovery of Asia ex Japan economies was particularly robust, driving Asian equities up sharply during this review period. Indonesia and India turned in some of the strongest gains for the year. US credit markets also delivered exceptionally strong performance for the review period. Similar to the trend seen in the equity markets, riskier lower quality investment grade corporates outperformed higher quality issuers.

## PRU ASIAN BALANCED FUND

### Factors affecting performance<sup>1</sup>

For the review period, the outperformance of the Asian equity and US bond sub-funds contributed significantly to the Fund's relative performance against its composite benchmark. On a negative note, the Fund's broad strategy of underweighting Asian equities into US bonds for most part of the review period moderated some of the outperformance, as Asian equities have outperformed US bonds by a wide margin.

Within the Asian equity sub-fund, stock selection among the financial, information technology and utility sectors contributed strongly to the Fund's outperformance. In particular, Taiwan's AAC Acoustic Technologies Holdings Inc. and India's Sterlite Industries (India) Ltd. were key contributors to the Fund's performance. AAC's market share is being driven increasingly by new products and customers, and valuation is not expensive, the fund manager believes. Sterlite is one of the world's lowest-cost producers of zinc, copper and aluminium and seems relatively cheap.

In contrast, stock selection in consumer discretionary and materials detracted from Fund performance; China's Zhongwang Holdings Ltd. and Korea's Shinsegae Co. Ltd. were big detractors. Zhongwang, an aluminium goods manufacturer, was hit by a news report that questioned information about company customers, although the company rejected the report as groundless. The fund manager remains positive on the stock as the company is expected to benefit from Beijing's economic stimulus spending. Shinsegae, an operator of department and discount stores in Korea, suffered because company sales appeared weak. Nevertheless, valuation of the stock remains attractive.

Within the US high investment grade bond sub-fund, the off benchmark holdings in commercial mortgage-backed securities (CMBS) was the largest contributor to relative performance. CMBS rallied in 2009 despite an overall weakening in commercial real estate fundamentals, which highlights both the excessiveness of the depression type scenarios that were priced into CMBS valuations at the beginning of the year as well as the positive support provided by the government's TALF program. The overweight position in the banking sector, particularly Barclays Bank and Wells Fargo & Co also contributed positively to relative returns. On a negative note, the Fund's cash holding was a mild drag on performance.

Within the US investment grade bond sub-fund, the off benchmark holdings in commercial mortgage-backed securities (CMBS) also contributed significantly to relative performance. In addition, underweight Pacific Gas & Electric Company, Berkshire Hathaway Inc. and Progress Energy Inc. within the Electric Integrated sector, as well as overweight American General Finance and underweight HSBC Finance within the Consumer/Commercial/Lease Financing sector also added value. On a negative note, underweighting REITs was a major detractor from relative performance as REITs rebounded in sympathy with improving sentiment surrounding real estate related securities.

<sup>1</sup> Please note that the securities mentioned herein are included for illustration purposes only. It should not be construed as a recommendation to purchase or sell any particular securities. There is no guarantee that any securities discussed herein will remain in the portfolio of the Fund at the time you received this material or that securities sold have not been repurchased.

## **PRU ASIAN BALANCED FUND**

### **Key changes to the portfolio**

The Fund has generally maintained an underweight stance on Asian equities out of US bonds from the first through the third quarter of the year. Nevertheless, the fund manager did take opportunity of the market volatility to move between neutral and underweight in Asian equities during this period.

The Fund closed out its underweight position in Asian equities and moved to neutral in October. While Asian equities' valuations appeared to be a slightly expensive, they were far from extreme levels. In the absence of a strong negative valuation signal, the fund manager would prefer to maintain a neutral stance between Asian equities and US bonds.

### **Outlook**

The fund manager maintains a medium-term positive view on Asian equities and believes the region's economic growth prospects are stronger than those of the world's developed economies but believes that the short term economic and earnings growth expectations in Asia might be too optimistic. Moreover, Asian equity valuations are now about fair to slightly expensive, following the strong performance in 2009. US credit spreads are still somewhat elevated and in the absence of risk aversion, markets should deliver stable returns. However, the fund manager does not expect this asset class to outperform Asian equities in the near term. Therefore, while the fund manager is cautious on the near term outlook for equities, there is also no clear valuation signal to justify taking active risk versus the benchmark. As such, the Fund is targeting a neutral allocation between US credit and Asian equities.

The US bond sub-funds remain overweight financial credit due to the constructive view about near-term spread tightening. The room for further spread compression is greatest in financials, which should continue to benefit from improving balance sheet strength and equity capitalisation as well as increased regulation that should lead to lower leverage. The Fund is maintaining an off benchmark weight to CMBS, as relative valuation is still attractive. The fund manager will continue to use periods of market strength to trim this overweight position. With much of the broad based rally in credit behind us, the fund manager expects relative performance to be largely driven by idiosyncratic credit performance and hence expects to focus on bottom-up, fundamental credit selection in 2010. The Asian equity sub-fund manager believes that China and India will become key participants in global economic growth and the investment in Indonesia is expected to rise. As such, the Fund is overweight China, India and Indonesia. In terms of sector allocation, the Fund is overweight financials, materials and telecommunication services.

## PRU ASIAN BALANCED FUND

### Fund Performance

(As at 31 December 2009)

Sub-Fund / Benchmark	3 months	6 months	1 year	3 years	5 years	Since inception*
	%	%	%	%	%	%
PRU Asian Balanced Fund	2.3	12.9	41.3	1.9	5.3	8.3
Composite Benchmark						
50% MSCI Asia ex-Japan Index						
30% Merrill Lynch US Corporates A-AAA rated (adjusted for A- credits)	3.4	14.2	39.6	3.1	6.3	8.7
20% Merrill Lynch US Corporates BBB - A rated*						

Source: Prudential Asset Management (Singapore) Limited and Bloomberg. The return is in S\$, and calculated on a bid-to-bid basis with net income reinvested.

There has been no dividend distribution since the inception of the Fund.

+ 24 February 2003.

Past performance is not necessarily indicative of the future performance of the PRU Asian Balanced Fund.

\* Changed from a composite of 50% MSCI Far East Fr Ex Japan Index, 30% Merrill Lynch US Corporates A-AAA rated (adjusted for A- credits) and 20% Merrill Lynch US Corporates BBB-A rated with effect from 1 October 2008 to better reflect the investment objective and focus of the Sub-Fund as the MSCI AC Asia ex Japan Index which replaced the MSCI Far East Fr ex Japan Index in the composite covers the additional countries of India and Pakistan in addition to the countries covered in the MSCI Far East Fr ex Japan Index.

## PRU ASIAN BALANCED FUND

### Schedule of Investments

(As at 31 December 2009)

Number of Shares	Investment Funds	Market Value SGD	% of Net Assets***
	<u>Luxembourg</u>		
	International Opportunities Funds:		
8,825,845	- Asian Equity Class C	395,633,673	49.85
	International Opportunities Funds:		
12,190,331	- US High Investment Grade Bond Class B	232,690,312	29.32
	International Opportunities Funds:		
7,417,430	- US Investment Grade Bond Class B	162,943,184	20.53
	<b>Total Investments</b>	<b>791,267,169</b>	<b>99.70</b>
	Other Net Assets	2,382,083	0.30
	<b>Total Net Assets Attributable to Unitholders</b>	<b>793,649,252</b>	<b>100.00</b>

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

## **PRU ASIAN BALANCED FUND**

(As at 31 December 2009)

### **Exposure to Derivatives**

Nil

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

The PRU Asian Balanced Fund invests SGD 395,633,673, SGD 232,690,312 and SGD 162,943,184 equivalent to 49.85%, 29.32% and 20.53% of its net asset value attributable to unitholders, International Opportunities Funds - Asian Equity, International Opportunities Funds - US High Investment Grade Bond and International Opportunities Funds - US Investment Grade Bond respectively.

### **Borrowings**

Nil

### **Related Party Transactions**

The PRU Asian Balanced Fund invests SGD 395,633,673, SGD 232,690,312 and SGD 162,943,184 equivalent to 49.85%, 29.32% and 20.53% of its net asset value attributable to unitholders, International Opportunities Funds - Asian Equity, International Opportunities Funds - US High Investment Grade Bond and International Opportunities Funds - US Investment Grade 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.

Refer to Note 10 of "Notes to the Financial Statements".

### **Total Subscriptions and Redemptions for the year ended 31 December 2009**

	<b>SGD</b>
Subscriptions	106,236,684
Redemptions	81,374,070

### **Annualised Expense Ratio\*\***

1.44% (2008: 1.45%)

*\*\* 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**

32.54% (2008: 41.80%)

### **Soft Dollar Commission**

Nil for the Fund.

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

Nil.

## INTERNATIONAL OPPORTUNITIES FUNDS – ASIAN EQUITY

### Top 10 Holdings

(As at 31 December 2009)

	Market Value USD	% of Net Assets***
Hon Hai Precision Industry	26,973,637	3.27
Bank Of China Ltd - H	24,124,469	2.92
Samsung Electronics Co Ltd	23,610,972	2.86
China Mobile Ltd	23,595,585	2.86
Henderson Land Development	21,668,095	2.63
Wharf Holdings	21,638,862	2.62
Cnooc Ltd	21,553,446	2.61
Aac Acoustic Technologies	21,020,268	2.55
Shinsegae Co Ltd	20,994,405	2.54
ICICI Bank Ltd	20,561,590	2.49

### Top 10 Holdings

(As at 31 December 2008)

	Market Value USD	% of Net Assets***
China Mobile Limited	20,463,795	4.11
China Unicom Hong Kong Limited	17,455,592	3.51
Wharf Holdings Limited	17,179,501	3.45
Taiwan Cement Corporation	16,228,069	3.26
Samsung Electronics Co Limited	15,937,446	3.20
PT Bank Rakyat Indonesia Tbk	14,897,733	2.99
Far Eastern Textile Limited	14,102,674	2.83
Bank Of China Limited - H	13,615,248	2.73
Henderson Land Development Company Limited	13,487,073	2.71
Hutchinson Whampoa Limited	13,294,145	2.67

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

### Annualised Expense Ratio\*\*

1.09% (2008: 1.10%)

\*\* 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

53.65% (2008: 40.24%)

## INTERNATIONAL OPPORTUNITIES FUNDS – ASIAN EQUITY

### Schedule of Investments

(As at 31 December 2009)

	Market Value USD	% of Net Assets***
<b>Country</b>		
China	239,994,360	29.10
Hong Kong	79,515,764	9.64
India	106,679,407	12.93
Indonesia	35,647,117	4.32
Korea	126,891,311	15.37
Malaysia	18,296,850	2.22
Philippines	9,830,110	1.19
Singapore	39,586,785	4.81
Taiwan	123,952,075	15.05
Thailand	24,704,386	3.00
<b>Industry</b>		
Consumer Discretionary	17,719,398	2.15
Consumer Staples	39,639,484	4.80
Energy	45,493,889	5.51
Financials	300,029,033	36.38
Industrials	58,884,211	7.14
Information Technology	158,061,418	19.18
Materials	87,330,011	10.59
Telecommunication Services	58,624,004	7.11
Utilities	39,316,717	4.77
<b>Asset Class</b>		
Equities	805,098,165	97.63
Other net assets	19,931,030	2.37

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

## INTERNATIONAL OPPORTUNITIES FUNDS – US HIGH INVESTMENT GRADE BOND

### Top 10 Holdings

(As at 31 December 2009)

	Market Value USD	% of Net Assets***
Wells Fargo & Co 5.625% 11/12/2017	5,168,518	2.37
Jpmorgan Chase & Co 6.3% 23/4/2019	3,480,148	1.60
Merrill Lynch & Co 6.05% 15/8/2012	3,325,916	1.53
Morgan Stanley 5.75% 31/8/2012	3,222,867	1.48
Bank Of America Corp 5.75% 1/12/2017	3,083,718	1.41
IBM Corp 2.1% 6/5/2013	3,001,281	1.38
Credit Suisse New York 5.5% 1/5/2014	2,938,056	1.35
General Elec Cap Corp 5.25% 19/10/2012	2,665,120	1.22
Roche Holding Inc 6% 1/3/2019	2,648,592	1.21
General Elec Cap Corp 6.875% 10/1/2039	2,641,361	1.21

### Top 10 Holdings

(As at 31 December 2008)

	Market Value USD	% of Net Assets***
Wachovia Corp. 5.7 8/1/2013	2,774,478	1.86
JP Morgan Chase 6.625% 15/3/2012	2,720,562	1.82
General Electric Capital Corp. 5.5% 28/4/2011	2,557,015	1.71
General Electric Capital Corp. 5.875% 14/01/2038	2,538,715	1.70
Mellon Funding Corp. 5.2% 15/05/2014	2,392,362	1.60
Burlinton 5.72% 15/1/2024	2,288,345	1.53
Bp Capital Plc 5.25 11/7/2013	2,095,884	1.40
Bank Of America Corp. 7.4% 15/1/2011	2,048,584	1.37
Bank of New York Mellon Corp. 4.95 11/01/2012	2,036,954	1.36
General Electric Capital Corp. 5.625% 1/5/2018	2,034,894	1.36

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

**INTERNATIONAL OPPORTUNITIES FUNDS –  
US HIGH INVESTMENT GRADE BOND**

	<b>Market Value USD</b>	<b>% of Net Assets***</b>
<b>Credit Ratings (by S&amp;P/Moody's)</b>		
AAA	20,193,897	9.27
AA+	19,690,834	9.03
AA	18,922,861	8.68
AA-	29,287,681	13.43
A+	39,104,232	17.95
A	78,099,310	35.79
A-	1,223,170	0.56
Aa1	1,485,615	0.68
Aa2	2,422,468	1.11
Aa3	1,368,863	0.63
BBB+	2,602,183	1.20
BBB	529,491	0.24
BB	3,393,750	1.56
Not Rated	501,013	0.23

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

**Annualised Expense Ratio\*\***

0.57% (2008: 0.57%)

\*\* 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**

160.09% (2008: 97.43%)

## INTERNATIONAL OPPORTUNITIES FUNDS – US HIGH INVESTMENT GRADE BOND

### Schedule of Investments

(As at 31 December 2009)

	Market Value USD	% of Net Assets***
<b>Country</b>		
Australia	5,631,290	2.58
Canada	865,834	0.40
Finland	455,192	0.21
Germany	2,425,155	1.11
Italy	2,496,845	1.15
Netherlands	1,488,862	0.68
Norway	1,665,957	0.77
Qatar	2,619,830	1.19
South Korea	371,166	0.17
Spain	1,497,127	0.69
Sweden	1,003,175	0.46
Switzerland	8,799,037	4.03
United Arab Emirates	3,791,331	1.74
United Kingdom	14,409,510	6.62
United States of America	171,305,058	78.56
<b>Industry</b>		
Asset Backed	17,667,082	8.11
Financials	120,915,080	55.46
Industrials	59,105,124	27.08
Others	481,138	0.22
Quasi & Foreign Government	15,602,687	7.17
Utilities	5,054,258	2.32
<b>Asset Class</b>		
Bonds	218,825,369	100.36
Other net liabilities	(791,186)	(0.36)

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

## INTERNATIONAL OPPORTUNITIES FUNDS – US INVESTMENT GRADE BOND

### Top 10 Holdings

(As at 31 December 2009)

	Market Value USD	% of Net Assets***
Chase Issuance Trust 2007-A15 4.96% 17/9/2012	5,151,961	1.24
Diageo Finance Bv 3.25% 15/1/2015	4,783,339	1.15
Walot 2007-1 5.29% 20/4/2012	4,690,766	1.13
Wachovia Bank Commercial Mortgage T 2006-C27 5.765% 15/7/2045	4,155,686	1.00
Barclays Bank Plc 2.5% 23/1/2013	4,003,636	0.97
Goldman Sachs Group Inc 6.75% 1/10/2037	3,825,929	0.92
Citigroup Inc 5% 15/9/2014	3,741,353	0.90
Simon Property Group Inc 6.75% 15/5/2014	3,739,890	0.90
Xstrata Finance Canada 7.25% 15/7/2012	3,571,330	0.86
Anheuser-Busch Inbev Wor 4.125% 15/1/2015	3,564,946	0.86

### Top 10 Holdings

(As at 31 December 2008)

	Market Value USD	% of Net Assets***
Wells Fargo 7.7% 29/12/2049	1,438,299	1.85
JP Morgan Chase 5.179342% 15/12/2044	1,182,896	1.52
CVS Lease 6.036 12/10/2028	1,141,787	1.47
Telefonica 5.855 4/2/2013	1,062,654	1.37
Merrill Lynch MBS 5.236%12/11/2035	952,965	1.23
International Lease 4.75% 1/7/2009	930,584	1.20
Sabmiller PLC 5.7%1/15/2014	925,512	1.19
Enterprise Products Operating LLC 5.65% 1/4/2013	909,749	1.17
Inco Ltd 7.75% 15/05/2012	863,991	1.11
Morgan Stanley MBS 5.7 12/7/2044	837,637	1.08

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

## INTERNATIONAL OPPORTUNITIES FUNDS – US INVESTMENT GRADE BOND

	Market Value USD	% of Net Assets***
<b>Credit Ratings (by S&amp;P/Moody's)</b>		
AAA	28,056,138	6.75
AA+	4,892,282	1.17
AA	6,960,360	1.67
AA-	10,473,470	2.52
A+	17,972,646	4.33
A	58,478,707	14.08
A-	59,686,877	14.41
Aa2	2,422,468	0.58
Aa3	2,368,763	0.57
BBB+	84,631,136	20.42
BBB	78,691,334	18.95
BBB-	49,813,369	12.02
BB+	1,538,044	0.38
BB	773,750	0.19
B+	418,144	0.10
Not rated	462,909	0.11

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

### **Annualised Expense Ratio\*\***

0.57% (2008: 0.58%)

\*\* 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**

201.12% (2008: 182.86%)

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

## INTERNATIONAL OPPORTUNITIES FUNDS – US INVESTMENT GRADE BOND

### Schedule of Investments

(As at 31 December 2009)

	Market Value USD	% of Net Assets***
<b>Country</b>		
Australia	7,945,884	1.91
Belgium	2,043,694	0.49
Bermuda	1,026,987	0.24
Brazil	2,785,457	0.67
Canada	18,385,160	4.44
Cayman Islands	4,829,719	1.17
Dutch Antilles	368,920	0.09
France	987,204	0.24
Germany	999,873	0.24
Hong Kong	2,835,991	0.68
Italy	2,569,231	0.61
Luxembourg	1,515,482	0.37
Mexico	2,256,576	0.54
Netherlands	4,783,339	1.15
Qatar	1,050,111	0.25
South Korea	1,839,656	0.45
Spain	3,770,617	0.91
Sweden	1,468,326	0.35
Switzerland	1,822,800	0.44
United Arab Emirates	5,782,245	1.39
United Kingdom	16,304,630	3.94
United States	322,268,495	77.68
<b>Industry</b>		
Asset Backed	43,546,832	10.48
Financials	124,693,989	30.07
Industrials	205,547,450	49.54
Others	256,597	0.06
Quasi & Foreign Government	3,517,178	0.84
Utilities	30,078,351	7.26
<b>Asset Class</b>		
Bonds	407,640,397	98.25
Other net assets	6,969,978	1.75

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

## **PRUDENTIAL UNIT TRUSTS – DRAGON PEACOCK FUND (“PRU DRAGON PEACOCK FUND”)**

Included under the CPF Investment Scheme – Ordinary Account

### **Structure**

The PRU Dragon Peacock Fund (the “Fund”) is a fund organised as a direct investment portfolio. For efficient portfolio management purposes, a Mauritian entity, Dragon Peacock Investments Limited has been established to hold all the investments of the Fund in China and/or India (except such investments which the Manager determines should be held directly by the Fund). The Trustee remains responsible for the safe custody of the assets of the Sub-Fund held through the Mauritian entity. The investment sub-manager of the PRU Dragon Peacock Fund is Prudential Asset Management (Hong Kong) Limited.

### **Investment Objective**

The investment objective of the Fund is to maximize long-term total return by investing primarily in equity and equity-related instruments of corporations, which are incorporated in, or listed in, or operating principally from, or carrying on significant business in, or derive substantial revenue from, or whose subsidiaries, related or associated corporations derive substantial revenue from, the People’s Republic of China (PRC) and the Republic of India (India).

### **Manager’s Commentary**

#### **Fund performance**

For the 12 months ended 31 December 2009, the Fund advanced 82.1% (bid-to-bid basis), outperformed its benchmark which gained 79.7%.

#### **Market background**

The MSCI India gained a record 103% in 2009 while the MSCI China advanced 62.6%<sup>1</sup>. India and China began the year on a positive note with the help of a rally in March, helped by positive cues from the US financial markets. The India market rallied in the second quarter on the election victory of the ruling party, as it raised hopes of a revival in foreign direct investment and economic growth while putting to rest fears of an unwieldy coalition. Meanwhile, China advanced based on strong economic indicators pointing to a swift recovery. The India market continued its rally in the second half of 2009 as positive economic data, corporate earnings upgrades and robust advance tax payments by Indian companies confirmed the economic recovery and bolstered investor sentiment. In China, economic data showed that stimulus efforts were more than compensating for a slump in exports.

<sup>1</sup> MSCI Barra

## PRU DRAGON PEACOCK FUND

### Factors affecting performance<sup>2</sup>

Overweight positions in consumer discretionary stocks were leading contributors to outperformance in 2009. BYD Company Limited, Gome Electrical Appliances Holding Limited, and Maruti Suzuki India Limited all moved higher as the economic outlook improved and investors became less risk averse. Underweight positioning in telecommunications companies such as China Mobile Limited and Reliance Communications Limited also helped. China faced a maturing market while India telecommunications companies grappled with hyper competition which squeezed margins. Consumer staples were laggards in 2009 as some investors lost interest in defensive stocks and the potential increase in commodities costs deterred others. Positions in Colgate-Palmolive (India) and ITC Limited had a negative impact on Fund performance.

### Key changes to the portfolio<sup>2</sup>

Tata Power Company Limited was sold to consolidate the Fund's position in GVK Power & Infrastructure, a leading infrastructure asset owner which has improving prospects across all its businesses. A new position was initiated in Mphasis Limited, a company that is well positioned to benefit from an increase in IT outsourcing from its US based parent Hewlett Packard. The fund manager exited DLF Limited, a real estate developer, in favor of LIC Housing Finance. LIC Housing Finance is more attractive in terms of delivering strong business growth and margin expansion. China Life Insurance Company Limited was sold in favor of China Pacific Insurance Group Company. China Life may see notable growth deceleration going forward while China Pacific enjoys better operating trends, more growth drivers and more appealing valuation.

### Outlook

Inflation continues to be a key risk for India. While the market is anticipating tightening in monetary policy, surprises on the degree and timing of policy actions could be a source of volatility going forward. Strong economic growth and accelerating inflation indicate that policy could return to normal soon. The recovery in consumption is on track and will likely be supported by improving hiring trends. In China, the government is likely to focus more on adjusting China's economic structure in the future to achieve sustainable growth. The fund manager is positive on the long-term outlook for China stocks, but believes that investment opportunities exist more in individual stocks than in the overall market.

<sup>2</sup> Please note that the securities mentioned herein are included for illustration purposes only. It should not be construed as a recommendation to purchase or sell any particular securities. There is no guarantee that any securities discussed herein will remain in the portfolio of the Fund at the time you received this material or that securities sold have not been repurchased.

## PRU DRAGON PEACOCK FUND

### Fund Performance

(As at 31 December 2009)

Sub-Fund / Benchmark	3 months %	6 months %	1 year %	3 years %	5 years %	Since inception*
			(average annual compounded return)			
PRU Dragon Peacock Fund	7.2	21.3	82.1	7.6	16.1	18.0
<u>Composite Benchmark</u>						
50% MSCI China Index	8.4	20.1	79.7	7.5	20.3	23.4
50% MSCI India Index						

Source: Prudential Asset Management (Singapore) Limited and Bloomberg. The return is in S\$, and calculated on a bid-to-bid basis with net income reinvested.

There has been no dividend distribution since the inception of the Fund.

+ 18 June 2004.

Past performance is not necessarily indicative of the future performance of the Fund.

## **PRU DRAGON PEACOCK FUND**

(As at 31 December 2009)

### **Exposure to Derivatives**

Nil.

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

Nil.

### **Borrowings**

Nil.

### **Related Party Transactions**

Refer to Note 10 of “Notes to the Financial Statements”.

### **Total Subscriptions and Redemptions for the year ended 31 December 2009**

	<b>SGD</b>
Subscriptions	301,344,218
Redemptions	147,368,143

### **Annualised Expense Ratio\*\***

1.71% (2008: 1.80%)

*\*\* 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**

27.07% (2008: 38.05%)

### **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 Manager in respect of PRU Dragon Peacock Fund. The soft dollar arrangements relate essentially to the use of analytical tool provided by a broker, ITG Hong Kong Limited (“ITG HK”) for the purpose of assessing and monitoring the efficiency of trade execution. The Manager also uses an execution management system provided by ITG HK. This system enhances current equity order management workflows by increasing functionality with regard to live market data, pre and post-trade execution analytics and access to broker algorithm trading strategies. The said broker has also executed trades for other schemes managed by the Manager.

## **PRU DRAGON PEACOCK FUND**

(As at 31 December 2009)

Soft-dollar commissions/arrangements shall not include travel, accommodation, entertainment, general administrative goods and services, general office equipment or premises, membership fees, employees' salaries or direct money payment.

The Manager confirms that the goods and services received were for the benefits of the funds, 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.

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

Nil.

## PRU DRAGON PEACOCK FUND

### Top 10 Holdings

(As at 31 December 2009)

	Market Value SGD	% of Net Assets***
Industrial and Commercial Bank of China Company Limited	75,874,361	5.76
Bank of China Limited	71,013,470	5.39
Reliance Industries Limited	68,752,735	5.22
ICICI Bank Limited	58,319,264	4.43
Infosys Technologies Limited	58,247,748	4.42
Axis Bank Limited	47,161,047	3.58
China Mobile Limited	43,853,797	3.33
Sterlite Industries (India) Limited	38,499,210	2.92
BYD Company Limited	36,347,323	2.76
CNOOC Limited	33,547,227	2.55

### Top 10 Holdings

(As at 31 December 2008)

	Market Value SGD	% of Net Assets***
China Mobile Limited	36,627,285	5.95
Reliance Industries Limited	34,829,300	5.66
China Unicom (Hong Kong) Limited	33,009,789	5.36
Industrial and Commercial Bank of China Co. Limited	32,494,938	5.28
HDFC Bank Limited	27,884,033	4.53
BYD Company Limited	27,517,348	4.47
Infosys Technologies Limited	26,940,953	4.38
ITC Limited	23,364,880	3.80
Bank of China Limited	23,005,858	3.74
China Petroleum & Chemical Corporation	21,886,391	3.56

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

## PRU DRAGON PEACOCK FUND

### Schedule of Investments

(As at 31 December 2009)

	Market Value SGD	% of Net Assets***
<b>Country</b>		
Cayman Islands	28,476,571	2.16
China	372,204,242	28.25
Hong Kong	237,948,499	18.06
India	669,785,978	50.83
<b>Industry</b>		
Advertising	33,440,135	2.54
Agriculture	26,708,282	2.03
Automotive	14,797,254	1.12
Auto & Trucks	25,792,803	1.96
Banks	252,368,142	19.15
Building & Construction	26,203,490	1.99
Cement	11,589,114	0.88
Chemical	68,752,735	5.22
Consumer	49,665,612	3.77
Diversified Resource	61,037,379	4.63
Electronics	46,072,419	3.50
Finance	38,965,356	2.96
Gas	33,128,159	2.51
Insurance	58,439,724	4.44
Internet Software	123,487,661	9.37
Manufacturing	75,477,090	5.73
Media	19,944,428	1.51
Medical-drugs	18,781,975	1.43
Metal Products	63,006,744	4.78
Mining	25,035,345	1.90
Oil & Gas	17,178,062	1.30
Petrol	80,843,063	6.14
Real Estate	38,031,872	2.89
Telecom Service	82,268,004	6.24
Transport	9,730,224	0.74
<b>Asset Class</b>		
Equities	1,308,415,290	99.30
Other net assets	9,153,345	0.70

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

## **PRUDENTIAL UNIT TRUSTS – GLOBAL BASICS FUND (“PRU GLOBAL BASICS FUND”)**

Included under the CPF Investment Scheme – Ordinary Account

### **Structure**

PRU Global Basics Fund (the “Fund”) is organised as a feeder fund, which feeds into Sterling Class A shares of the M&G Investment Funds (1) – M&G Global Basics Fund (“M&G Global Basics Fund”), domiciled in the United Kingdom.

The investment manager of the M&G Global Basics Fund is the UK domiciled M&G Investment Management Limited.

The Manager is currently offering three Classes of Units in the PRU Global Basics Fund, namely, SGD Class, USD Class and Euro Class. There are no material differences between the three Classes save for the difference in the base currency of each Class. Units of the SGD Class shall hereinafter be referred to as “PRU Global Basics SGD Class”, Units of the USD Class shall hereinafter be referred to as “PRU Global Basics USD Class” and Units of the Euro Class shall hereinafter be referred to as “PRU Global Basics Euro Class”.

Investors should note that the PRU Global Basics USD Class and PRU Global Basics Euro Class may be subject to foreign exchange risk and currency conversion costs. In addition, a separate Net Asset Value per Unit (denominated in the relevant base currency), which may differ as a consequence of the aforesaid variable factors will be calculated for each Class.

### **Investment Objective**

The investment objective of the PRU Global Basics Fund is to invest wholly or mainly in companies operating in basic industries (‘primary’ and ‘secondary’ industries) and also in companies that service these industries. The PRU Global Basics Fund may also invest in other global equities. The sole aim of the PRU Global Basics Fund is long-term capital growth. The Manager intends to achieve this investment objective by investing all or substantially all of the assets of the PRU Global Basics Fund into the M&G Global Basics Fund which shares the same investment objective.

### **Manager’s Commentary**

#### **Fund performance**

The Fund returned 48.0% (bid-to-bid basis), outperformed its benchmark which returned 30.7%<sup>1</sup>.

<sup>1</sup> *The performance mentioned above applies to SGD units only and not the USD and EUR classes.*

## PRU GLOBAL BASICS FUND

### Market background

Despite a treacherous start to the year, global equities enjoyed very strong returns during 2009. As soon as signs emerged that the unprecedented monetary and fiscal stimulus measures employed by governments worldwide had saved the economy from a 1930s-style depression, and economic data stopped deteriorating, investors demanded higher yielding assets. Having been heavily sold at the height of the downturn, cyclical-led sectors with the greater exposure to any rebound in economic activity were the biggest beneficiaries of investors' renewed appetite for risk. Commodity- and industrial-related stocks therefore achieved some of the biggest gains, spurred on by attractive demand fundamentals from emerging countries, such as China and India. Consumer-related stocks with exposure to less mature markets also rose on the back of these much improved economic prospects.

Geographically, stock markets in developing countries, such as China, India, Taiwan, Singapore, and South America, outperformed their more mature counterparts, due to confidence over their economic prospects, as well as burgeoning budget deficits in places like the UK, the US, Japan and parts of the Euro zone.

### Factors affecting performance<sup>2</sup>

The Fund's relatively large overweight positions in basic materials contributed positively to performance during the 12-month review period. A comparatively big position in industrials also proved beneficial. On the downside, the Fund's relatively large position in consumer-related businesses detracted from performance, however, this was offset by good stock selection in this area of the market.

At a stock level, holdings in South Africa-based platinum producer Lonmin and Anglo-Irish oil & exploration business Tullow Oil Plc gained on the back of the rally in raw material prices as prospects for the global economy improved.

At a stock-specific level, further progress was made by Tullow in developing the Jubilee field (offshore Ghana), which is due to start production later this year. The value of the field was confirmed by proposals by Exxon and CNOOC to acquire a stake in the field owned by one of Tullow's partners. Meanwhile, new discoveries off the coast of Sierra Leone appeared to confirm the possibility of a major oil province offshore West Africa. As for Lonmin, shareholders were reassured that the management team was working hard to restore its operational health after problems at its main smelter this year.

<sup>2</sup> Please note that the securities mentioned herein are included for illustration purposes only. It should not be construed as a recommendation to purchase or sell any particular securities. There is no guarantee that any securities discussed herein will remain in the portfolio of the Fund at the time you received this material or that securities sold have not been repurchased.

## PRU GLOBAL BASICS FUND

Commodities supplier Noble Group, whose future was strengthened by an investment from the Chinese sovereign wealth fund, also delivered an outstanding contribution to the Fund's performance. Outside the resources sector, the Fund's holding in global coffee chain Starbucks, chicken producer Pilgrim's Pride and Russian food manufacturer Wimm Bill Dann Foods added significant value. Starbucks has taken major steps over the past 12 months to restructure the business and focus on faster growing markets, which has been well rewarded by the way of higher growth in profits. Meanwhile, Pilgrim's came out of bankruptcy protection in December and was re-admitted to the New York stock exchange.

Although the Fund has significantly outperformed its benchmark during the 12 months, there were, as ever, some disappointments. These included one of the Fund's biggest holdings, drinks manufacturer Constellation Brands. As well as being overlooked by investors to a large extent during the cyclical-driven rally of 2009, sentiment in Constellation Brands has suffered because of problems at its wine division. Nevertheless, the fund manager is a strong believer in the long-term growth prospects for this company and believes that it is a good quality business with a great product range, well placed to benefit from demand in Asia.

### **Key changes to the portfolio<sup>2</sup>**

The fund manager continued to add to the Fund's holdings in commodity-related stocks and established a holding in German potash manufacturer K&S. He has gradually built up this position buying more shares in the business throughout the year. He also participated in the company's rights issue in December. He believes that K&S will be a major beneficiary of the urgent need for fertiliser from developing countries such as China due to rapid population growth. He also added to the Fund's stake in mining business BHP Billiton based on his view that the firm has some of the best assets in the world and promising growth prospects. Also importantly, BHP boasts healthy balance sheet, the long-term value of which is, in the fund manager's opinion, far from reflected in the share price of the business.

The fund manager topped up holdings in Singapore-based conglomerate Fraser & Neave, food manufacturer Kerry, high-end hotel chain Hong Kong & Shanghai Hotels and UK consumer products manufacturer PZ Cussons. The fund manager is a strong believer in the long-term growth prospects for all of these companies. These are not only attractively valued, good quality businesses, but they also have great product ranges together with growing operations around the world. They also share the same commitment to cash generation.

## PRU GLOBAL BASICS FUND

While commodities and consumer-related stocks continue to make up a core part of the portfolio, the fund manager found an increasing number of opportunities among global services names. This highlights the diversity of investment possibilities in so-called 'global basic' companies. During the 12-month period, the fund manager established holdings in ports operator DP Ports, power supply business Aggreko and security services group G4S. All three companies are well placed to benefit from growing demand for their services worldwide with a particular emphasis on less mature markets.

For example, the fund manager believes that the strength of G4S is based on a combination of highly profitable government contracts in the UK, its domestic market, as well as its globally diversified presence overseas. In particular, the business has a solid network in emerging markets where demand for security services is growing. G4S is a great example of a well-established western company that is tapping into the enormous growth potential of less mature markets as a way to bolster its revenues.

As for sales, the fund manager disposed of the portfolio's holding in Australian oil & gas business Santos. The stock had performed extremely well during its time in the portfolio, reflecting the ongoing transformation of the business from a domestic oil & gas company to a major supplier to Asian markets where demand for energy keeps on growing. The fund manager believes that the strong performance had left the company's valuation looking relatively expensive and sold out of this holding.

Also, the fund manager sold positions in chemicals manufacturer FMC, steelmaker Bluescope Steel, coal mining business Peabody Energy, preferring to use the proceeds from these holdings for more compelling investment opportunities.

There were no major shifts in the portfolio's investments, in particular its sector and capitalisation weightings, during the 12-month review period. Basic materials, consumer goods and industrials remained as the Fund's biggest sector weightings. The Fund's exposure to basic materials rose by roughly 6.0% over the past year, reflecting the purchasing activity in this area of the market during 2009. In comparison, the Fund's consumer goods weighting fell by roughly 4.5%. The Fund's industrial exposure rose by approximately 3.0%.

The Fund's cash position was 0.6% at the end of December 2009 compared with 1.7% at the end of December 2008 - this is not actively managed and the fund manager aims to be fully invested at all times.

## PRU GLOBAL BASICS FUND

### Outlook<sup>2</sup>

Reflecting the fund manager's positive opinion of the structural and demographic changes taking place in the emerging world, the Fund has an overweight position in consumer-related stocks. Most notably, the Fund has relatively large positions in global coffee chain Starbucks, consumer products manufacturers Unilever and Colgate-Palmolive, food ingredients manufacturer Kerry Group and Yum! Brands, which operates the Pizza Hut and Kentucky Fried Chicken fast-food chains.

The fund manager believes that these companies are well placed to benefit from the growth of consumer spending in developing markets. These businesses are highly cash generative, should be able to fund their growth organically, and return cash to shareholders as well.

The Fund also has a relatively large weighting in basic materials stocks, including mining businesses BHP Billiton, Eramet and Lonmin, as well as brick manufacturer Wienerberger, natural resources company Sherritt International, potash producer K&S, among others, and is therefore well placed to gain from the strong requirements for commodities from developing countries such as China.

While commodity- and consumer-related stocks continue to make up a core part of the portfolio, the fund manager is finding an increasing number of opportunities among global services names, as mentioned above. This highlights the diversity of investment possibilities in so-called 'global basic' companies.

The fund manager believes strongly in the shift of economic power from the "West" to the "East" and thinks that companies, which understand this shift and are positioning themselves accordingly, will be the winners over the next decade. By continuing to select well managed good quality companies, which have attractive assets and are in sound financial health, as outlined in this report, we believe that the Fund will be able to reap the rewards of this exciting scenario and provide good performance over the long term.

## PRU GLOBAL BASICS FUND

### Fund Performance

(As at 31 December 2009)

Sub-Fund / Benchmark	3 months %	6 months %	1 year %	3 years %	Since inception*
			(average annual compounded return)		
PRU Global Basics Fund SGD Class	6.3	24.9	48.0	-3.5	2.5
FTSE Global Basics Composite Index SGD	5.9	20.2	30.7	-2.9	2.3
PRU Global Basics Fund USD Class	6.8	28.8	51.8	-0.6	3.4
FTSE Global Basics Composite Index USD	6.3	24.0	34.2	0.0	3.9
PRU Global Basics Fund Euro Class	8.7	25.9	47.2	-	-12.2
FTSE Global Basics Composite Index Euro	8.3	21.2	30.0	-	-7.0

*Source: Prudential Asset Management (Singapore) Limited. The return is calculated on a bid-to-bid basis with net income reinvested. The return for PRU Global Basics Fund SGD Class is calculated in S\$, the return for PRU Global Basics USD Class is calculated in US\$ and the return for PRU Global Basics Fund Euro Class is calculated in Euro.*

*There has been no dividend distribution since the inception of the Fund.*

*+ PRU Global Basics Fund SGD Class 18 Oct 2005, PRU Global Basics Fund USD Class 11 Sep 2006, PRU Global Basics Fund Euro Class 6 May 2008.*

*Past performance is not necessarily indicative of the future performance of the Fund.*

## PRU GLOBAL BASICS FUND

### Schedule of Investments

(As at 31 December 2009)

Number of Shares	Investment Funds	Market Value SGD	% of Net Assets***
	<u>United Kingdom</u>		
	M&G Investment Fund (1)		
	- Global Basics Fund Net		
	Accumulation Shares in		
23,334,245	Sterling Class A	440,515,247	99.81
<b>Total Investments</b>		<b>440,515,247</b>	<b>99.81</b>
Other Net Assets		839,644	0.19
<b>Total Net Assets Attributable to Unitholders</b>		<b>441,354,891</b>	<b>100.00</b>

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

## **PRU GLOBAL BASICS FUND**

(As at 31 December 2009)

### **Exposure to Derivatives**

Nil.

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

The Fund invests SGD 440,515,247 equivalent to 99.81% of its net asset attributable to unitholders, in M&G Global Basics Fund Net Accumulation Shares in Sterling Class A.

### **Borrowings**

Nil

### **Related Party Transactions**

The Fund invests SGD 440,515,247 equivalent to 99.81% of its net asset attributable to unitholders, in M&G Global Basics Fund Net Accumulation Shares in Sterling Class A.

Refer to Note 10 of "Notes to the Financial Statements".

### **Total Subscriptions and Redemptions for the year ended 31 December 2009**

	<b>SGD</b>
Subscriptions	33,512,920
Redemptions	47,273,996

### **Annualised Expense Ratio\*\***

1.77% (2008: 1.74%)

*\*\* 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**

3.07% (2008: 13.97%)

### **Soft Dollar Commission**

Nil for the Fund.

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

Nil.

## M&G GLOBAL BASICS FUND

### Top 10 Holdings

(As at 31 December 2009)

	Market Value GBP	% of Net Assets***
Lonmin	180,161,216	4.57
Tullow Oil	177,586,500	4.51
Unilever	169,589,250	4.30
Sims	161,284,689	4.09
Eramet	156,165,915	3.96
Imerys	146,065,070	3.71
Johnson Matthey	131,962,844	3.35
Fraser and Neave	128,584,664	3.26
Colgate-Palmolive	125,332,654	3.18
Constellation Brands	121,439,289	3.08

### Top 10 Holdings

(As at 31 December 2008)

	Market Value GBP	% of Net Assets***
Constellation Brands, Inc.	131,534,108	5.14
Santos Limited	126,276,614	4.94
Colgate-Palmolive Company	109,645,711	4.29
Unilever PLC	109,054,500	4.26
Imerys	98,210,353	3.84
European Aeronautic Defence & Space N.V.	95,285,061	3.73
Tullow Oil PLC	90,871,250	3.55
Ansell Limited	84,629,746	3.31
Eramet	78,670,023	3.08
Sims Group	78,619,003	3.07

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

### Annualised Expense Ratio\*\*

1.68%# (2008: 1.65%)

# For the period 1 September 2008 to 31 August 2009

\*\* 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

15.80% (2008: 23.00%)

## M&G GLOBAL BASICS FUND

### Schedule of Investments

(As at 31 December 2009)

<b>Country</b>	<b>Market Value GBP</b>	<b>% of Net Assets***</b>
Australia	522,405,913	13.25
Austria	146,453,763	3.72
Canada	75,649,609	1.92
France	420,983,894	10.68
Germany	126,674,505	3.21
Hong Kong	93,937,814	2.38
Ireland	109,406,831	2.78
Malaysia	72,538,729	1.84
Netherlands	107,019,308	2.72
Singapore	238,687,365	6.05
Spain	23,648,071	0.60
United Arab Emirates	7,261,276	0.18
United Kingdom	905,554,967	22.97
United States	1,064,832,193	27.02

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

## M&G GLOBAL BASICS FUND

### Schedule of Investments (continued)

(As at 31 December 2009)

	Market Value GBP	% of Net Assets***
<b>Industry</b>		
Aerospace & Defence	219,299,794	5.56
Banks	12,706,876	0.32
Beverages	311,853,744	7.91
Chemicals	367,142,684	9.32
Construction & Materials	198,210,326	5.03
Food Producers	550,132,536	13.96
General Financial	72,538,729	1.84
General Industrials	168,833,575	4.28
Healthcare Equipment Services	199,724,941	5.06
Household Goods	80,709,457	2.05
Industrial Metals	249,355,289	6.32
Industrial Transport	7,261,276	0.18
Leisure Goods	7,114,754	0.18
Mining	511,739,936	12.98
Oil & Gas Producers	189,384,847	4.81
Personal Goods	216,832,567	5.50
Pharmaceutical & Biotech	10,098,338	0.26
Support Services	236,094,189	5.99
Travel & Leisure	306,020,380	7.77
<b>Asset Class</b>		
Equities	3,915,054,238	99.32
Other net assets	26,804,640	0.68

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

## **PRUDENTIAL UNIT TRUSTS – GLOBAL BALANCED FUND ("PRU GLOBAL BALANCED FUND")**

Included under the CPF Investment Scheme – Ordinary Account and Special Account

### **Structure**

The PRU Global Balanced Fund is organized as a feeder fund which feeds into the United Kingdom – domiciled M&G Investment Funds (1) – M&G Global Basics Fund ("M&G Global Basics Fund") for its equity participation and the Singapore – domiciled Legg Mason Global Bond Trust ("LMBGT") for its bond participation.

The investment manager of the M&G Global Basics Fund is the UK domiciled M&G Investment Management Limited and the investment manager of the LMGBT is the Singapore incorporated Legg Mason Asset Management Singapore Pte Ltd (name changed from Legg Mason International Equities (Singapore) Pte. Limited with effect from 1 October 2009).

The investment sub-managers of the LMGBT are Western Asset Management Company Pte Ltd ("WAMC Pte Ltd"), Western Asset Management Company ("WAMC") and Western Asset Management Company Limited (WAMCL"). WAMC manages the North America, South America and Central America portfolio of debt securities of the LMBGT and WAMCL manages the Europe, UK, Scandinavia, Middle East and Japan portfolio of debt securities of the LMGBT while WAMC Pte Ltd oversees the overall management of the portfolio of the LMBGT.

### **Investment Objective**

The investment objective of the PRU Global Balanced Fund is to maximise total return in the medium to long term by investing primarily in a portfolio comprising global equities and high quality debt securities of major global bond markets.

### **Manager's Commentary**

#### **Fund performance**

The PRU Global Balanced Fund rose by 26.6% (bid-to-bid basis) for the year ending 31st December 2009 and outperformed its composite benchmark return of 18.9%. Since its October 2008 inception, the Fund declined by an annualized 5.8%, while its composite benchmark declined by 4.4% p.a.

#### **Market background**

Despite a treacherous start to the year, global equities enjoyed very strong returns during 2009. As soon as signs emerged that the unprecedented monetary and fiscal stimulus measures employed by governments worldwide had saved the economy from a 1930s-style depression, and economic data stopped deteriorating, investors demanded higher returning and higher yielding assets. Having been heavily sold at the height of the downturn, cyclical-led sectors with the greater exposure to any rebound in economic activity were the biggest beneficiaries of investors' renewed appetite for risk. Commodity- and industrial-related stocks therefore achieved some of the biggest gains, spurred on by attractive demand fundamentals from emerging countries, such as China and India. Consumer-related stocks with exposure to less mature markets also rose on the back of these much improved economic prospects.

## PRU GLOBAL BALANCED FUND

Geographically, equity markets in developing countries, such as China, India, Taiwan and South America, outperformed their more mature counterparts, due to confidence over their economic prospects, as well as burgeoning budget deficits in places such as the UK, the US, Japan and parts of the Eurozone.

The credit markets also delivered exceptionally strong performance for the review period. Similar to the trend in equities, high yield bonds outperformed higher quality investment grade corporate bonds in 2009. In contrast, global government bond markets (using the Citigroup World Government Bond Index ex Japan as a proxy) gained a meager 1.87% in Singapore dollar terms over the review period as improving risk appetite prompted investors to switch out of safe G7 government bonds into risky assets such as corporate bonds and equities.

### Factors affecting performance

The Fund feeds into the M&G Global Basics Fund (“global equity sub-fund”) and the Legg Mason Global Bond Trust (“global bond sub-fund”). The Fund’s outperformance over the review period was due mainly to the outperformance of the M&G Global Basics Fund, which was up 48.10% in Singapore dollar terms (Sterling Class) (bid-to-bid basis) versus its benchmark’s 19.50% gain. On a negative note, Legg Mason Global Bond Trust was up marginally by 0.08% (bid-to-bid basis), behind its benchmark’s 1.87% gain in Singapore dollar terms.

### Key changes to the portfolio

The Fund has generally maintained its allocations of 60% towards global equities and 40% towards global bonds over the review period.

### Outlook<sup>1</sup>

The key question for 2010 from a global perspective is whether the economic recovery in the US will be ‘normal’ and, if it is not, then when will markets react negatively to that sobering reality. The rapid and massive policy response has prevented a depression and the world has returned to a relatively normal state of affairs (for now). Consequently, markets are currently priced for a ‘normal’ recovery based on the valuations applied to consensus earnings in most markets. As such, even if the economic recovery turns out to be ‘normal’, equity markets may not perform that well as this is already been discounted i.e. the fund manager feels that in this scenario equities are more likely to remain range-bound in 2010 as realised earnings catch up with the consensus earnings already priced into valuations and markets also have to contend with higher inflation and bond yields.

<sup>1</sup> Please note that the securities mentioned herein are included for illustration purposes only. It should not be construed as a recommendation to purchase or sell any particular securities. There is no guarantee that any securities discussed herein will remain in the portfolio of the Fund at the time you received this material or that securities sold have not been repurchased.

## PRU GLOBAL BALANCED FUND

However, the fund manager remains concerned that growth will eventually disappoint as ongoing balance sheet repair in the US will probably lead to weaker-than-expected private demand once policy support ends. However, the fund manager accepts that it may be some time before the long term problems reassert themselves largely due to the unprecedented policy support. Therefore, it is possible that the 'growth disappointment' does not occur for some time suggesting the Fund should not bet too heavily on this scenario. Equally, if the recovery in the US turns out to be weaker-than-expected, this could delay policy tightening meaning interest rates will remain low for some time. This could provide support for markets and perhaps similar to 1993, the relative strength of growth in emerging markets continue to attract capital, pushing valuations in these markets to extremely expensive levels. All of this also suggests that even the 'weak growth' scenario may not necessarily lead to a collapse in asset prices.

Looking ahead, the Fund will continue to maintain its allocations of approximately 60% in global equities and 40% in global bond. Reflecting the global equity sub-fund fund manager's positive opinion of the structural and demographic changes taking place in the emerging world, the global equity sub-fund has an overweight position in consumer-related stocks. Most notably, the global equity sub-fund has relatively large positions in global coffee chain Starbucks, consumer products manufacturers Unilever and Colgate-Palmolive, food ingredients manufacturer Kerry Group and Yum! Brands, which operates the Pizza Hut and Kentucky Fried Chicken fast-food chains. The fund manager of the global equity sub-fund believes that these companies are well placed to benefit from the growth of consumer spending in developing markets. These businesses are highly cash generative, should be able to fund their growth organically, and return cash to shareholders as well. The global equity sub-fund also has a relatively large weighting in basic materials stocks, including mining businesses BHP Billiton, Eramet and Lonmin, as well as brick manufacturer Wienerberger, natural resources company Sherritt International, potash producer K&S, among others, and is therefore well placed to gain from the strong requirements for commodities from developing countries such as China.

The global bond sub-fund remains long duration especially in the US given bond yields have risen above what the fund manager expects to be terminal levels. The fund manager of the global bond sub-fund has reduced duration in the UK, however, given the concerns with the situation in the UK. Uncertainty surrounding the upcoming election combined with rising debt levels and a heavy dependence on foreign funding make for an unstable environment. The global bond sub-fund continues to hold a substantial overweight position to investment-grade corporate debt. Issue selection continues to focus on select financial issues of large European and US banks. As default rates begin to recede, corporate bonds could continue to perform relatively well and outperformed risk-free sovereign debt. The global bond sub-fund looks to maintain a modest underweight to agency mortgage-backed issues. In terms of currency positions, the fund manager of the global bond sub-fund favours the US dollar against the euro and yen. This position may also serve as a partial hedge should financial strains resurface and the global economy once again scramble for US dollar liquidity.

## PRU GLOBAL BALANCED FUND

### Fund Performance

(As at 31 December 2009)

Sub-Fund / Benchmark	3 months %	6 months %	1 year %	Since inception*
			(average annual compounded return)	
PRU Global Balanced Fund	3.0	14.3	26.6	-5.8
<u>Composite Benchmark</u> 60% FTSE Global Basics Composite Index 40% Citigroup World Government Bond Index (S\$) ex Japan	3.0	12.1	18.9	-4.4

Source: Prudential Asset Management (Singapore) Limited, Legg Mason International Equities (Singapore) Private Limited, M&G Investment Management Limited. The return is calculated on a bid-to-bid basis with net income reinvested.

There has been no dividend distribution since the inception of the Fund.

+ 1 October 2007.

Past performance is not necessarily indicative of the future performance of the PRU Global Balanced Fund.

### Schedule of Investments

(As at 31 December 2009)

Number of Shares	Investment Funds	Market Value SGD	% of Net Assets***
	<u>United Kingdom</u>		
	M&G Investment Fund (1) - Global Basics Fund Net Accumulation Shares in Sterling Class A	25,597,634	60.50
1,355,916			
	<u>Singapore</u>		
	Legg Mason Global Bond Trust	16,410,357	38.78
13,618,553			
<b>Total Investments</b>		<b>42,007,991</b>	<b>99.28</b>
Other Net Assets		305,264	0.72
<b>Total Net Assets Attributable to Unitholders</b>		<b>42,313,255</b>	<b>100.00</b>

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

## **PRU GLOBAL BALANCED FUND**

(As at 31 December 2009)

### **Exposure to Derivatives**

Nil.

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

The Fund invests SGD 25,597,634, equivalent to 60.50% and SGD 16,410,357 equivalent to 38.78% of its net asset value attributable to unitholders, in M&G Investment Fund (1) - Global Basics Fund Net Accumulation Shares in M&G Investment Fund (1) - Global Basics Fund Net Accumulation Shares in Sterling Class A and Legg Mason Global Bond Trust respectively.

### **Borrowings**

Nil

### **Related Party Transactions**

The Fund invests SGD 25,597,634, equivalent to 60.50% of its net asset value attributable to unitholders, in M&G Investment Fund (1) - Global Basics Fund Net Accumulation Shares in Sterling Class A.

Refer to Note 10 of "Notes to the Financial Statements".

### **Total Subscriptions and Redemptions for the year ended 31 December 2009**

	<b>SGD</b>
Subscriptions	15,801,676
Redemptions	20,266,519

### **Annualised Expense Ratio\*\***

1.74% (2008: 1.68%)

*\*\* 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**

27.04% (2008: 85.81%)

### **Soft Dollar Commission**

Nil for the Fund.

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

Nil.

## M&G GLOBAL BASICS FUND

### Top 10 Holdings

(As at 31 December 2009)

	Market Value GBP	% of Net Assets***
Lonmin	180,161,216	4.57
Tullow Oil	177,586,500	4.51
Unilever	169,589,250	4.30
Sims	161,284,689	4.09
Eramet	156,165,915	3.96
Imerys	146,065,070	3.71
Johnson Matthey	131,962,844	3.35
Fraser and Neave	128,584,664	3.26
Colgate-Palmolive	125,332,654	3.18
Constellation Brands	121,439,289	3.08

### Top 10 Holdings

(As at 31 December 2008)

	Market Value GBP	% of Net Assets***
Constellation Brands, Inc.	131,534,108	5.14
Santos Limited	126,276,614	4.94
Colgate-Palmolive Company	109,645,711	4.29
Unilever PLC	109,054,500	4.26
Imerys	98,210,353	3.84
European Aeronautic Defence & Space N.V.	95,285,061	3.73
Tullow Oil PLC	90,871,250	3.55
Ansell Limited	84,629,746	3.31
Eramet	78,670,023	3.08
Sims Group	78,619,003	3.07

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

### Annualised Expense Ratio\*\*

1.68%# (2008: 1.65%)

# For the period 1 September 2008 to 31 August 2009

\*\* 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

15.80% (2008: 23.00%)

## M&G GLOBAL BASICS FUND

### Schedule of Investments

(As at 31 December 2009)

<b>Country</b>	<b>Market Value GBP</b>	<b>% of Net Assets***</b>
Australia	522,405,913	13.25
Austria	146,453,763	3.72
Canada	75,649,609	1.92
France	420,983,894	10.68
Germany	126,674,505	3.21
Hong Kong	93,937,814	2.38
Ireland	109,406,831	2.78
Malaysia	72,538,729	1.84
Netherlands	107,019,308	2.72
Singapore	238,687,365	6.05
Spain	23,648,071	0.60
United Arab Emirates	7,261,276	0.18
United Kingdom	905,554,967	22.97
United States	1,064,832,193	27.02

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

## M&G GLOBAL BASICS FUND

### Schedule of Investments (continued)

(As at 31 December 2009)

	Market Value GBP	% of Net Assets***
<b>Industry</b>		
Aerospace & Defence	219,299,794	5.56
Banks	12,706,876	0.32
Beverages	311,853,744	7.91
Chemicals	367,142,684	9.32
Construction & Materials	198,210,326	5.03
Food Producers	550,132,536	13.96
General Financial	72,538,729	1.84
General Industrials	168,833,575	4.28
Health Care Equipment Services	199,724,941	5.06
Household Goods	80,709,457	2.05
Industrial Metals	249,355,289	6.32
Industrial Transport	7,261,276	0.18
Leisure Goods	7,114,754	0.18
Mining	511,739,936	12.98
Oil & Gas Producers	189,384,847	4.81
Personal Goods	216,832,567	5.50
Pharmaceutical & Biotech	10,098,338	0.26
Support Services	236,094,189	5.99
Travel & Leisure	306,020,380	7.77
<b>Asset Class</b>		
Equities	3,915,054,238	99.32
Other net assets	26,804,640	0.68

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

## LEGG MASON GLOBAL BOND TRUST

### Top 10 Holdings

(As at 30 September 2009)<sup>^^</sup>

	Market Value SGD	% of Net Assets <sup>***</sup>
Bundesrepublik Deutschland Series 04 (BR) 3.75% 04/01/2015	54,455,134	14.90
US Treasury Note 2.625% 30/04/2016	41,723,291	11.42
Government of France Oat 4% 25/10/2013	37,361,338	10.22
Bundesrepublik Deutschland Series 07 (BR) 4% 04/01/2018	33,635,881	9.20
Bundesrepublik Deutschland Series 0303 (BR) 4.25% 04/01/2014	31,775,196	8.69
UK Treasury 4.75% 07/06/2010	21,056,998	5.76
Government of Netherlands 4% 15/01/2037	19,034,884	5.21
UK Treasury 8% 07/06/2021	19,015,694	5.20
US Treasury Note 3.875% 15/09/2010	15,065,612	4.12
FNMA Conventional Loan FRN 25/09/2038	12,655,229	3.46

### Top 10 Holdings

(As at 30 September 2008)<sup>^^</sup>

	Market Value SGD	% of Net Assets <sup>***</sup>
Bundesrepublik Deutschland Series 04 3.75% 04/01/2015	49,665,211	13.27
Government of France BTan 3.5% 12/01/2009	40,502,883	10.82
Bundesrepublik Deutschland Series 0303 4.25% 04/01/2014	30,921,862	8.26
Fannie Mae Conventional Loan #41783 25/06/2038	28,304,329	7.56
UK Treasury 4.75% 07/06/2010	23,418,480	6.26
US Treasury Note 3.875% 15/09/2010	19,833,552	5.30
Government of Netherlands 4% 15/01/2037	16,710,819	4.46
Bundesobligation Series 143 3.5% 10/10/2008	13,693,103	3.66
US Treasury Note 4.75% 15/08/2017	11,389,866	3.04
Government of France Oat 4% 25/10/2013	11,234,157	3.00

<sup>^^</sup> The information of the Legg Mason Global Bond Trust is disclosed based on information from the fund's latest semi-annual report as at 30 September 2009.

<sup>\*\*\*</sup> Any differences in the percentage of the Net Asset figures are the result of rounding.

## LEGG MASON GLOBAL BOND TRUST

### **Annualised Expense Ratio\*\***

0.95%# (2008: 0.94%)

*\*\* 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.*

*# For the period 1 October 2008 to 30 September 2009*

### **Turnover Ratio**

143.40%^ (2008: 67.14%)

*^ For the period 1 April 2009 to 30 September 2009*

## LEGG MASON GLOBAL BOND TRUST

### Schedule of Investments

(As at 30 September 2009)<sup>^^</sup>

	Market Value SGD	% of Net Assets <sup>***</sup>
<b>Country</b>		
Australia	2,208,608	0.60
Austria	1,707,745	0.47
Canada	3,576,744	0.98
Denmark	1,329,118	0.36
France	49,905,141	13.65
Germany	137,213,904	37.55
Great Britain	44,942,730	12.30
Netherlands	19,034,884	5.21
Supra-National	427,369	0.12
Sweden	4,602,817	1.26
United States of America	88,533,460	24.23

<sup>^^</sup> The information of the Legg Mason Global Bond Trust is disclosed based on information from the fund's latest semi-annual report as at 30 September 2009.

### Industry

Bank	5,601,059	1.54
Government	332,318,854	90.93
Investment	427,369	0.12
Miscellaneous	15,135,238	4.14

### Credit Ratings (by S&P/Moody's)

AAA	332,239,028	90.92
Aaa	19,034,884	5.21
AA+	2,208,608	0.60

### Asset Class

Bonds	353,482,520	96.73
Other net assets	11,967,888	3.27

<sup>\*\*\*</sup> Any differences in the percentage of the Net Asset figures are the result of rounding.

## **PRUDENTIAL UNIT TRUSTS – ASIAN INFRASTRUCTURE EQUITY FUND (“PRU ASIAN INFRASTRUCTURE EQUITY FUND”)**

### **Structure**

The PRU Asian Infrastructure Equity Fund (the “Fund”) is organised as a feeder fund which feeds into the Luxembourg – domiciled International Opportunities Funds – Asian Infrastructure Equity (“IOF – Asian Infrastructure Equity”).

The investment manager of IOF – Asian Infrastructure Equity is the Manager.

The Manager is currently offering three Classes of Units in the Fund, namely, SGD Class, USD class and Euro Class. There are no material differences between the three classes save for the difference in the base currency of each Class. Units of the SGD Class shall hereinafter be referred to as the “SGD Class Units”, Units in the USD Class shall hereinafter be referred to as the “USD Class Units” and Units in the Euro Class shall hereinafter be referred to as the “Euro Class Units”

Investors should note that the USD Class Units and Euro Class Units may be subject to foreign exchange risk and currency conversion costs. In addition, a separate Net Asset Value per Unit (denominated in the relevant base currency), which may differ as a consequence of the aforesaid variable factors will be calculated for each Class.

### **Investment Objective**

The investment objective of the PRU Asian Infrastructure Equity Fund is to maximise long-term capital appreciation by investing primarily in equity and equity-related securities of corporations deriving substantial revenue from, or whose subsidiaries, related or associated corporations are engaged in, infrastructure or related business and are incorporated in, or listed in, or operating principally from the Asia ex-Japan region.

The PRU Asian Infrastructure Equity Fund may also invest in depository receipts including American Depository Receipts (ADRs) and Global Depository Receipts (GDRs), debt securities convertible into common shares, preference shares and warrants.

The Manager intends to achieve this investment objective by investing all or substantially all of the assets of the PRU Asian Infrastructure Equity Fund into the IOF - Asian Infrastructure Equity which shares the same investment objective.

Investors should note that “infrastructure” or “infrastructure related” may be capable of wide-ranging interpretation. The Manager has the sole discretion to decide as to what constitute “infrastructure” or “infrastructure related” investments for the purposes of any such investments under the PRU Asian Infrastructure Equity Fund and / or IOF - Asian Infrastructure Equity.

# PRU ASIAN INFRASTRUCTURE EQUITY FUND

## Manager's Commentary

### Fund performance

The Fund rose 34.7% (bid-to-bid basis) over the review period, underperformed its benchmark gained of 68.1%<sup>1</sup>.

### Market background

Stock market volatility was high at the start of the year as investors and governments worldwide wrestled with the global slowdown. Governments across Asia responded with substantial incremental infrastructure spending plans to bolster their domestic economies. This, along with other economic stimulus plans, helped to return confidence to consumers and investors alike amid signs that the worst was over. The equity rally that ensued resulted in significant gains.

### Factors affecting performance<sup>2</sup>

The most significant impact to relative performance of the Fund over 2009 was the divergence in sector performance. Very large structural underweight positions in Financials, IT and Consumer Discretionary stocks detracted from performance as these sectors rallied very strongly over the year. Significant overweight positions in infrastructure sectors such as Utilities, Telecoms and Industrials hurt performance as these sectors heavily underperformed the market rally. Within Telecom and Utility sectors we saw positive contribution from stock picking while in Industrial stocks we were hurt by some stock specific events.

At a stock level, positive performance came from companies such as China Shipping Container Lines Co Limited, Banpu Public Company Limited, Energy Development Corporation, POSCO and Siam Cement Public Co. These were outweighed by a drag on performance from names in China such as China Railway Group Limited, China Mobile Limited, China Resources Power Holdings Co Limited and China Zhongwang Holdings Limited. Elsewhere the fund manager saw detractors in India from Bharti Airtel Limited and in Korea from Korea Electric Power Corporation.

<sup>1</sup> The performance mentioned above applies to SGD units only and not the USD and EUR classes.

<sup>2</sup> Please note that the securities mentioned herein are included for illustration purposes only. It should not be construed as a recommendation to purchase or sell any particular securities. There is no guarantee that any securities discussed herein will remain in the portfolio of the Fund at the time you received this material or that securities sold have not been repurchased.

## **PRU ASIAN INFRASTRUCTURE EQUITY FUND**

### **Key changes to the portfolio<sup>2</sup>**

During the year the fund manager continued to look for opportunities to sell stocks to lock in strong performance while adding names that had lagged the rally and looked attractive. In this light, the fund manager sold out of Guangdong Investments Limited, Singapore Telecommunications Limited and China Shipping Container Lines Co Limited. The fund manager sold out of Angang Steel Co Limited as it reached what the fund manager felt was an attractive level. The fund manager added to some names that he believes were undervalued by the market such as Chinese companies, China Zhongwang Holdings Limited and Guangshen Railway Co Limited, Thai company Banpu Public Co Limited, and in Indian company Sterlite Industries India Limited. In Korea, we added Hyundai Engineering and Construction Co holdings to the Fund.

### **Outlook**

The bull market in 2009 was characterised by a sharp rebound in highly cyclical sectors such as energy, materials and financials and under-performance of large and good quality names. However, the manager believes that this trend will not continue into 2010 taking into consideration a few important factors such as 1) global macro-economic situation is still fluid especially considering a potential withdrawal in government stimuli and easy monetary policy and 2) end-demand in developed economies will remain sluggish amid continued financial deleveraging. In this environment, the manager believes infrastructure companies with solid long-term projects and steady cash-flow will fare well and they remain the main focus of the Fund.

## PRU ASIAN INFRASTRUCTURE EQUITY FUND

### Fund Performance

(As at 31 December 2009)

Sub-Fund / Benchmark	3 months %	6 months %	1 year %	Since inception*
			(average annual compounded return)	
PRU Asian Infrastructure Equity Fund SGD Class	3.4	11.1	34.7	-4.1
MSCI Asia-ex Japan Index SGD	6.2	23.2	68.1	-1.2
PRU Asian Infrastructure Equity Fund USD Class	3.8	14.5	38.3	-5.5
MSCI Asia-ex Japan Index USD	6.6	27.0	72.5	-2.3
PRU Asian Infrastructure Equity Fund EUR Class	5.8	12.0	33.9	-0.5
MSCI Asia-ex Japan Index EUR	8.6	24.1	67.2	2.5

Source: Prudential Asset Management (Singapore) Limited and Bloomberg. The return is calculated on a bid-to-bid basis with net income reinvested. The return for PRU Asian Infrastructure Equity SGD Class is calculated in S\$, the return for PRU Asian Infrastructure Equity USD Class is calculated in US\$ and return for PRU Asian Infrastructure Equity EUR Class is calculated in Euro.

There has been no dividend distribution since the inception of the Fund.

+ 1 April 2008.

Past performance is not necessarily indicative of the future performance of the Fund.

## PRU ASIAN INFRASTRUCTURE EQUITY FUND

### Schedule of Investments

(As at 31 December 2009)

Number of Shares	Investment Funds	Market Value SGD	% of Net Assets***
	<u>Luxembourg</u>		
	International Opportunities		
	Funds: - Asian Infrastructure		
935,619	Equity Class C	12,520,872	99.91
<b>Total Investments</b>		<b>12,520,872</b>	<b>99.91</b>
Other Net Assets		11,670	0.09
<b>Total Net Assets Attributable to Unitholders</b>		<b>12,532,542</b>	<b>100.00</b>

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

## **PRU ASIAN INFRASTRUCTURE EQUITY FUND**

(As at 31 December 2009)

### **Exposure to Derivatives**

Nil.

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

The Fund invests SGD 12,520,872 equivalent to 99.91% of its net asset value attributable to unitholders, in International Opportunities Funds - Asian Infrastructure Equity Class C.

### **Borrowings**

Nil

### **Related Party Transactions**

The Fund invests SGD 12,520,872, equivalent to 99.91% of its net asset value, in International Opportunities Funds - Asian Infrastructure Equity Fund Class C. Some directors of the International Opportunities Funds, an open-ended investment company registered in Luxembourg, are also directors of Prudential Asset Management (Singapore) Limited.

Refer to Note 10 of "Notes to the Financial Statements".

### **Total Subscriptions and Redemptions for the year ended 31 December 2009**

	<b>SGD</b>
Subscriptions	7,796,381
Redemptions	2,836,135

### **Annualised Expense Ratio\*\***

2.00% (2008: 4.06%#)

*\*\* 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**

26.07% (2008: 32.39%#)

# For the period 6 March 2008 to 31 December 2008.

### **Soft Dollar Commission**

Nil for the Fund.

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

Nil.

## INTERNATIONAL OPPORTUNITIES FUNDS – ASIAN INFRASTRUCTURE EQUITY

### Top 10 Holdings

(As at 31 December 2009)

	Market Value USD	% of Net Assets***
China Mobile Ltd	4,420,355	4.47
China Petroleum & Chemical	3,637,635	3.68
Reliance Industries Ltd	3,594,422	3.63
Posco	3,360,463	3.40
Korea Electric Power Corp	3,273,611	3.31
China Railway Group Ltd	3,248,187	3.28
China Shenhua Energy Co	2,908,522	2.94
Cnooc Ltd	2,882,394	2.91
Jiangsu Express Co Ltd-H	2,825,433	2.85
Sinotruk Hong Kong Ltd	2,680,373	2.71

### Top 10 Holdings

(As at 31 December 2008)

	Market Value USD	% of Net Assets***
China Mobile Limited	5,872,612	8.09
Korea Electric Power Corporation	3,544,104	4.88
China Railway Group Inc	3,234,454	4.46
Guangdong Investment Limited	2,610,780	3.60
Singapore Telecommunication	2,446,068	3.37
Jiangsu Expressway Company Limited	2,328,529	3.21
Bharti Airtel Limited	2,327,203	3.21
Chunghwa Telecom Co Limited	2,306,473	3.18
Reliance Industries Limited	2,261,777	3.12
Macquarie Korea Infrastructure	2,229,063	3.07

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

### Annualised Expense Ratio\*\*

1.12% (2008: 1.17%#)

\*\* 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

27.43% (2008: 40.65%#)

# For the period 6 March 2008 to 31 December 2008

## INTERNATIONAL OPPORTUNITIES FUNDS – ASIAN INFRASTRUCTURE EQUITY

### Schedule of Investments

(As at 31 December 2009)

	Market Value USD	% of Net Assets***
<b>Country</b>		
China	29,545,183	29.85
Hong Kong	8,301,994	8.39
India	14,750,103	14.91
Indonesia	3,338,430	3.38
Malaysia	3,721,025	3.76
Philippines	3,719,908	3.76
Singapore	2,617,404	2.64
South Korea	14,902,744	15.06
Taiwan	8,862,990	8.95
Thailand	7,593,344	7.67
<b>Industry</b>		
Energy	13,022,972	13.16
Financials	2,521,932	2.55
Industrials	28,181,011	28.47
Materials	15,473,685	15.64
Telecommunication Services	16,637,185	16.82
Utilities	21,516,340	21.73
<b>Asset Class</b>		
Equities	97,353,125	98.37
Other net assets	1,624,310	1.63

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

## **PRUDENTIAL UNIT TRUSTS – GLOBAL LEADERS FUND (“PRU GLOBAL LEADERS FUND”)**

Included under the CPF Investment Scheme – Ordinary Account

### **Structure**

PRU Global Leaders Fund is organised as a feeder fund, which feeds into Euro Class A shares of the M&G Investment Funds (1) – M&G Global Leaders Fund (“M&G Global Leaders Fund”), domiciled in the United Kingdom.

The investment manager of the M&G Global Leaders Fund is the UK domiciled M&G Investment Management Limited.

### **Investment Objective**

The investment objective of the PRU Global Leaders Fund is to maximise long-term total return (the combination of income and growth of capital) by investing in a wide range of global equities that the Manager considers to be leading in their field. The Manager intends to achieve this investment objective by investing all or substantially all of the assets of the PRU Global Leaders Fund into the M&G Global Leaders Fund which shares the same investment objective.

### **Manager’s Commentary**

#### **Fund performance**

The Fund returned 38.7% (bid-to-bid basis), outperformed its benchmark which returned 31.2%.

#### **Market background**

From March 2009 onwards, global equities recovered from the low levels experienced in late 2008 and early 2009 following the collapse of Lehman Brothers. Investor sentiment improved on hopes that the various policy initiatives, including near-zero interest rates and quantitative easing, were having a positive impact. The ensuing rally in equities was sustained throughout the year on the back of less negative economic data as well as stronger-than-expected corporate results.

Against this background, economically sensitive industries, such as technology, media and personal goods outperformed the market. The top performing sector was mining, which returned more than 60% over the year on the back of stronger metal prices. On the other hand, more ‘defensive’ sectors such as healthcare, telecommunications and utilities lagged behind the market as investors embraced risk. Shares in financial companies also recovered due to investors’ hopes that the worst could be over for the beleaguered industry. However, towards the end of the year, financials came under pressure from default fears in Dubai and the prospect of tougher new capital requirements.

Emerging markets outperformed developed countries, with Brazil and Taiwan particularly strong. Japan was one of the worst performing markets due to the strong yen and ongoing deflationary pressures.

## PRU GLOBAL LEADERS FUND

### **Factors affecting performance<sup>1</sup>**

As a result of improved sentiment, stock correlations in the market fell and investors regained their appreciation for stock-specific fundamentals. This provided a positive environment for the Fund's stock picking approach. Consistent with this, performance was to a large extent driven by good stock selection, in particular within the industrial and financial sectors.

Nonetheless, the two largest contributors to performance came from the technology hardware & equipment sector. Shares in US-based chipmaker Marvell Technology benefited from the company's sharply rising profits which it achieved on the back of lower expenses and higher sales. Meanwhile, growing demand for consumer discretionary products was a boost to Korean electronics manufacturer Samsung, which has experienced higher sales of its televisions and mobile phones.

Another strong contribution came from Chinese industrial conglomerate Shanghai Industrial. Investors responded well to the company's strategy of selling non-core assets and focusing on the core areas within infrastructure and medicine.

On the other hand, the Fund's healthcare holdings detracted as the sector underperformed during the year, including pharmaceutical groups Astellas Pharma, Daiichi Sankyo and Lonza as well as health data provider IMS Health.

### **Key changes to portfolio<sup>1</sup>**

Positions were closed in some stocks where the fund manager lost his conviction, including Swiss pharmaceutical company Lonza and Dutch consumer electronics maker Philips. The current external environment for Lonza, which manufactures active ingredients for the pharmaceutical industry, has become more difficult, which means that Lonza has not been able to achieve the high asset utilisation rates required to support improved returns. Meanwhile, the fund manager was not convinced that the management team at Philips had sufficient resolve to carry out the changes required to drive a significant improvement in the company's returns.

Holdings in beverage bottler Coca-Cola Enterprises, Malaysian bank AMMB and chemicals group DuPont left the portfolio after their shares reached fair value.

On the other hand, the fund manager established a position in Japanese convenience store operator Lawson as, in his view, the company understands value creation by allocating capital to stores that can generate long-term returns.

<sup>1</sup> Please note that the securities mentioned herein are included for illustration purposes only. It should not be construed as a recommendation to purchase or sell any particular securities. There is no guarantee that any securities discussed herein will remain in the portfolio of the Fund at the time you received this material or that securities sold have not been repurchased.

## **PRU GLOBAL LEADERS FUND**

Other entrants to the portfolio included Irish food business Kerry and online auction company eBay. A recent management initiative at Kerry is looking to better integrate the group's different segments, while eBay's CEO has introduced a restructuring plan, which the fund manager believes will enhance returns.

### **Outlook**

Although stock correlations continued to fall during the year, they still have some way to go before they reach long-term averages. As they continue to normalise, it is the fund manager's belief that successful stock picking will be the key driver of out performance. Given the Fund's careful risk management, which focuses portfolio risk on stock-specific factors, and the strong capacity for successful stock picking, we believe that the Fund is well positioned to outperform as we enter a period conducive to the Fund's approach.

## PRU GLOBAL LEADERS FUND

### Fund Performance

(As at 31 December 2009)

Sub-Fund / Benchmark	3 months %	6 months %	1 year %	Since inception* %
PRU Global Leaders Fund	3.7	20.0	38.7	-10.7
FTSE World Index	4.1	19.9	31.2	-4.5

Source: Prudential Asset Management (Singapore) Limited and M&G Investment Management Limited. The return is calculated on a bid-to-bid basis with net income reinvested.

There has been no dividend distribution since the inception of the Fund.

+ 22 July 2008.

Past performance is not necessarily indicative of the future performance of the Fund.

### Schedule of Investments

(As at 31 December 2009)

Number of Shares	Investment Funds	Market Value SGD	% of Net Assets***
	<u>United Kingdom</u>		
	M&G Investment Funds (1)		
	- Global Leaders Fund Euro		
189,974	Class A shares	3,982,353	99.55
<b>Total Investments</b>		<b>3,982,353</b>	<b>99.55</b>
Other Net Assets		18,085	0.45
<b>Total Net Assets Attributable to Unitholders</b>		<b>4,000,438</b>	<b>100.00</b>

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

## **PRU GLOBAL LEADERS FUND**

(As at 31 December 2009)

### **Exposure to Derivatives**

Nil.

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

The Fund invests SGD 3,982,353, equivalent to 99.55% of its net asset value attributable to unitholders, in M & G Investment Funds (1) - Global Leaders Fund Euro Class A Shares.

### **Borrowings**

Nil

### **Related Party Transactions**

The Fund invests SGD 3,982,353, equivalent to 99.55% of its net asset value attributable to unitholders, in M & G Investment Funds (1) - Global Leaders Fund Euro Class A Shares.

Refer to Note 10 of "Notes to the Financial Statements".

### **Total Subscriptions and Redemptions for the year ended 31 December 2009**

	<b>SGD</b>
Subscriptions	1,342,044
Redemptions	979,973

### **Annualised Expense Ratio\*\***

1.95% (2008: 1.93%#)

*\*\* 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**

29.08% (2008: 23.21%#)

*# For the period 4 June 2008 to 31 December 2008*

### **Soft Dollar Commission**

Nil for the Fund.

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

Nil.

## M&G GLOBAL LEADERS FUND

### Top 10 Holdings

(As at 31 December 2009)

	Market Value GBP	% of Net Assets***
Microsoft	27,898,505	2.84
Pfizer	23,531,228	2.39
HSBC Holdings	23,174,542	2.36
JP Morgan Chase	22,806,818	2.32
Merck	22,789,217	2.32
Wells Fargo	21,766,669	2.21
Vodafone Group	21,637,814	2.20
Samsung Electronic Pref	20,916,746	2.13
Astellas Pharmaceuticals	20,717,926	2.11
Kon DSM	20,101,575	2.04

### Top 10 Holdings

(As at 31 December 2008)

	Market Value GBP	% of Net Assets***
Daiichi Sankyo Co. Limited	18,471,465	3.14
Astellas Pharmaceuticals, Inc.	17,675,758	3.00
Vodafone Group PLC	17,450,000	2.97
Wells Fargo & Company	17,088,178	2.90
Transcanada Pipelines Limited	16,795,776	2.85
Pfizer Inc.	16,664,558	2.83
Metro	16,374,401	2.78
Home Depot Inc.	15,852,111	2.69
Merck & Co.	15,288,816	2.60
Microsoft Corporation	15,221,536	2.59

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

### Annualised Expense Ratio\*\*

1.95%# (2008: 1.94%)

# For the period 1 September 2008 to 31 August 2009

\*\* 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

58.70% (2008: 80.90%)

## M&G GLOBAL LEADERS FUND

### Schedule of Investments

(As at 31 December 2009)

	<b>Market Value GBP</b>	<b>% of Net Assets***</b>
<b>Country</b>		
Australia	3,446,698	0.35
Brazil	3,457,836	0.35
Canada	17,918,988	1.82
Denmark	13,557,823	1.38
France	27,058,479	2.75
Germany	70,293,980	7.14
Hong Kong	44,747,425	4.54
India	13,587,228	1.38
Ireland	19,731,284	2.01
Japan	95,846,536	9.75
Netherlands	40,236,330	4.08
South Korea	20,916,746	2.13
Switzerland	25,066,537	2.54
United Kingdom	120,753,680	12.27
United States	427,602,320	43.46

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

## M&G GLOBAL LEADERS FUND

### Schedule of Investments (continued)

(As at 31 December 2009)

	Market Value GBP	% of Net Assets***
<b>Industry</b>		
Aerospace & Defence	11,718,688	1.19
Banks	106,800,949	10.85
Beverages	20,134,756	2.04
Chemicals	20,101,574	2.04
Construction & Materials	3,446,698	0.35
Electricity	3,457,836	0.35
Electronic & Electric Equipment	25,097,223	2.55
Food & Drug Retailers	34,935,814	3.55
Food Producers	19,731,284	2.01
Gas, Water & Multi Utilities	16,646,294	1.69
General Financial	10,372,229	1.05
General Industrials	62,131,895	6.31
General Retailers	75,663,576	7.69
Household Goods	10,698,502	1.09
Industrial Engineering	53,782,052	5.47
Industrial Transport	30,980,688	3.15
Leisure Goods	14,915,748	1.52
Life Insurance	26,928,270	2.73
Mining	15,800,136	1.61
Mobile Telecommunications	35,436,580	3.60
Oil & Gas Producers	81,184,720	8.24
Oil Equipment, Services & Distribution	27,483,645	2.79
Pharmaceutical & Biotech	105,509,406	10.73
Software & Computer Services	82,445,481	8.38
Technology Hardware & Equipments	48,817,846	4.97
<b>Asset Class</b>		
Equities	944,221,890	95.95
Other net assets	39,855,119	4.05

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

## **PRUDENTIAL UNIT TRUSTS – GLOBAL POSITIONING STRATEGY FUND (“PRU GLOBAL POSITIONING STRATEGY FUND”)**

### **Structure**

The PRU Global Positioning Strategy Fund is organised as a feeder fund which feeds into the Luxembourg - domiciled International Opportunities Funds – Global Market Navigator (“IOF – Global Market Navigator”).

The investment manager of IOF – Global Market Navigator is the Manager.

### **Investment Objective**

The investment objective of the PRU Global Positioning Strategy Fund is to achieve positive absolute returns over the medium-term through the implementation of an actively managed asset allocation strategy in a diversified range of global assets including cash, equities, bonds and currencies. Exposure to each of the asset classes will be primarily through exchange traded funds (“ETF”), index futures, direct equity and bonds, swaps, options and foreign exchange forwards, each of which may be traded through recognized exchanges or via the over the counter markets.

The Manager intends to achieve this investment objective by investing all or substantially all of the assets of the PRU Global Positioning Strategy Fund into the IOF - Global Market Navigator which shares the same investment objective. For the avoidance of doubt, the actively managed asset allocation strategy will be implemented by the Manager only at the underlying fund level.

### **Manager’s Commentary**

#### **Fund performance**

The Fund returned 10.1% (bid-to-bid basis) over the review period, outperformed its benchmark which returned 1.1%.

#### **Market background**

After one of the worst years in financial market history in 2008, equity and credit markets generally started 2009 on a weak note, underpinned by a slew of weak economic news. Sentiment reversed in March, however, with risky assets rallying strongly from their lows, buoyed by government policy initiatives, signs of financial system stabilisation, and the strong rebound in global trade and production that followed. The ‘green shoots’ story that began to emerge towards the end of the first quarter gained momentum in the second quarter as many economic indicators came out “less worse” than expected, suggesting a depression-type scenario had been averted. This transitioned to a recovery story by the second half of the year amid better than expected corporate earnings and encouraging macroeconomic data.

## PRU GLOBAL POSITIONING STRATEGY FUND

Against this backdrop, over 2009, global equities gained 35.4%<sup>1</sup>, with emerging markets including Asia (+74.5%<sup>2</sup>) strongly outperforming developed markets (+27.0%<sup>3</sup>). The credit markets also saw a similar trend to equities, with riskier high yield credits (+44.5%<sup>4</sup>) outperforming the higher quality investment grade corporate bonds (+12.8%<sup>5</sup>). In contrast, government bond markets rose a meager 2.6%<sup>6</sup> over the review period as improving risk appetite prompted investors to switch out of safe G7 government bonds into corporate bonds and equities.

### Factors affecting performance

As outlined above, massive policy stimulus and the subsequent loose monetary conditions led to a sharp rebound in economic activity, earnings momentum and sentiment, pushing the valuation of some equity markets (particularly emerging markets) to modestly expensive levels. However, we remained concerned that the high household debt and weak income growth would constrain a strong economic recovery which would in turn disappoint the market's high expectations. Given this view, the fund manager positioned the Fund defensively over the year with a modest equity weighting. While this relatively defensive strategy helped the Fund to avoid the drawdown in equities as markets sold off sharply in the first quarter, the Fund did not fully participate in the market rally that began from end March to December. Nonetheless, despite the low equity weighting, the Fund's core equity holdings (via exchange traded funds/futures in Russia and Turkey) did outperform the broader global equity markets by a wide margin. This together with the Fund's exposure to select emerging market bonds (namely Turkey, Poland and Russia Eurobonds) and US high yield credits, allowed the Fund to enjoy some good gains over the year.

### Key changes to the portfolio

The fund manager reduced the Fund's equity weighting over the first and second quarter of the year given his relatively cautious stance. He sold the entire equity exchange traded funds/futures in Asia, Singapore, the UK and Russia into the rally as valuation no longer looked extremely cheap. The Fund added a small position in UK equities via exchange traded funds/futures in early July following some price correction as the market remained one of the most attractive equity markets from a valuation perspective.

In line with the relatively cautious view, the fund manager also gradually took profits on the US high yield bond holdings and switched into safer US investment grade bonds as the latter offers better expected risk-adjusted returns in his opinion.

<sup>1</sup> Using MSCI AC World Total Return Gross Index as a proxy, in US dollar terms

<sup>2</sup> Using MSCI Emerging Index as a proxy, in US dollar terms

<sup>3</sup> Using MSCI World Index as a proxy, in US dollar terms

<sup>4</sup> Using iBoxx \$ Liquid High Yield Index as a proxy, in US dollar terms

<sup>5</sup> Using iBoxx \$ Liquid Investment Grade Index as a proxy, in US dollar terms

<sup>6</sup> Using Citigroup World Government Bond Index as a proxy, in US dollar terms

## PRU GLOBAL POSITIONING STRATEGY FUND

Towards the end of the second quarter, the Fund established positions in US 30-year bond and Australia 10-Year bond futures as yields spiked up amid expectations of a strong economic recovery and rising inflation, and were looking attractive. The Fund took profits on these positions in the late third/early fourth quarter as yields subsequently fell.

The fund manager also gradually invested the Fund's cash holdings in select emerging markets government bonds in the second through the fourth quarter of the year as value emerged. These included Turkish government inflation-linked bonds, Polish, Brazilian, Indonesian, Philippine, Korean and Mexican local government bonds. The fund manager also established a position in Russian US dollar Eurobonds. Towards the end of the year, the Fund completely sold out its Polish local government bonds and Turkish inflation linked bonds as valuations were no longer attractive following strong performance of these assets.

### Outlook

The key question for 2010 from a global perspective is whether the economic recovery in the US is 'normal' and, if it is not, when will markets react negatively to that sobering reality. The rapid and massive policy response has prevented a depression and the world has returned to a relatively normal state of affairs (for now). Consequently, markets are currently priced for a 'normal' recovery based on the valuations applied to consensus earnings in most markets.

As such, even if the economic recovery turns out to be 'normal', equity markets may not perform that well as this is already been discounted i.e. the fund manager feels that in this scenario equities are more likely to remain range-bound in 2010 as realised earnings catch up with the consensus earnings already priced into valuations and markets also have to contend with higher inflation and bond yields.

However, the fund manager remains concerned that growth will eventually disappoint as ongoing balance sheet repair in the US will probably lead to weaker-than-expected private demand once policy support ends. However, the fund manager accepts that it may be some time before the long term problems reassert themselves largely due to the unprecedented policy support. Therefore, it is possible that the 'growth disappointment' does not occur for some time suggesting the Fund should not bet too heavily on this scenario. Equally, if the recovery in the US turns out to be weaker-than-expected, this could delay policy tightening, meaning interest rates will remain low for some time. This could provide support for markets and perhaps similar to 1993, the relative strength of growth in emerging markets continue to attract capital, pushing valuations in these markets to extremely expensive levels. All of this also suggests that even the 'weak growth' scenario may not necessarily lead to a collapse in asset prices.

## PRU GLOBAL POSITIONING STRATEGY FUND

Therefore, with a low valuation dispersion between markets and asset classes following the recovery since March 2009, the fund manager is maintaining a neutral position between bonds and equities. Within equities, the fund manager is modestly overweight developed markets equities relative to emerging markets. Although emerging markets' fundamentals are stronger, this is already largely reflected in the price, in his opinion. Within bonds, the fund manager is underweight developed market government bonds and overweight select emerging market local government bonds, such as Brazil, Indonesia and Mexico. Despite short-term inflation risk, the credibility of these central banks in anchoring long-term inflation expectations remains intact. Furthermore, the structural soundness of these economies can underpin downward grind of long-end real yields from very high levels. The fund manager is neutral on credit, with a modest preference for investment grade bonds over high yield bonds. He favours select Asian currencies and the British pound given their attractive valuations and fundamentals.

## PRU GLOBAL POSITIONING STRATEGY FUND

### Fund Performance

(As at 31 December 2009)

Sub-Fund / Benchmark	3 months %	6 months %	1 year %	Since inception* %
PRU Global Positioning Strategy Fund	-0.1	4.1	10.1	-1.1
(USD 3-Month LIBOR + 3%) per annum	0.5	-1.4	1.1	2.7

Source: Prudential Asset Management (Singapore) Limited and Bloomberg. The return is calculated on a bid-to-bid basis with net income reinvested.

There has been no dividend distribution since the inception of the Fund.

+ 30 September 2008.

Past performance is not necessarily indicative of the future performance of the Fund.

### Schedule of Investments

(As at 31 December 2009)

Number of Shares	Investment Funds	Market Value SGD	% of Net Assets***
	<u>Luxembourg</u>		
	International Opportunities Funds - Global Market Navigator Class C	2,826,085	99.65
206,860			
<b>Total Investments</b>		<b>2,826,085</b>	<b>99.65</b>
Other Net Assets		9,930	0.35
<b>Total Net Assets Attributable to Unitholders</b>		<b>2,836,015</b>	<b>100.00</b>

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

## **PRU GLOBAL POSITIONING STRATEGY FUND**

(As at 31 December 2009)

### **Exposure to Derivatives**

Nil.

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

The Fund invests SGD 2,826,085 equivalent to 99.65% of its net asset value attributable to unitholders, in International Opportunities Funds - Global Market Navigator.

### **Borrowings**

Nil

### **Related Party Transactions**

The Fund invests SGD 2,826,085 equivalent to 99.65% of its net asset value, in International Opportunities Funds - Global Market Navigator. Some directors of the International Opportunities Funds, an open-ended investment company registered in Luxembourg,

Refer to Note 10 of "Notes to the Financial Statements".

### **Total Subscriptions and Redemptions for the year ended 31 December 2009**

	<b>SGD</b>
Subscriptions	1,375,378
Redemptions	1,182,636

### **Annualised Expense Ratio\*\***

2.40% (2008: 10.76%#)

*\*\* 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**

36.61% (2008: 11.73%#)

*# For the period from 18 August 2008 to 31 December 2008*

### **Soft Dollar Commission**

Nil for the Fund.

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

Nil.

## INTERNATIONAL OPPORTUNITIES FUNDS – GLOBAL MARKET NAVIGATOR

### Top 10 Holdings

(As at 31 December 2009)

	Market Value USD	% of Net Assets***
Ishares Iboxx \$ Investment Grade Corporate Bond Fund	4,266,870	18.75
I-Shares Barclays 1-3 Year Credit Bond Fund	2,232,130	9.81
Korea Treasury Bond 5.5% 10/06/2011	1,757,685	7.72
Philippine Government 8.5% 3/3/2011	1,350,069	5.93
Mexico Government Bond 8.5% 31/05/2029	1,290,627	5.67
Ishares FTSE 100	1,180,031	5.18
Indonesia Gov Bond 10% 15/09/24	1,114,015	4.89
Brazil Nota Do Tesouro Nacional 10% 01/01/2017	1,040,683	4.57
Russia Eurobond 12.75% 24/06/2028	1,017,000	4.47
Hellenic Republic Government 6% 19/7/2019	726,354	3.19

As at 31 December 2009, the IOF – Global Market Navigator has the following open futures contracts:

Number of Contracts	Contract/Description	Expiration Date	Commitments USD	Unrealised Gain/(Loss) USD
160	ISE 30	February 2010	728,468	24,982
9	US Long Bond (CBT)	March 2010	1,035,000	(53,578)
			<b>1,763,468</b>	<b>(28,596)</b>

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

## INTERNATIONAL OPPORTUNITIES FUNDS – GLOBAL MARKET NAVIGATOR

### Top 10 Holdings

(As at 31 December 2008)

	Market Value USD	% of Net Assets***
United State Disc 19/3/09	2,999,708	15.55
iShares iBoxx \$ High Yield Corporate Bond	2,069,248	10.72
iShare iBoxx \$ Invest Grade Corp. Bond	2,039,346	10.57
Market Vectors Russia ETF	1,243,410	6.44
iShare MSCT AC Far East ex-Japan	967,150	5.01
Long Gilt Futures Mar 09 ^	41,669	0.22
MSCI Singapore Index ETS Jan 09 ^	32,968	0.17
FTSE 100 Index Future Mar 09 ^	30,147	0.16
ISE 30 Futures Index Feb 09 ^	2,318	0.01

^ As at 31 December 2008, the IOF – Global Market Navigator has the following open futures contracts:

Number of Contracts	Contract/Description	Expiration Date	Notional Amount USD
32	MSCI Singapore Index ETS	January 2009	974,780
281	ISE 30 Futures	February 2009	650,446
13	FTSE 100 Index Future	March 2009	829,366
4	Long Gilt Futures	March 2009	712,311

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

### Annualised Expense Ratio\*\*

1.34% (2008: 1.19%)

\*\* 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

102.25% (2008: 109.54%)

## INTERNATIONAL OPPORTUNITIES FUNDS – GLOBAL MARKET NAVIGATOR

### Schedule of Investments

(As at 31 December 2009)

	Market Value USD	% of Net Assets***
<b>Country</b>		
Brazil	1,040,683	4.57
Greece	726,354	3.19
Indonesia	1,114,015	4.90
Mexico	1,290,626	5.67
Philippines	1,350,069	5.93
Russian Federation	1,017,000	4.47
South Korea	1,757,685	7.72
Turkey	24,982	0.11
United Kingdom	1,180,031	5.19
United States	6,445,422	28.31
<b>Credit Ratings (by S&amp;P/Monday's)</b>		
A+	3,048,311	13.39
A-	726,354	3.19
BB+	1,350,069	5.93
BBB	1,017,000	4.47
Not Rated	9,805,133	43.08
<b>Asset Class</b>		
Equities	4,266,870	18.75
Futures	(28,596)	(0.13)
Government Bonds	2,390,752	10.50
Government Gilts	5,905,680	25.95
Investment Trusts	1,180,032	5.18
Mutual Funds	2,232,130	9.81
Other net current assets	6,813,519	29.94

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

## REPORT OF THE TRUSTEE

The Trustee is under a duty to take into custody and hold the assets of Prudential Unit Trusts (“the Trust”) 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 Trust during the year covered by these financial statements set out on pages 94 to 137, 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**  
**25 March 2010**

## **STATEMENT BY THE MANAGER**

In the opinion of the directors of Prudential Asset Management (Singapore) Limited, the accompanying financial statements set out on pages 94 to 137, 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 Unit Trusts as at 31 December 2009 and the total return for the year then 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. At the date of this statement, there are reasonable grounds to believe that Prudential Unit Trusts will be able to meet its financial obligations as and when they materialise.

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

.....  
**Julian Christopher Vivian Pull**  
Director

**Singapore**  
**25 March 2010**

## **INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF PRUDENTIAL UNIT TRUSTS**

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

We have audited the financial statements of Prudential Unit Trusts ("the Trust"), which comprise the statement of total return for the year ended 31 December 2009, balance sheet and portfolio statement as at 31 December 2009, and a summary of significant accounting policies and other explanatory notes, as set out on pages 94 to 137.

### *Manager's responsibility for the financial statements*

The Trust'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 Trust'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.

**INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF PRUDENTIAL UNIT TRUSTS**  
(Constituted under a Trust Deed in the Republic of Singapore)

*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the total return for the year ended 31 December 2009 and the financial position of the Trust as at 31 December 2009 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 LLP**

*Public Accountants and  
Certified Public Accountants*

**Singapore**

**25 March 2010**

## **FINANCIAL STATEMENTS**

For the year ended 31 December 2009 (audited)

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**PRUDENTIAL UNIT TRUSTS**
**Statement of Total Return**

Year ended 31 December 2009

Note	PRU Global Technology Fund		PRU Pan European Fund	
	Year ended 31/12/2009	Year ended 31/12/2008	Year ended 31/12/2009	Year ended 31/12/2008
	S\$	S\$	S\$	S\$
<b>Income</b>				
Interest	-	509	-	678
	-	509	-	678
<b>Less: Expenses</b>				
Management fees	353,453	648,643	252,123	381,464
Registration fees	13,204	796	16,293	19,790
Trustee fees	28,150	36,332	20,068	29,108
Custody fees	-	-	-	-
Audit fees	9,451	8,998	7,424	6,983
Others	65,224	43,066	41,598	28,979
Reimbursement from the Manager	-	(61,000)	-	-
	469,482	676,835	337,506	466,324
<b>Net income/(losses)</b>	<b>(469,482)</b>	<b>(676,326)</b>	<b>(337,506)</b>	<b>(465,646)</b>
<b>Net gains/(losses) on value of investments</b>				
Net realised gains/(losses) on investments sold	(389,210)	1,012,267	(1,881,030)	(1,553,213)
Net change in fair value on investments	32,035,381	(51,484,783)	15,847,089	(36,529,829)
Net realised gains/(losses) on financial derivatives	-	-	-	-
Net change in fair value on financial derivatives	-	-	-	-
Net foreign exchange gains/ (losses)	-	-	-	-
<b>Net gains/(losses) on value of investments</b>	<b>31,646,171</b>	<b>(50,472,516)</b>	<b>13,966,059</b>	<b>(38,083,042)</b>
<b>Total return/(deficit) for the year before income tax</b>	<b>31,176,689</b>	<b>(51,148,842)</b>	<b>13,628,553</b>	<b>(38,548,688)</b>
<b>Less: Income tax</b>	-	-	-	-
<b>Total return/(deficit) for the year after income tax before distribution</b>	<b>31,176,689</b>	<b>(51,148,842)</b>	<b>13,628,553</b>	<b>(38,548,688)</b>
<b>Less: Distribution</b>	-	-	-	-
<b>Total return/(deficit) for the year</b>	<b>31,176,689</b>	<b>(51,148,842)</b>	<b>13,628,553</b>	<b>(38,548,688)</b>

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

**PRUDENTIAL UNIT TRUSTS**
**Statement of Total Return**

Year ended 31 December 2009

Note	PRU Protected Global Titans Fund (S\$)		PRU Asian Balanced Fund	
	Year ended 31/12/2009	Year ended 31/12/2008	Year ended 31/12/2009	Year ended 31/12/2008
	S\$	S\$	S\$	S\$
<b>Income</b>				
Interest	3,812	41,972	-	8,515
	3,812	41,972	-	8,515
<b>Less: Expenses</b>				
Management fees	116,347	96,109	3,453,350	3,701,880
Registration fees	17,167	13,067	21,326	23,888
Trustee fees	10,403	8,509	277,861	294,573
Custody fees	1,301	2,567	228	-
Audit fees	6,263	7,436	11,862	11,300
Others	26,109	26,628	391,124	251,846
	177,590	154,316	4,155,751	4,283,487
<b>Net income/(losses)</b>	(173,778)	(112,344)	(4,155,751)	(4,274,972)
<b>Net gains/(losses) on value of investments</b>				
Net realised gains/(losses) on investments sold	646,673	462,211	(7,188,237)	(4,664,107)
Net change in fair value on investments	372,641	(79,177)	239,238,040	(263,035,963)
Net realised gains/(losses) on financial derivatives	110,386	-	-	-
Net change in fair value on financial derivatives	21,258	131,439	-	-
Net foreign exchange gains/ (losses)	(122,065)	(29,529)	4,348	(79,267)
<b>Net gains/(losses) on value of investments</b>	1,028,893	484,944	232,054,151	(267,779,337)
<b>Total return/(deficit) for the year before income tax</b>	855,115	372,600	227,898,400	(272,054,309)
<b>Less: Income tax</b>	3	-	-	-
<b>Total return/(deficit) for the year after income tax before distribution</b>	855,115	372,600	227,898,400	(272,054,309)
<b>Less: Distribution</b>	-	-	-	-
<b>Total return/(deficit) for the year</b>	855,115	372,600	227,898,400	(272,054,309)

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

# PRUDENTIAL UNIT TRUSTS

## Statement of Total Return

Year ended 31 December 2009

Note	PRU Dragon Peacock Fund		PRU Global Basics Fund	
	Year ended 31/12/2009	Year ended 31/12/2008	Year ended 31/12/2009	Year ended 31/12/2008
	S\$	S\$	S\$	S\$
<b>Income</b>				
Interest	-	1,814	30	4,134
Dividend	10,879,552	12,118,089	-	-
	10,879,552	12,119,903	30	4,134
<b>Less: Expenses</b>				
Management fees	14,781,981	16,410,692	-	-
Registration fees	24,620	31,963	27,111	30,293
Trustee fees	396,525	447,783	151,303	222,263
Custody fees	74,352	122,218	-	-
Audit fees	12,941	17,501	10,030	10,970
Others	1,010,851	475,928	139,907	198,607
	16,301,270	17,506,085	328,351	462,133
<b>Net income/(losses)</b>	(5,421,718)	(5,386,182)	(328,321)	(457,999)
<b>Net gains/(losses) on value of investments</b>				
Net realised gains/(losses) on investments sold	3,691,859	648,284	(7,264,015)	(7,010,397)
Net change in fair value on investments	551,165,408	(876,118,072)	153,997,213	(285,220,846)
Net realised gains/(losses) on financial derivatives	-	-	-	-
Net change in fair value on financial derivatives	-	-	-	-
Net foreign exchange gains/ (losses)	(340,827)	699,956	(78,339)	(441,184)
<b>Net gains/(losses) on value of investments</b>	554,516,440	(874,769,832)	146,654,859	(292,672,427)
<b>Total return/(deficit) for the year before income tax</b>	549,094,722	(880,156,014)	146,326,538	(293,130,426)
<b>Less: Income tax</b>	3 (878,448)	(29,545)	-	-
<b>Total return/(deficit) for the year after income tax before distribution</b>	548,216,274	(880,185,559)	146,326,538	(293,130,426)
<b>Less: Distribution</b>	-	-	-	-
<b>Total return/(deficit) for the year</b>	548,216,274	(880,185,559)	146,326,538	(293,130,426)

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

# PRUDENTIAL UNIT TRUSTS

## Statement of Total Return

Year ended 31 December 2009

	PRU Global Balanced Fund		PRU Asian Infrastructure Equity Fund		
	Note	Year ended	Year ended	Year ended	Period from
		31/12/2009	31/12/2008	31/12/2009	06/03/2008 to 31/12/2008
	S\$	S\$	S\$	S\$	
<b>Income</b>					
Interest		2,960	1	92	
Others		-	-	314	
		2,960	1	406	
<b>Less: Expenses</b>					
Management fees		85,954	46,367	9,725	
Registration fees		18,199	7,184	3,361	
Trustee fees		21,726	3,684	782	
Audit fees		8,237	7,890	4,309	
Preliminary expenses		-	-	37,522	
Others		30,142	3,395	5,060	
		164,258	68,520	60,759	
<b>Net income/(losses)</b>		(161,298)	(68,519)	(60,353)	
<b>Net gains or losses on value of investments</b>					
Net realised gains/(losses) on investments sold		(3,631,881)	88,770	(164,490)	
Net change in fair value on investments		(15,300,264)	2,512,908	(770,009)	
Net realised gains/(losses) on financial derivatives		-	-	-	
Net foreign exchange gains/ (losses)		(131,323)	(39,526)	(37,738)	
<b>Net gains/(losses) on value of investments</b>		(19,063,468)	2,562,152	(972,237)	
<b>Total return/(deficit) for the year/period before income tax</b>		(19,224,766)	2,493,633	(1,032,590)	
<b>Less: Income tax</b>	3	-	-	-	
<b>Total return/(deficit) for the year/period after income tax before distribution</b>		(19,224,766)	2,493,633	(1,032,590)	
<b>Less: Distribution</b>		-	-	-	
<b>Total return/(deficit) for the year/period</b>		(19,224,766)	2,493,633	(1,032,590)	

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

**PRUDENTIAL UNIT TRUSTS**
**Statement of Total Return**

Year ended 31 December 2009

Note	PRU Global Leaders Fund		PRU Global Positioning Strategy Fund	
	Year ended	Period from	Year ended	Period from
	31/12/2009	04/06/2008 to 31/12/2008	31/12/2009	18/08/2008 to 31/12/2008
	S\$	S\$	S\$	S\$
<b>Income</b>				
Interest	-	71	-	2
Others	-	-	103	-
	-	71	103	2
<b>Less: Expenses</b>				
Management fees	-	-	14,929	2,897
Registration fees	5,104	3,962	5,214	-
Trustee fees	1,366	574	1,181	232
Audit fees	7,633	6,000	6,174	5,000
Preliminary expenses	-	45,260	-	43,033
Others	7,467	3,628	4,269	1,924
Reimbursement from the Manager	(21,439)	(59,424)	-	-
	131	-	31,767	53,086
<b>Net income/(losses)</b>	(131)	71	(31,664)	(53,084)
<b>Net gains or losses on value of investments</b>				
Net realised gains/(losses) on investments sold	(139,318)	(146,081)	33,419	(15,867)
Net change in fair value on investments	1,203,803	(1,392,272)	274,829	(148,675)
Net realised gains/(losses) on financial derivatives	-	-	-	-
Net foreign exchange gains/ (losses)	(5,425)	(25,944)	(6,541)	(12,211)
<b>Net gains/(losses) on value of investments</b>	1,059,060	(1,564,297)	301,707	(176,753)
<b>Total return/(deficit) for the year/period before income tax</b>	1,058,929	(1,564,226)	270,043	(229,837)
<b>Less: Income tax</b>	3	-	-	-
<b>Total return/(deficit) for the year/period after income tax before distribution</b>	1,058,929	(1,564,226)	270,043	(229,837)
<b>Less: Distribution</b>	-	-	-	-
<b>Total return/(deficit) for the year/period</b>	1,058,929	(1,564,226)	270,043	(229,837)

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

## PRUDENTIAL UNIT TRUSTS

**Balance Sheet**  
As at 31 December 2009

	Note	PRU Global Technology Fund		PRU Pan European Fund	
		2009	2008	2009	2008
		S\$	S\$	S\$	S\$
<b>Assets</b>					
Portfolio of investments		84,331,365	55,083,194	53,535,048	43,123,989
Receivables	4	448,066	67,031	590,048	79,639
Cash and bank balances		154,534	107,321	93,253	61,944
<b>Total assets</b>		<b>84,933,965</b>	<b>55,257,546</b>	<b>54,218,349</b>	<b>43,265,572</b>
<b>Liabilities</b>					
Payables	6	519,883	144,477	299,419	137,642
Net assets attributable to unitholders	7	84,414,082	55,113,069	53,918,930	43,127,930
<b>Total liabilities</b>		<b>84,933,965</b>	<b>55,257,546</b>	<b>54,218,349</b>	<b>43,265,572</b>

	Note	PRU Protected Global Titans Fund (S\$)		PRU Asian Balanced Fund	
		2009	2008	2009	2008
		S\$	S\$	S\$	S\$
<b>Assets</b>					
Portfolio of investments		23,695,693	24,709,722	791,267,169	522,212,837
Receivables	4	405,836	195,791	2,071,037	385,443
Financial derivatives, at fair value	5	26,635	131,439	-	-
Cash and bank balances		664,350	1,140,427	2,256,332	24,272,772
<b>Total assets</b>		<b>24,792,514</b>	<b>26,177,379</b>	<b>795,594,538</b>	<b>546,871,052</b>
<b>Liabilities</b>					
Payables	6	136,780	306,492	1,945,286	5,982,814
Financial derivatives, at fair value	5	5,377	-	-	-
Net assets attributable to unitholders	7	24,650,357	25,870,887	793,649,252	540,888,238
<b>Total liabilities</b>		<b>24,792,514</b>	<b>26,177,379</b>	<b>795,594,538</b>	<b>546,871,052</b>

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

## PRUDENTIAL UNIT TRUSTS

**Balance Sheet**  
As at 31 December 2009

	Note	PRU Dragon Peacock Fund		PRU Global Basics Fund	
		2009	2008	2009	2008
		S\$	S\$	S\$	S\$
<b>Assets</b>					
Portfolio of investments		1,308,415,290	601,821,901	440,515,247	308,610,831
Receivables	4	25,661,634	4,474,380	1,630,902	812,434
Cash and bank balances		7,077,551	11,212,250	541,993	183,093
<b>Total assets</b>		<b>1,341,154,475</b>	<b>617,508,531</b>	<b>442,688,142</b>	<b>309,606,358</b>
<b>Liabilities</b>					
Payables	6	23,585,840	2,132,245	1,333,251	816,929
Net assets attributable to unitholders	7	1,317,568,635	615,376,286	441,354,891	308,789,429
<b>Total liabilities</b>		<b>1,341,154,475</b>	<b>617,508,531</b>	<b>442,688,142</b>	<b>309,606,358</b>

	Note	PRU Global Balanced Fund		PRU Asian Infrastructure Equity Fund	
		2009	2008	2009	2008
		S\$	S\$	S\$	S\$
<b>Assets</b>					
Portfolio of investments		42,007,991	37,336,340	12,520,872	5,063,705
Receivables	4	374,179	821,954	19,977	44,061
Cash and bank balances		312,946	370,756	55,780	37,711
<b>Total assets</b>		<b>42,695,116</b>	<b>38,529,050</b>	<b>12,596,629</b>	<b>5,145,477</b>
<b>Liabilities</b>					
Payables	6	381,861	888,672	64,087	66,814
Net assets attributable to unitholders	7	42,313,255	37,640,378	12,532,542	5,078,663
<b>Total liabilities</b>		<b>42,695,116</b>	<b>38,529,050</b>	<b>12,596,629</b>	<b>5,145,477</b>

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

**PRUDENTIAL UNIT TRUSTS**

**Balance Sheet**  
As at 31 December 2009

	Note	PRU Global Leaders Fund		PRU Global Positioning Strategy Fund	
		2009	2008	2009	2008
		S\$	S\$	S\$	S\$
<b>Assets</b>					
Portfolio of investments		3,982,353	2,536,215	2,826,085	2,358,302
Receivables	4	74,042	45,460	26,872	44,950
Cash and bank balances		19,759	33,071	26,732	25,851
<b>Total assets</b>		<b>4,076,154</b>	<b>2,614,746</b>	<b>2,879,689</b>	<b>2,429,103</b>
<b>Liabilities</b>					
Payables	6	75,716	35,308	43,674	55,873
Net assets attributable to unitholders	7	4,000,438	2,579,438	2,836,015	2,373,230
<b>Total liabilities</b>		<b>4,076,154</b>	<b>2,614,746</b>	<b>2,879,689</b>	<b>2,429,103</b>

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

**PRUDENTIAL UNIT TRUSTS**

**Portfolio Statement**  
As at 31 December 2009

**PRU Global Technology Fund**

	Holdings 31/12/2009 (units)	Fair value 31/12/2009 (S\$)	Percentage of total net assets attributable to unitholders	
			31/12/2009 (%)	31/12/2008 (%)
<b>Underlying Fund</b>				
International Opportunities Funds:				
- Global Technology Class C	14,925,905	84,331,365	99.90	99.95
<b>Portfolio of investments</b>		84,331,365	99.90	99.95
<b>Other net assets</b>		82,717	0.10	0.05
<b>Net assets attributable to unitholders</b>		84,414,082	100.00	100.00

**PRU Pan European Fund**

	Holdings 31/12/2009 (units)	Fair value 31/12/2009 (S\$)	Percentage of total net assets attributable to unitholders	
			31/12/2009 (%)	31/12/2008 (%)
<b>Underlying Fund</b>				
International Opportunities Funds:				
- Pan European Class C	4,713,422	53,535,048	99.29	99.99
<b>Portfolio of investments</b>		53,535,048	99.29	99.99
<b>Other net assets</b>		383,882	0.71	0.01
<b>Net assets attributable to unitholders</b>		53,918,930	100.00	100.00

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

**PRUDENTIAL UNIT TRUSTS**

**Portfolio Statement**  
As at 31 December 2009

**PRU Asian Balanced Fund**

	Holdings 31/12/2009 (units)	Fair value 31/12/2009 (S\$)	Percentage of total net assets attributable to unitholders	
			31/12/2009 (%)	31/12/2008 (%)
<b><u>Underlying Fund</u></b>				
International Opportunities Funds:				
- Asian Equity Class C	8,825,845	395,633,673	49.85	51.58
- US High Investment Grade Bond Class B	12,190,331	232,690,312	29.32	30.77
- US Investment Grade Bond Class B	7,417,430	162,943,184	20.53	14.20
<b>Portfolio of investments</b>		791,267,169	99.70	96.55
<b>Other net assets</b>		2,382,083	0.30	3.45
<b>Net assets attributable to unitholders</b>		793,649,252	100.00	100.00

**PRU Global Basics Fund**

	Holdings 31/12/2009 (units)	Fair value 31/12/2009 (S\$)	Percentage of total net assets attributable to unitholders	
			31/12/2009 (%)	31/12/2008 (%)
<b><u>Underlying Fund</u></b>				
M & G Investment Funds (1)				
- Global Basics Fund Net Accumulation Shares in Sterling Class A	23,334,245	440,515,247	99.81	99.94
<b>Portfolio of investments</b>		440,515,247	99.81	99.94
<b>Other net assets</b>		839,644	0.19	0.06
<b>Net assets attributable to unitholders</b>		441,354,891	100.00	100.00

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

**PRUDENTIAL UNIT TRUSTS**

**Portfolio Statement**  
As at 31 December 2009

**PRU Global Balanced Fund**

	Holdings 31/12/2009 (units)	Fair value 31/12/2009 (S\$)	Percentage of total net assets attributable to unitholders	
			31/12/2009 (%)	31/12/2008 (%)
<b><u>Underlying Fund</u></b>				
M & G Investment Funds (1)				
- Global Basics Fund Net Accumulation Shares in Sterling Class A	1,355,916	25,597,634	60.50	59.98
Legg Mason Global Bond Trust	13,618,553	16,410,357	38.78	39.21
<b>Portfolio of investments</b>		42,007,991	99.28	99.19
<b>Other net assets</b>		305,264	0.72	0.81
<b>Net assets attributable to unitholders</b>		<u>42,313,255</u>	<u>100.00</u>	<u>100.00</u>

**PRU Asian Infrastructure Equity Fund**

	Holdings 31/12/2009 (units)	Fair value 31/12/2009 (S\$)	Percentage of total net assets attributable to unitholders	
			31/12/2009 (%)	31/12/2008 (%)
<b><u>Underlying Fund</u></b>				
International Opportunities Funds:				
- Asian Infrastructure Equity Fund Class C	935,619	12,520,872	99.91	99.71
<b>Portfolio of investments</b>		12,520,872	99.91	99.71
<b>Other net assets</b>		11,670	0.09	0.29
<b>Net assets attributable to unitholders</b>		<u>12,532,542</u>	<u>100.00</u>	<u>100.00</u>

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

**PRUDENTIAL UNIT TRUSTS**

**Portfolio Statement**  
As at 31 December 2009

**PRU Global Leaders Fund**

	Holdings 31/12/2009 (units)	Fair value 31/12/2009 (S\$)	Percentage of total net assets attributable to unitholders	
			31/12/2009 (%)	31/12/2008 (%)
<b><u>Underlying Fund</u></b>				
M & G Investment Funds (1)				
- Global Leaders Fund Euro Class A shares	189,974	3,982,353	99.55	98.32
<b>Portfolio of investments</b>		3,982,353	99.55	98.32
<b>Other net assets</b>		18,085	0.45	1.68
<b>Net assets attributable to unitholders</b>		4,000,438	100.00	100.00

**PRU Global Positioning Strategy Fund**

	Holdings 31/12/2009 (units)	Fair value 31/12/2009 (S\$)	Percentage of total net assets attributable to unitholders	
			31/12/2009 (%)	31/12/2008 (%)
<b><u>Underlying Fund</u></b>				
International Opportunities Funds:				
- Global Market Navigator Class C	206,860	2,826,085	99.65	99.37
<b>Portfolio of investments</b>		2,826,085	99.65	99.37
<b>Other net assets</b>		9,930	0.35	0.63
<b>Net assets attributable to unitholders</b>		2,836,015	100.00	100.00

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

# PRUDENTIAL UNIT TRUSTS

**Portfolio Statement**  
As at 31 December 2009

## PRU Protected Global Titans Fund (S\$)

	Holdings 31/12/2009 (units)	Fair value 31/12/2009 (S\$)	Percentage of total net assets attributable to unitholders 31/12/2009 (%)
<b>By Geography* - Primary</b>			
<b>Quoted bonds</b>			
<b>Australia</b>			
National Australia Bank EMTN 2.18% 30/09/2010	500,000	504,067	2.04
Westfield Capital Corporation Series 4.375% 15/11/2010	750,000	1,078,824	4.38
		<u>1,582,891</u>	<u>6.42</u>
<b>New Zealand</b>			
ANZ National (Int'l) Limited EMTN 3.22% 08/07/2010	500,000	508,822	2.06
BNZ International Funding Limited GMTN 3.24% 28/07/2010	500,000	510,378	2.07
		<u>1,019,200</u>	<u>4.13</u>
<b>Singapore</b>			
Ascendas Real Estate Investment MTN 4.75% 29/04/2011	1,000,000	1,028,725	4.17
Ascott Capital Pte Limited MTN 3.1% 05/03/2010	750,000	759,039	3.08
Ascott Capital Pte Limited Series MTN 4.7% 07/07/2011	500,000	528,551	2.15
Capitacommercial Trust MTN 3.15% 24/01/2011	500,000	508,487	2.06
Capitaland Commercial Limited MTN 4.4% 03/03/2011	500,000	519,916	2.11
CCT MTN Pte Limited Series MTN 3.05% 17/03/2010	250,000	252,819	1.03

\* Geography classification is based on the country of incorporation/registration of the entities/issuers.

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

PRU Protected  
Global Titans Fund (S\$)

	Holdings 31/12/2009 (units)	Fair value 31/12/2009 (S\$)	Percentage of total net assets attributable to unitholders 31/12/2009 (%)
<b>By Geography* - Primary (continued)</b>			
<b>Quoted bonds</b>			
<b>Singapore (continued)</b>			
CCT MTN Pte Limited Series MTN 3.85% 20/08/2010	1,000,000	1,023,837	4.15
CMT MTN Pte Limited MTN 3.25% 01/04/2010	750,000	758,384	3.08
CMT MTN Pte Limited MTN FRN 30/04/2010	250,000	251,926	1.02
Frasers Centrepoint Limited MTN 4.045% 14/03/2011	500,000	512,381	2.08
HK Land Treasury Series 3.01% 04/10/2010	500,000	508,323	2.06
HSBC Singapore EMTN 3.36% 22/11/2010	250,000	254,271	1.03
Keppel Land Limited MTN 3% 07/05/2010	500,000	505,573	2.05
Keppel Land Limited Series MTN 3.76% 14/03/2011	500,000	514,014	2.09
Kim Eng Secs Series MTN 2.4% 23/03/2010	250,000	251,769	1.02
Mapletreelog Treasury Company MTN 3.8% 12/03/2010	1,000,000	1,012,832	4.11
Midpoint Properties MTN 3.33% 01/04/2010	750,000	757,490	3.07
Midpoint Properties Series MTN 3.75% 04/07/2011	750,000	774,422	3.14
SP Powerassets Limited EMTN 3.73% 22/10/2010	250,000	256,276	1.04
Sunshine Assets Limited MTN 2.78% 11/02/2011	1,250,000	1,262,739	5.12
		<u>12,241,774</u>	<u>49.66</u>

\* Geography classification is based on the country of incorporation/registration of the entities/issuers.

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

**PRUDENTIAL UNIT TRUSTS**

**Portfolio Statement**  
As at 31 December 2009

**PRU Protected  
Global Titans Fund (S\$)**

	<b>Holdings 31/12/2009 (units)</b>	<b>Fair value 31/12/2009 (S\$)</b>	<b>Percentage of total net assets attributable to unitholders 31/12/2009 (%)</b>
<b>By Geography* - Primary (continued)</b>			
<b>Quoted bonds</b>			
<b>South Korea</b>			
Export-Import Bank of Korea EMTN 4.85% 28/04/2010	1,000,000	1,016,997	4.13
Hana Bank EMTN 3.53% 16/06/2010	750,000	752,923	3.05
Kookmin Bank Series GMTN 2.05% 18/10/2010	1,000,000	1,006,051	4.08
National Agricultural Company GMTN 3.3% 18/08/2010	1,000,000	1,018,776	4.13
Shinhan Bank EMTN 3.78% 17/06/2010	750,000	755,448	3.07
Shinhan Bank Series EMTN 3.8% 14/07/2010	500,000	510,528	2.07
Shinsegae Company Limited 6.125% 27/06/2011	500,000	728,405	2.96
		<b>5,789,128</b>	<b>23.49</b>
<b>United Kingdom</b>			
Standard Chartered PLC EMTN 2.48% 07/04/2010	500,000	504,142	2.05
		<b>504,142</b>	<b>2.05</b>
<b>United States of America</b>			
Bank of America Corporation 4% 09/03/2011	250,000	254,229	1.03
General Elec Cap EMTN 3.08% 15/11/2010	600,000	604,179	2.45
		<b>858,408</b>	<b>3.48</b>

\* *Geography classification is based on the country of incorporation/registration of the entities/issuers.*

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PRU Protected  
Global Titans Fund (S\$)

	Holdings 31/12/2009 (units)	Fair value 31/12/2009 (S\$)	Percentage of total net assets attributable to unitholders 31/12/2009 (%)
<b>By Geography* - Primary (continued)</b>			
<b>Time deposits</b>			
<b>Singapore</b>			
Overseas-Chinese Banking Corporation Limited		1,700,150	6.90
		1,700,150	6.90
<b>Portfolio of investments</b>		23,695,693	96.13
<b>Other net assets</b>		954,664	3.87
<b>Net assets attributable to unitholders</b>		24,650,357	100.00

\* Geography classification is based on the country of incorporation/registration of the entities/issuers.

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

## PRUDENTIAL UNIT TRUSTS

**Portfolio Statement**  
As at 31 December 2009

	<b>PRU Protected Global Titans Fund (S\$)</b>	
	<b>Percentage of total net assets attributable to unitholders</b>	
	<b>31/12/2009 (%)</b>	<b>31/12/2008 (%)</b>
<b>By Geography* (summary) – Primary</b>		
Australia	6.42	5.75
Cayman Islands	-	1.96
Malaysia	-	2.86
New Zealand	4.13	2.95
Singapore	56.56	58.55
South Korea	23.49	16.62
United Arab Emirates	-	1.93
United Kingdom	2.05	-
United States of America	3.48	4.89
<b>Portfolio of investments</b>	96.13	95.51
<b>Other net assets</b>	3.87	4.49
<b>Net assets attributable to unitholders</b>	100.00	100.00

\* *Geography classification is based on the country of incorporation/registration of the entities/issuers.*

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**PRUDENTIAL UNIT TRUSTS**

**Portfolio Statement**  
As at 31 December 2009

**PRU Protected  
Global Titans Fund (S\$)**

	Fair value 31/12/2009 (S\$)	Percentage of total net assets attributable to unitholders	
		31/12/2009 (%)	31/12/2008 (%)
<b>By Industry - Secondary</b>			
Banks	9,296,782	37.71	41.16
Diversified financial services	4,278,110	17.36	15.57
Electronic	256,276	1.04	-
Finance	1,934,772	7.85	4.90
Industrials	-	-	1.98
Leisure	-	-	2.92
Petrol	-	-	2.91
Real estate	5,379,709	21.83	13.53
Real estate investment trusts	2,550,044	10.34	3.93
Telecom service	-	-	5.75
Transport - Rail	-	-	2.86
<b>Portfolio of investments</b>	23,695,693	96.13	95.51
<b>Other net assets</b>	954,664	3.87	4.49
<b>Net assets attributable to unitholders</b>	24,650,357	100.00	100.00

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

**PRUDENTIAL UNIT TRUSTS**

**Portfolio Statement**  
As at 31 December 2009

**PRU Dragon Peacock Fund**

	<b>Holdings</b>	<b>Fair value</b>	<b>Percentage of</b>
	<b>31/12/2009</b>	<b>31/12/2009</b>	<b>total net assets</b>
	<b>(units)</b>	<b>(S\$)</b>	<b>attributable to</b>
			<b>unitholders</b>
			<b>31/12/2009</b>
			<b>(%)</b>
<b>By Geography* - Primary</b>			
<b>Quoted shares</b>			
<b>Cayman Islands</b>			
AAC Acoustic Technologies Holdings Inc.	12,384,000	28,476,571	2.16
		<u>28,476,571</u>	<u>2.16</u>
<b>China</b>			
Bank of China Limited	93,606,000	71,013,470	5.39
BYD Company Limited	2,934,900	36,347,323	2.76
China Petroleum & Chemical Corporation	24,439,000	30,620,519	2.32
China Shenhua Energy Company Limited	3,643,500	25,035,345	1.90
Focus Media Holding Limited	1,503,700	33,440,135	2.54
Fosun International Limited	14,122,000	13,833,004	1.05
Industrial and Commercial Bank of China Company Limited	65,172,000	75,874,361	5.76
Li Ning Company Limited	3,165,000	16,876,486	1.28
Ping An Insurance (Group) Company of China Limited	2,433,000	29,933,300	2.27
Sohu.com Inc	267,500	21,511,883	1.63
Travelsky Technology Limited	12,627,000	17,718,416	1.35
		<u>372,204,242</u>	<u>28.25</u>

\* *Geography classification is based on the country of incorporation/registration of the entities/issuers.*

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

**PRUDENTIAL UNIT TRUSTS**

**Portfolio Statement**  
As at 31 December 2009

**PRU Dragon Peacock Fund**

	<b>Holdings</b>	<b>Fair value</b>	<b>Percentage of</b>
	<b>31/12/2009</b>	<b>31/12/2009</b>	<b>total net assets</b>
	<b>(units)</b>	<b>(S\$)</b>	<b>attributable to</b>
			<b>unitholders</b>
			<b>31/12/2009</b>
			<b>(%)</b>
<b>By Geography* - Primary (continued)</b>			
<b>Quoted shares</b>			
<b>Hong Kong</b>			
China Mobile Limited	3,327,000	43,853,797	3.33
China Pacific Insurance (Group) Company Limited	5,095,200	28,506,424	2.16
China Resources Cement Holding Limited	16,712,000	11,589,114	0.88
China Resources Land Limited	3,724,000	11,813,179	0.90
China Unicom (Hong Kong) Limited	6,395,990	11,904,849	0.90
China Zhongwang Holdings Limited	21,281,600	24,044,286	1.82
CNOOC Limited	15,212,000	33,547,227	2.55
Franshion Properties China Limited	21,318,000	10,498,769	0.80
Gome Electrical Appliances Holdings Limited	44,141,440	22,538,169	1.71
Huabao International Holdings Limited	9,428,000	14,202,537	1.08
Sino-Ocean Land Holdings Limited	12,109,000	15,719,924	1.19
Sinotrans Shipping Limited	14,886,500	9,730,224	0.74
		<b>237,948,499</b>	<b>18.06</b>

**India (Note 1)**

Axis Bank Limited	1,580,256	47,161,047	3.58
Bharat Petroleum Corporation Limited	869,666	16,675,317	1.27
Bharti Airtel Limited	1,301,748	12,913,103	0.98
Colgate Palmolive (India) Limited	934,851	18,586,589	1.41
Dr Reddy's Laboratories Limited	542,947	18,781,975	1.43
Gail India Limited	2,656,807	33,128,159	2.51
GVK Power & Infrastructure Limited	18,051,253	25,296,763	1.92
Hindalco Industries Limited	5,014,114	24,332,524	1.85
ICICI Bank Limited	2,204,147	58,319,264	4.43
Infosys Technologies Limited	742,250	58,247,748	4.42

\* Geography classification is based on the country of incorporation/registration of the entities/issuers.

Note 1: The India shares are held by Dragon Peacock Investments Ltd.

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

## PRU Dragon Peacock Fund

	Holdings 31/12/2009 (units)	Fair value 31/12/2009 (S\$)	Percentage of total net assets attributable to unitholders 31/12/2009 (%)
<b>By Geography* - Primary (continued)</b>			
<b>Quoted shares</b>			
<b>India (Note 1) (continued)</b>			
Infrastructure Development Finance Company Limited	4,627,729	21,542,978	1.64
ITC Limited	3,529,771	26,708,282	2.03
IVRCL Infrastructures & Projects Limited	2,476,222	26,203,490	1.99
LIC Housing Finance	719,330	17,422,378	1.32
Maruti Suzuki India Limited	547,992	25,792,803	1.96
Mphasis Limited	1,190,429	26,009,614	1.97
Oil India Limited	458,475	17,178,062	1.30
OnMobile Global Limited	995,600	13,596,255	1.03
Reliance Industries Limited	2,089,645	68,752,735	5.22
Rural Electrification Corporation Limited	2,402,092	17,595,848	1.34
Sterlite Industries (India) Limited	1,477,721	38,499,210	2.92
Sun TV Limited	1,922,843	19,944,428	1.51
Tata Power Co Limited	989,442	14,797,254	1.12
Tata Steel Limited	785,042	14,629,934	1.11
		662,115,760	50.26
Other net assets of Dragon Peacock Investment Ltd		7,670,218	0.57
<b>Net assets of Dragon Peacock Investments Ltd</b>		669,785,978	50.83
<b>Portfolio of investments</b>		1,308,415,290	99.30
<b>Other net assets</b>		9,153,345	0.70
<b>Net assets attributable to unitholders</b>		1,317,568,635	100.00

\* Geography classification is based on the country of incorporation/registration of the entities/issuers.

Note 1: The India shares are held by Dragon Peacock Investments Ltd.

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

**PRUDENTIAL UNIT TRUSTS****Portfolio Statement**  
As at 31 December 2009

	<b>PRU Dragon Peacock Fund</b>	
	<b>Percentage</b>	
	<b>of total net assets attributable</b>	
	<b>to unitholders</b>	
	<b>31/12/2009</b>	<b>31/12/2008</b>
	<b>(%)</b>	<b>(%)</b>
<b>By Geography* (summary) – Primary</b>		
Cayman Islands	2.16	1.79
China	28.25	29.12
Hong Kong	18.06	21.17
India	50.83	45.72
<b>Portfolio of investments</b>	<b>99.30</b>	<b>97.80</b>
<b>Other net assets</b>	<b>0.70</b>	<b>2.20</b>
<b>Net assets attributable to unitholders</b>	<b>100.00</b>	<b>100.00</b>

\* *Geography classification is based on the country of incorporation/registration of the entities/issuers.*

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

**PRUDENTIAL UNIT TRUSTS**

**Portfolio Statement**  
As at 31 December 2009

**PRU Dragon Peacock Fund**

	Fair value 31/12/2009 (S\$)	Percentage of total net assets attributable to unitholders	
		31/12/2009 (%)	31/12/2008 (%)
<b>By Industry - Secondary</b>			
Advertising	33,440,135	2.54	1.12
Agriculture	26,708,282	2.03	3.80
Automotive	14,797,254	1.12	-
Auto and trucks	25,792,803	1.96	1.59
Banks	252,368,142	19.15	19.11
Building and construction	26,203,490	1.99	-
Cement	11,589,114	0.88	1.13
Chemical	68,752,735	5.22	5.66
Consumer	49,665,612	3.77	3.42
Diversified resource	61,037,379	4.63	1.12
E-commerce	-	-	0.78
Electronics	46,072,419	3.50	7.98
Engineering and construction	-	-	1.32
Finance	38,965,356	2.96	0.49
Gas	33,128,159	2.51	1.64
Insurance	58,439,724	4.44	1.70
Internet software	123,487,661	9.37	6.94
Manufacturing	75,477,090	5.73	6.85
Media	19,944,428	1.51	-
Medical - drugs	18,781,975	1.43	-
Metal products	63,006,744	4.78	-
Mining	25,035,345	1.90	1.98
Oil and gas	17,178,062	1.30	-
Petrol	80,843,063	6.14	10.90
Power	-	-	1.22
Real estate	38,031,872	2.89	1.89
Telecom services	82,268,004	6.24	12.96
Transport	9,730,224	0.74	2.74
	1,300,745,072	98.73	96.34
<b>Net assets of Dragon Peacock Investments Ltd</b>	7,670,218	0.57	1.46
<b>Portfolio of investments</b>	1,308,415,290	99.30	97.80
<b>Other net assets</b>	9,153,345	0.70	2.20
<b>Net assets attributable to unitholders</b>	1,317,568,635	100.00	100.00

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

**1. Principal activities**

Prudential Unit Trusts (“the Trust”) is an umbrella unit trust constituted pursuant to the Trust Deed dated 5 April 2001 as amended by the subsequent Supplemental Deeds and Amending and Restating Deeds between Prudential Asset Management (Singapore) Limited (“the Manager”) and HSBC Institutional Trust Services (Singapore) Limited (“the Trustee”). The Trust Deed, Supplemental Deeds and Amending and Restating Deeds (collectively, the “Trust Deed”) are governed by the laws of the Republic of Singapore. As at 31 December 2009, the Trust had the following sub-funds:

<b><u>Sub-fund</u></b>	<b><u>Launch date</u></b>	<b><u>Underlying investments</u></b>
PRU Global Technology Fund	16 April 2001	International Opportunities Funds - Global Technology
PRU Pan European Fund	16 April 2001	International Opportunities Funds - Pan European
PRU Protected Global Titans Fund (S\$)	19 September 2001	A combination of money market instruments & options
PRU Asian Balanced Fund	13 January 2003	International Opportunities Funds - Asian Equity - US Investment Grade Bond - US High Investment Grade Bond
PRU Dragon Peacock Fund	18 May 2004	Investments in China and India instruments & options
PRU Global Basics Fund	12 September 2005	M & G Investment Funds (1) - Global Basics Fund Net Accumulation Shares in Sterling Class A
PRU Global Balanced Fund	28 August 2007	M & G Investment Funds (1) - Global Balanced Fund Net Accumulation Shares in Sterling Class A Legg Mason Global Bond Trust
PRU Asian Infrastructure Equity Fund	6 March 2008	International Opportunities Funds - Asian Infrastructure Equity Fund Class C
PRU Global Leaders Fund	4 June 2008	M & G Investment Funds (1) - Global Leaders Fund Euro Class A
PRU Global Positioning Strategy Fund	18 August 2008	International Opportunities Funds - Global Market Navigator

**1. Principal activities (continued)**

The sub-funds, Global Technology Fund (“PRU Global Technology Fund”), Pan European Fund (“PRU Pan European Fund”), Asian Balanced Fund (“PRU Asian Balanced Fund”), Asian Infrastructure Equity Fund (“PRU Asian Infrastructure Equity Fund”) and Global Positioning Strategy Fund (“PRU Global Positioning Strategy Fund”) invest all or substantially all of their assets in the units of the corresponding sub-funds of the Luxembourg-domiciled International Opportunities Funds.

The sub-fund, Global Basics Fund (“PRU Global Basics Fund”) invests all or substantially all of its assets in the units of the corresponding sub-fund of M & G Investment Funds (1) – Global Basics Fund Net Accumulation Shares in Sterling Class A.

The sub-fund, Global Balanced Fund (“PRU Global Balanced Fund”) invests all or substantially all of its assets in the units of the corresponding sub-funds of M & G Investment Funds (1) – Global Basics Fund Net Accumulation Shares in Sterling Class A and Legg Mason Global Bond Trust.

The sub-fund, Global Leaders Fund (“PRU Global Leaders Fund”) invests all or substantially all of its assets in the units of the corresponding sub-fund of M&G Investment Funds (1) – Global Leaders Fund Euro Class A shares.

The sub-fund, Protected Global Titans Fund (S\$) (“PRU Protected Global Titans Fund (S\$)”) aims to achieve long term capital growth by gaining exposure to top global multinational companies through the Dow Jones Global Titans 50 Index<sup>SM</sup> while, at the same time, protecting the net asset value of the sub-fund within each floor period.

The sub-fund, Dragon Peacock Fund (“PRU Dragon Peacock Fund”) aims to maximise long-term total return by investing primarily in equity and equity-related instruments in the People’s Republic of China and the Republic of India. Investments in India are mainly held through an investment company, Dragon Peacock Investments Ltd (“DPI (M)”), incorporated in Mauritius.

The shareholders’ funds of DPI (M) are attributable solely to PRU Dragon Peacock Fund.

**2. Summary of significant accounting policies****2.1 Basis of preparation**

The financial statements (expressed in Singapore dollars), 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.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

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 as it accrues, using the effective interest method. Interest income from debt securities received during the year is recognised in net realised gains on investments sold and accrued interest income from debt securities is recognised in net change in fair value on investments.

**2.3 Distribution policy**

The sub-funds do not intend to pay dividends or other distributions. Any income (whether in the form of dividend, interest or otherwise) received by the sub-funds will be accumulated and reinvested. However, to the extent that a distribution may be paid, such distribution may be paid only from income received and realised and unrealised capital gains less realised and unrealised capital losses.

**2.4 Investments**

Investments in underlying funds and securities are stated at fair value based on the last bid price as at the balance sheet date. 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. Summary of significant accounting policies (continued)****2.4 Investments (continued)**

Investments in options on stock market indices are initially recognised at cost and are subsequently revalued at their fair values. Fair values are obtained from quoted market prices, discounted cash flow models and option pricing models as appropriate. All options are carried in assets when amounts are receivable and in liabilities when amounts are payable. Changes in fair values of derivatives are included in the statement of total return.

The PRU Dragon Peacock Fund holds its investments in Indian domestic equities through an investment company, DPI (M). The assets, liabilities and results of DPI (M) are accounted based on the accounting policies of the PRU Dragon Peacock Fund. The investments, net assets and returns are included in the PRU Dragon Peacock Fund. This has the same effect as consolidating DPI (M) into the PRU Dragon Peacock Fund.

**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. For investments at fair value, the unrealised exchange differences are recognised in the net change in fair value on investments in the statement of total return.

**2.6 Units**

All units issued by the Trust provide the investors with the right to require redemption for cash at the value proportionate to the investor's share in the applicable sub-fund's 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.

### 3. Taxation

The Trust is a designated unit trust under the Singapore Income Tax Act (Chapter 134). As a result, the following income will not be taxed at the Trust 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
- dividends derived from outside Singapore and received in Singapore.

	<b>PRU Dragon Peacock Fund</b>	
	<b>2009</b>	<b>2008</b>
	<b>S\$</b>	<b>S\$</b>
Overseas tax suffered	878,448	29,545

### 4. Receivables

	<b>PRU Global Technology Fund</b>		<b>PRU Pan European Fund</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>
Amount receivable from the creation of units	250,729	22,841	454,718	30,460
Sales awaiting settlement	180,000	31,000	124,000	39,000
Miscellaneous receivables	17,337	13,190	11,330	10,179
	<b>448,066</b>	<b>67,031</b>	<b>590,048</b>	<b>79,639</b>

	<b>PRU Protected Global Titans Fund (S\$)</b>		<b>PRU Asian Balanced Fund</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>
Amount receivable from the creation of units	405,819	195,015	2,071,037	384,843
Interest receivables	17	176	-	-
Miscellaneous receivables	-	600	-	600
	<b>405,836</b>	<b>195,791</b>	<b>2,071,037</b>	<b>385,443</b>

**4. Receivables (continued)**

	<b>PRU Dragon Peacock Fund</b>		<b>PRU Global Basics Fund</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>
Amount receivable from the creation of units	7,837,185	4,473,780	1,511,954	583,323
Sales awaiting settlement	17,824,449	-	113,318	225,090
Miscellaneous receivables	-	600	5,630	4,021
	<b>25,661,634</b>	<b>4,474,380</b>	<b>1,630,902</b>	<b>812,434</b>

  

	<b>PRU Global Balanced Fund</b>		<b>PRU Asian Infrastructure Equity Fund</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>
Amount receivable from the creation of units	331,643	627,117	19,977	41,022
Sales awaiting settlement	-	154,921	-	2,993
Miscellaneous receivables	42,536	39,916	-	46
	<b>374,179</b>	<b>821,954</b>	<b>19,977</b>	<b>44,061</b>

  

	<b>PRU Global Leaders Fund</b>		<b>PRU Global Positioning Strategy Fund</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>
Amount receivable from the creation of units	30,557	3,128	6,385	7,879
Sales awaiting settlement	40,927	7,894	20,078	37,071
Miscellaneous receivables	2,558	34,438	409	-
	<b>74,042</b>	<b>45,460</b>	<b>26,872</b>	<b>44,950</b>

**5. Fair value of financial derivatives**

<b>PRU Protected Global Titans Fund (S\$)</b>						
	<b>Contract or underlying principal amount</b>		<b>Positive fair value</b>		<b>Negative fair value</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>
Forward foreign exchange contracts	1,820,192	3,964,415	26,635	131,439	5,377	-

Financial derivative contracts for PRU Protected Global Titans Fund (S\$) comprise forward foreign exchange contracts, executed for the sale and purchase of foreign currencies. The year-end positive fair value represents the unrealised gains on revaluation of financial derivative contracts at the balance sheet date.

**6. Payables**

	<b>PRU Global Technology Fund</b>		<b>PRU Pan European Fund</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>
Payable to unitholders for cancellation of units	217,638	16,890	148,819	51,701
Accrued expenses	72,245	55,587	43,600	41,941
Purchases awaiting settlement	230,000	72,000	107,000	44,000
	<b>519,883</b>	<b>144,477</b>	<b>299,419</b>	<b>137,642</b>

  

	<b>PRU Protected Global Titans Fund (S\$)</b>		<b>PRU Asian Balanced Fund</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>
Payable to unitholders for cancellation of units	116,951	273,908	1,552,608	1,364,344
Accrued expenses	19,829	32,584	392,678	283,770
Purchases awaiting settlement	-	-	-	4,322,250
Other payables	-	-	-	12,450
	<b>136,780</b>	<b>306,492</b>	<b>1,945,286</b>	<b>5,982,814</b>

**6. Payables (continued)**

	<b>PRU Dragon Peacock Fund</b>		<b>PRU Global Basics Fund</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>
Payable to unitholders for cancellation of units	2,249,510	1,083,471	651,310	689,372
Accrued expenses	2,006,518	1,048,774	69,992	86,595
Purchases awaiting settlement	19,329,812	-	610,631	40,325
Other payables	-	-	1,318	637
	<b>23,585,840</b>	<b>2,132,245</b>	<b>1,333,251</b>	<b>816,929</b>

  

	<b>PRU Global Balanced Fund</b>		<b>PRU Asian Infrastructure Equity Fund</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>
Payable to unitholders for cancellation of units	321,509	852,463	555	1,022
Accrued expenses	60,352	36,209	14,532	24,727
Purchases awaiting settlement	-	-	48,768	40,996
Other payables	-	-	232	69
	<b>381,861</b>	<b>888,672</b>	<b>64,087</b>	<b>66,814</b>

  

	<b>PRU Global Leaders Fund</b>		<b>PRU Global Positioning Strategy Fund</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>
Payable to unitholders for cancellation of units	40,975	2,618	19,407	36,556
Accrued expenses	741	14,690	8,189	6,204
Purchases awaiting settlement	33,870	17,764	15,911	12,960
Other payables	130	236	167	153
	<b>75,716</b>	<b>35,308</b>	<b>43,674</b>	<b>55,873</b>

## 7. Net assets attributable to unitholders

	PRU Global Technology Fund		PRU Pan European Fund	
	2009	2008	2009	2008
	S\$	S\$	S\$	S\$
<b>At the beginning of financial year</b>	55,113,069	116,358,808	43,127,930	82,638,375
<b>Operations</b>				
Change in net assets attributable to unitholders resulting from operations	31,176,689	(51,148,842)	13,628,553	(38,548,688)
<b>Unitholders' contributions/ (withdrawals)</b>				
Creation of units	4,960,795	7,822,008	3,652,787	15,319,887
Cancellation of units	(6,836,471)	(17,918,905)	(6,490,340)	(16,281,644)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units	(1,875,676)	(10,096,897)	(2,837,553)	(961,757)
Total increase/(decrease) in net assets attributable to unitholders	29,301,013	(61,245,739)	10,791,000	(39,510,445)
<b>At the end of financial year</b>	84,414,082	55,113,069	53,918,930	43,127,930
<b>Units in issue (number)</b>	169,843,447	174,004,328	54,524,468	57,721,204
<b>Net assets attributable to unitholders per unit (S\$)</b>	0.50	0.32	0.99	0.75

7. Net assets attributable to unitholders (continued)

	PRU Protected Global Titans Fund (S\$)		PRU Asian Balanced Fund	
	2009	2008	2009	2008
	S\$	S\$	S\$	S\$
<b>At the beginning of financial year</b>	25,870,887	16,009,087	540,888,238	756,455,951
<b>Operations</b>				
Change in net assets attributable to unitholders resulting from operations	855,115	372,600	227,898,400	(272,054,309)
<b>Unitholders' contributions/ (withdrawals)</b>				
Creation of units	12,209,744	40,330,457	106,236,684	278,410,235
Cancellation of units	(14,285,389)	(30,841,257)	(81,374,070)	(221,923,639)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units	(2,075,645)	9,489,200	24,862,614	56,486,596
Total increase/(decrease) in net assets attributable to unitholders	(1,220,530)	9,861,800	252,761,014	(215,567,713)
<b>At the end of financial year</b>	24,650,357	25,870,887	793,649,252	540,888,238
<b>Units in issue (number)</b>	20,790,786	22,572,920	479,327,445	461,786,639
<b>Net assets attributable to unitholders per unit (S\$)</b>	1.19	1.15	1.66	1.17

## 7. Net assets attributable to unitholders (continued)

	PRU Dragon Peacock Fund		PRU Global Basics Fund	
	2009 S\$	2008 S\$	2009 S\$	2008 S\$
<b>At the beginning of financial year</b>	615,376,286	1,448,035,970	308,789,429	558,420,258
<b>Operations</b>				
Change in net assets attributable to unitholders resulting from operations	548,216,274	(880,185,559)	146,326,538	(293,130,426)
<b>Unitholders' contributions/ (withdrawals)</b>				
Creation of units	301,344,218	506,790,126	33,512,920	218,648,256
Cancellation of units	(147,368,143)	(459,264,251)	(47,273,996)	(175,148,659)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units	153,976,075	47,525,875	(13,761,076)	43,499,597
Total increase/(decrease) In net assets attributable to unitholders	702,192,349	(832,659,684)	132,565,462	(249,630,829)
<b>At the end of financial year</b>	1,317,568,635	615,376,286	441,354,891	308,789,429
<b>Units in issue (number)</b>	527,032,881	448,656,118	398,649,994	412,560,968
<b>Net assets attributable to unitholders per unit (S\$)</b>	2.50	1.37	1.11	0.75

## 7. Net assets attributable to unitholders (continued)

	PRU Global Balanced Fund		PRU Asian Infrastructure Equity Fund	
	2009 S\$	2008 S\$	2009 S\$	Period from 06/03/2008 to 31/12/2008 S\$
<b>At the beginning of financial year/period</b>	37,640,378	32,087,980	5,078,663	-
<b>Operations</b>				
Change in net assets attributable to unitholders resulting from operations	9,137,720	(19,224,766)	2,493,633	(1,032,590)
<b>Unitholders' contributions/ (withdrawals)</b>				
Creation of units	15,801,676	217,087,964	7,796,381	6,857,460
Cancellation of units	(20,266,519)	(192,310,800)	(2,836,135)	(746,207)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units	(4,464,843)	24,777,164	4,960,246	6,111,253
Total increase/(decrease) in net assets attributable to unitholders	4,672,877	5,552,398	7,453,879	5,078,663
<b>At the end of financial year/period</b>	42,313,255	37,640,378	12,532,542	5,078,663
<b>Units in issue (number)</b>	48,527,269	54,705,740	13,576,510	7,408,981
<b>Net assets attributable to unitholders per unit (S\$)</b>	0.87	0.69	0.92	0.69

## 7. Net assets attributable to unitholders (continued)

	PRU Global Leaders Fund		PRU Global Positioning Strategy Fund	
	Period from 04/06/2008 to 2009 31/12/2008 S\$		Period from 18/08/2008 to 2009 31/12/2008 S\$	
<b>At the beginning of financial year/period</b>	2,579,438	-	2,373,230	-
<b>Operations</b>				
Change in net assets attributable to unitholders resulting from operations	1,058,929	(1,564,226)	270,043	(229,837)
<b>Unitholders' contributions/ (withdrawals)</b>				
Creation of units	1,342,044	4,866,096	1,375,378	2,830,246
Cancellation of units	(979,973)	(722,432)	(1,182,636)	(227,179)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units	362,071	4,143,664	192,742	2,603,067
Total increase/(decrease) in net assets attributable to unitholders	1,421,000	2,579,438	462,785	2,373,230
<b>At the end of financial year/period</b>	4,000,438	2,579,438	2,836,015	2,373,230
<b>Units in issue (number)</b>	4,719,950	4,173,204	2,893,194	2,665,572
<b>Net assets attributable to unitholders per unit (S\$)</b>	0.85	0.62	0.98	0.89

## 8. Units in issue

	<b>PRU Global Technology Fund</b>		<b>PRU Pan European Fund</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
Units at beginning of the year	174,004,328	195,587,472	57,721,204	59,687,846
Units created	12,322,937	16,262,791	4,150,585	12,879,463
Units cancelled	(16,483,818)	(37,845,935)	(7,347,321)	(14,846,105)
Units at end of the year	<u>169,843,447</u>	<u>174,004,328</u>	<u>54,524,468</u>	<u>57,721,204</u>

	<b>PRU Protected Global Titans Fund (S\$)</b>		<b>PRU Asian Balanced Fund</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
Units at beginning of the year	22,572,920	14,245,503	461,786,639	431,018,100
Units created	10,491,569	35,538,640	73,326,932	178,998,881
Units cancelled	(12,273,703)	(27,211,223)	(55,786,126)	(148,230,342)
Units at end of the year	<u>20,790,786</u>	<u>22,572,920</u>	<u>479,327,445</u>	<u>461,786,639</u>

	<b>PRU Dragon Peacock Fund</b>		<b>PRU Global Basics Fund</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
Units at beginning of the year	448,656,118	446,739,678	412,560,968	394,855,822
Units created	153,588,229	213,693,321	37,308,258	160,978,177
Units cancelled	(75,211,466)	(211,776,881)	(51,219,232)	(143,273,031)
Units at end of the year	<u>527,032,881</u>	<u>448,656,118</u>	<u>398,649,994</u>	<u>412,560,968</u>

## 8. Units in issue (continued)

	PRU Global Balanced Fund		PRU Asian Infrastructure Equity Fund	
	2009	2008	2009	2008
Units at beginning of the year/period	54,705,740	32,801,474	7,408,981	-
Units created	20,759,917	227,835,060	9,647,991	8,463,381
Units cancelled	(26,938,388)	(205,930,794)	(3,480,462)	(1,054,400)
Units at end of the year/ period	48,527,269	54,705,740	13,576,510	7,408,981

  

	PRU Global Leaders Fund		PRU Global Positioning Strategy Fund	
	2009	2008	2009	2008
Units at beginning of the year/period	4,173,204	-	2,665,572	-
Units created	1,801,419	5,055,120	1,451,160	2,913,165
Units cancelled	(1,254,673)	(881,916)	(1,223,538)	(247,593)
Units at end of the year/ period	4,719,950	4,173,204	2,893,194	2,665,572

## 9. US dollar class and Euro class

PRU Global Basics Fund

The sub-fund offers three classes of units, namely the PRU Global Basics Fund S\$ units, the PRU Global Basics Fund US\$ units and the PRU Global Basics Fund EUR units. The US\$ units and EUR units are for facilitation of the subscription and/or redemption in US\$ and Euro respectively. Consequently, these financial statements of PRU Global Basics Fund cover the financial information of the S\$ units only.

The US\$ units and EUR units are subject to further foreign exchange risk arising from movements of S\$ against these currencies.

Supplementary information relating to the US\$ units and EUR units are set out below.

**9. US dollar class and Euro class (continued)**Net asset value of US\$ units

	<b>2009</b>	<b>2008</b>
Number of US\$ units in issue	5,748,283	4,470,358

	<b>S\$</b>	<b>US\$ equivalent</b>	
	<b>2009</b>	<b>2009</b>	<b>2008</b>
Net asset value of US\$ units in issue	6,364,061	4,532,968	2,296,071
Net asset value per US\$ unit at 31 December		0.79	0.51

Net asset value of EUR units

	<b>2009</b>	<b>2008</b>
Number of EUR units in issue	910,727	941,399

	<b>S\$</b>	<b>EUR equivalent</b>	
	<b>2009</b>	<b>2009</b>	<b>2008</b>
Net asset value of EUR units in issue	1,008,288	500,560	347,845
Net asset value per EUR unit at 31 December		0.55	0.37

PRU Asian Infrastructure Equity Fund

The sub-fund offers three classes of units, namely the PRU Asian Equity Fund S\$ units, the PRU Asian Infrastructure Equity Fund US\$ units and the PRU Asian Infrastructure Equity Fund EUR units. The US\$ units and EUR units are for facilitation of the subscription and/or redemption in US\$ and Euro respectively. Consequently, these financial statements of PRU Asian Infrastructure Equity Fund cover the financial information of the S\$ units only.

The US\$ units and EUR units are subject to further foreign exchange risk arising from movements of S\$ against these currencies.

Supplementary information relating to the US\$ units and EUR units are set out below.

**9. US dollar class and Euro class (continued)**Net asset value of US\$ units

	<b>2009</b>	<b>2008</b>
Number of US\$ units in issue	703,220	717,003

	<b>S\$ 2009</b>	<b>US\$ equivalent 2009</b>	<b>2008</b>
Net asset value of US\$ units in issue	649,146	462,371	338,408
Net asset value per US\$ unit at 31 December		0.66	0.47

Net asset value of EUR units

	<b>2009</b>	<b>2008</b>
Number of EUR units in issue	21,335	21,335

	<b>S\$ 2009</b>	<b>EUR equivalent 2009</b>	<b>2008</b>
Net asset value of EUR units in issue	19,694	9,777	7,244
Net asset value per EUR unit at 31 December		0.46	0.34

**10. Related party transactions**

In the normal course of the business of the Trust, 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, management fee rebates ranging from 0.25% to 0.75% (2008: 0.25% to 1.50%) are received from the Managers of the underlying funds for certain sub-funds.

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 Trust is exposed to a variety of risks as stated in the Trust's prospectus. The Manager continually monitors the exposure of the Trust to risks and appropriate procedures are in place to manage such risks. Some of the risks relevant to the Trust's financial instruments are detailed below.

### *Credit risk*

Credit risk is the risk that a 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 with 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 financial instruments 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-funds' 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.

**11. Financial instruments (continued)***Foreign currency risk*

The Trust's accounting books and records are kept in Singapore dollars. The sub-funds 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 the Trust.

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 values*

The fair values of the sub-funds' financial assets and liabilities approximate the carrying amounts at balance sheet date. The fair value of the investments in underlying funds and securities are based on the last bid price as at the balance sheet date.

**12. Financial ratios**

	<b>2009</b>	<b>2008</b>
	%	%
<b>PRU Global Technology Fund</b>		
Expense ratio (Note 1)	1.82	1.92
Turnover ratio (Note 2)	<u>5.62</u>	<u>7.05</u>
<b>PRU Pan European Fund</b>		
Expense ratio (Note 1)	1.77	1.79
Turnover ratio (Note 2)	<u>3.96</u>	<u>14.54</u>
<b>PRU Protected Global Titans Fund (S\$)</b>		
Expense ratio (Note 1)	0.70	0.78
Turnover ratio (Note 2)	<u>82.37</u>	<u>76.16</u>
<b>PRU Asian Balanced Fund</b>		
Expense ratio (Note 1)	1.44	1.45
Turnover ratio (Note 2)	<u>32.54</u>	<u>41.80</u>
<b>PRU Dragon Peacock Fund</b>		
Expense ratio (Note 1)	1.71	1.80
Turnover ratio (Note 2)	<u>27.07</u>	<u>38.05</u>

## 12. Financial ratios (continued)

	2009 %	2008 %
<b>PRU Global Basics Fund</b>		
Expense ratio (Note 1)	1.77	1.74
Turnover ratio (Note 2)	3.07	13.97
<b>PRU Global Balance Fund</b>		
Expense ratio (Note 1)	1.74	1.68
Turnover ratio (Note 2)	27.04	85.81
<b>PRU Asian Infrastructure Equity Fund</b>		
Expense ratio (Note 1)	2.00	4.06
Turnover ratio (Note 2)	26.07	32.39
<b>PRU Global Leaders Fund</b>		
Expense ratio (Note 1)	1.95	1.93
Turnover ratio (Note 2)	29.08	23.21
<b>PRU Global Positioning Strategy Fund</b>		
Expense ratio (Note 1)	2.40	10.76
Turnover ratio (Note 2)	36.61	11.73

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, trustee 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 is 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. 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 (“PAMS”) (Company Reg No. 19907631H) 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. The value of units in the Fund and the income accruing to the units, if any, may fall or rise. Whilst the Manager has taken all reasonable care to ensure that the information contained in this document is not untrue or misleading at the time of publication, the Manager cannot guarantee its accuracy or completeness. Investors should not act on it without first independently verifying its contents. Any opinion or estimate contained in this document is subject to change without notice.

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Investors of the PRU Dragon Peacock Fund should note that the Luxembourg-domiciled International Opportunities Funds has established a similar sub-fund within the umbrella fund of International Opportunities Funds having the same investment objective and focus as the PRU Dragon Peacock Fund (the “IOF sub-fund”). In the event that the IOF sub-fund is approved by the Authority as a recognised scheme available for direct investment by the retail public in Singapore, the Manager may, in consultation with the Trustee, and subject to the approval of the relevant authorities, (i) seek to terminate the PRU Dragon Peacock Fund and exchange existing Units in the PRU Dragon Peacock Fund for shares in the IOF sub-fund; or (ii) change the investment policy of the PRU Dragon Peacock Fund from a direct investment portfolio to a feeder fund investing all or substantially all of its assets into the IOF sub-fund. Investors should note that in the event of an exchange of Units for shares in the IOF sub-fund, there is no assurance that the fees and charges of the IOF sub-fund would not be higher than that of the PRU Dragon Peacock Fund. Investors should not invest in the PRU Dragon Peacock Fund in anticipation of investing in the IOF sub-fund as there is no certainty whether the IOF sub-fund may be recognised for offer to the retail public in Singapore.

<sup>^</sup>This marks the last page of the Prudential Unit Trusts Annual Reports.

