

All data as at 31 December 2009 unless otherwise stated

**Investment Objective**

The investment objective of the PRU Asian Balanced 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.

**Fund Details**

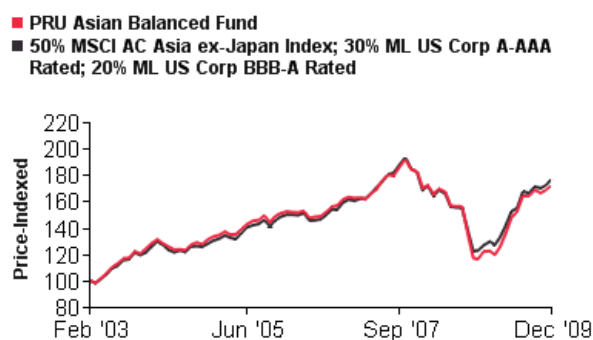
Launch Date	13 January 2003	Benchmark	50% MSCI AC Asia ex-Japan Index; 30% ML US Corp A-AAA Rated; 20% ML US Corp BBB-A Rated
Initial Sales Charge	Max 3%	Underlying Fund Size	IOF - Asian Equity - USD 825.0 M, IOF - US High Investment Grade Bond - USD 218.0 M, IOF - US Investment Grade Bond - USD 414.6 M
Min. Initial Investment	SGD 1,000 <sup>+</sup>	Subscription Method	CPFIS-OA, CPFIS-SA
Min. Subsequent Investment	SGD 100	Fund Size	SGD 793.5 M
Annual Management Fee	0.5% <sup>^</sup>	Fund Currency	SGD
Fund Manager	Prudential Asset Management (Singapore) Limited	CPFIS Risk Classification	Medium to High Risk-Narrowly Focused (Regional - Asia)
Sub-Manager of Underlying Fund(s)	PPM America, Inc		

**Performance**

Period	3 months	6 months	1 year	3 years *	5 years *	Since Inception *
Offer-Bid	-0.8%	9.5%	37.1%	0.5%	4.4%	7.6%
Bid-Bid	2.3%	12.9%	41.3%	1.9%	5.3%	8.3%
Benchmark	3.4%	14.2%	39.6%	3.1%	6.3%	8.7%

Source: Prudential Asset Management (Singapore) Limited and Bloomberg. S\$; net income reinvested; \*Annualised; Refer to footnote \*\*.

**Performance Chart**



Source: Prudential Asset Management (Singapore) Limited and Bloomberg. S\$; bid-to-bid; net income reinvested. Inception date: 24 Feb 03

**Top 10 holdings**

HON HAI PRECISION INDUSTRY	1.6%
BANK OF CHINA	1.5%
CHINA MOBILE	1.4%
SAMSUNG ELECTRONICS	1.4%
HENDERSON LAND DEVELOPMENT	1.3%
WHARF (HOLDINGS)	1.3%
CNOOC	1.3%
AAC ACOUSTIC TECHNOLOGIES HOLDINGS	1.3%
SHINSEGAE	1.3%
ICICI BANK LTD	1.2%

<sup>+</sup>Subject to distributor's terms and conditions.

<sup>^</sup> Fee excludes management fee of 1.0% p.a., 0.5% p.a. and 0.5% p.a. charged at the underlying Luxembourg-domiciled International Opportunities Funds – Asian Equity (IOF - Asian Equity), International Opportunities Funds – US High Investment Grade Bond (IOF - US High Investment Grade Bond) and International Opportunities Funds – US Investment Grade Bond (IOF - US Investment Grade Bond) respectively.

<sup>\*\*</sup> Offer-bid includes 3% Initial Sales Charge w.e.f. 01 Jul 07 and 5% Initial Sales Charge prior to 01 Jul 07.

### Asset Allocation



- IOF - Asian Equity 49.9%
- IOF - US High Investment Grade Bond 29.3%
- IOF - US Investment Grade Bond 20.5%
- Cash And Other Net Assets 0.3%

### Country



- U.S.A 39.0%
- China 14.5%
- Korea 7.8%
- Taiwan (Republic Of China) 7.5%
- India 6.4%
- Hong Kong 4.9%
- United Kingdom 2.8%
- Singapore 2.4%
- Indonesia 2.2%
- Others 12.5%

### Sector



- Financials 40.6%
- Industrials 21.7%
- Information Technology 9.6%
- Materials 5.3%
- Utilities 4.5%
- Asset Backed 4.5%
- Telecommunication Services 3.5%
- Energy 2.7%
- Consumer Staples 2.4%
- Others 5.2%

Above data refers to country allocation data of the Underlying Funds      Above data refers to the sector allocation data of the Underlying Funds

### Market Overview

Asian equity markets advanced across the board in December, lifting the regional benchmark, MSCI AC Asia ex-Japan to post a record annual gain. 2009 emerged the best year for Asia ex-Japan following its worst year ever in 2008 as the aggressive loosening of monetary policies and government stimulus led the region out of the recession. Investors grew increasingly confident that the region's governments will not curtail their economic stimulus spending even though Australia and China began tightening monetary policy as recovery started setting in.

Despite broad spread tightening across the credit markets, the sharp sell-off in Treasuries in December pushed investment grade bond returns into negative territory. Credit spreads continued to trend lower during the month on the back of strong investor demand, improving credit trends and positive economic data releases.

The Fund rose 2.5% (bid-to-bid basis) in Singapore dollar terms for the month compared to its benchmark's gain of 2.9%. Asset allocation was negative in December as Asian equity markets advanced and outperformed US credit by a good margin. Security selection had a negative impact on relative performance. At sub-fund level, Asian equity underperformed its benchmark while the US credits were outperformers.

Investor expectations for economic and earnings growth seem too optimistic at the moment and current equity valuations are around fair to slightly expensive. Elsewhere, US credit spreads are still somewhat elevated and in the absence of risk aversion, it should deliver stable returns. In such an environment, the Fund is therefore targeting a neutral allocation between US credit and Asian equities.

### Important Information

Please note that the securities mentioned above are included for illustration purposes only. It should not be considered a recommendation to purchase or sell any particular security. There is no assurance that any securities discussed herein will remain in the portfolio of the Fund at the time you receive this material or that securities sold have not been repurchased. The securities discussed do not represent the fund's entire portfolio and in the aggregate may represent only a small percentage of the fund's portfolio holdings

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. Investors should read the prospectus before deciding whether to subscribe for or purchase units in the Fund. The value of units in the Fund and the income accruing to the units, if any, may fall or rise. Past performance of the Fund is not necessarily indicative of the future performance of the Fund. The prediction, projection or forecast on the economy, securities markets or the economic trends of the markets targeted by the Fund are not necessarily indicative of the future or likely performance of the Fund. An investment in the Fund is subject to investment risks, including the possible loss of the principal amount invested. Investments in unit trusts are not deposits or other obligations of, or guaranteed or insured by Prudential Asset Management (Singapore) Limited ("PAMS") (Company Reg No. 199407631H) 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. 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. PAMS and its related affiliated corporations together with their respective directors and officers may have or may take positions in the securities mentioned in this documentation and may also perform or seek to perform broking and other investment services for the corporations whose securities are mentioned in this documentation as well as other parties. PAMS and Prudential plc are not affiliated in any manner with Prudential Financial, Inc., a company whose principal place of business is in the United States of America. As at end December 2009, the Investment Manager had approximately S\$ 59.3 billion of assets under management, of which approximately S\$ 45.9 billion are discretionary funds managed in Singapore.