



Pramerica

Asian Bonds
IMAS 9th Annual Conference

Clifford Chi-wai Lau, CFA
Director & Head

Pramerica Fixed Income (Asia) Ltd

Asian Fixed Income Growth of Market Cap



Source: Bloomberg as of 12/31/07

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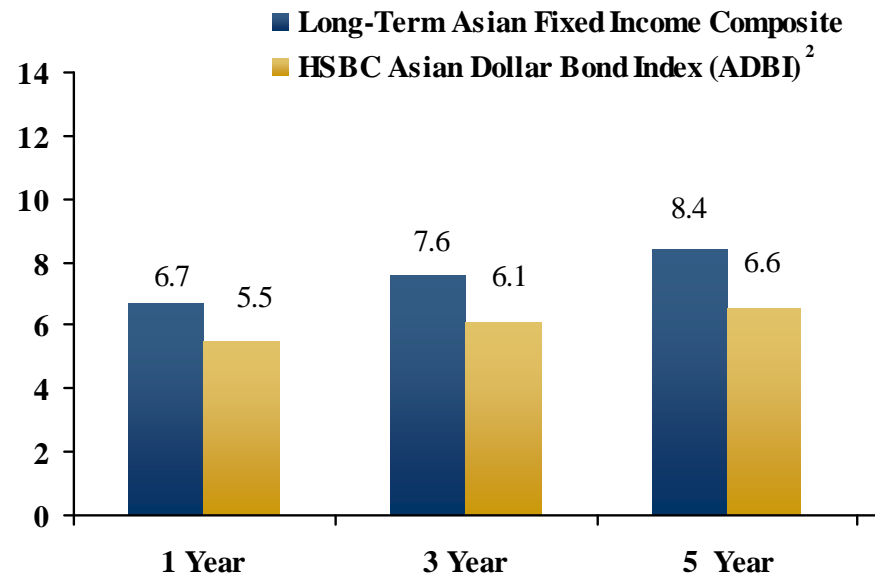
Performance



Objective: To outperform the HSBC Asian Dollar Bond Index by +100 bps per year, on annualized basis, over a full market cycle (three to five years)¹

Annualized Gross Returns (%)

As of December 31, 2007



	1-Year	3 Year	5 Year
Tracking Error	1.52%	1.34%	1.37%
Information Ratio	0.81	1.09	1.35

¹ There is no guarantee that this objective will be achieved.

² The benchmark since 12/1/2002 has been the HSBC Asian Dollar Bond Index (ADBI). Prior to 12/1/2002, the benchmark for this composite was a blended benchmark composed of 70% of the HSBC Asian Dollar Bond Index (ADBI) and 30% of the Asian subsector of the JP Morgan Emerging Local Markets Index Plus (ELMI+).

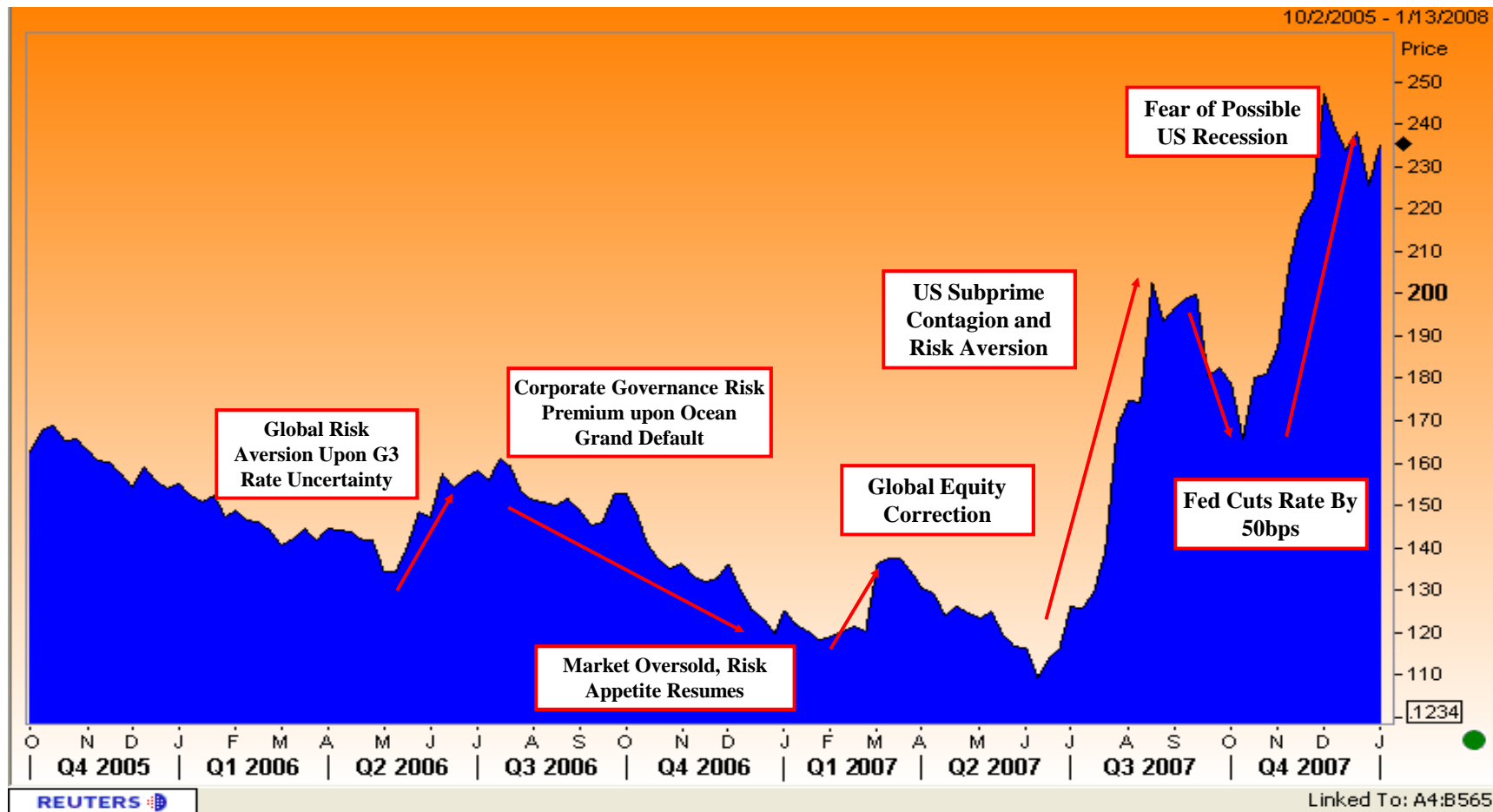
Source of Benchmark data is Hong Kong Shanghai Bank and JP Morgan.

Past performance may not be indicative of future results. An investment management fee of 0.55% would have reduced the 10.33 year annualized return ending 12/31/07 from 7.70% to 7.12%. Please see the attached Composite Performance Returns for full disclosure including net returns.

Market Review Last Twelve Months

Asian Spreads Have Widened Out Alongside US and European Peers

JACI Ex-Singapore Spread



Source: Reuters as of 12/31/07

Market Outlook



Remain Constructive on Asian Bonds but mindful of global economic downturn in 2008

Positives

- ◆ Abundant global liquidity
 - ⇒ Reach for yield intact
 - ⇒ Redemptions in excess of new supply
- ◆ Asian corporates and banks fundamentally stronger than global peers with manageable sub-prime exposures
- ◆ Asian spread valuations look attractive with risk premium versus US peers at recent high
- ◆ Fed under pressure to cut rates to avoid recession
 - ⇒ Treasury yields to fall

Negatives

- ◆ Geo-politics (Pakistan, Sri Lanka, Philippines) new regime post election (Thailand, Korea)
 - ⇒ Volatility may rise
- ◆ Corporate governance issues
 - ⇒ Wide corporate premia may remain
- ◆ Asia rising capex cycle
 - ⇒ Supply of corporate bonds
- ◆ Confidence in rating methodology, credibility of derivatives markets takes time to rebuild
 - ⇒ Spread recovery slow



Expect Asian Bonds Out-Carry in 2008

Market Outlook

Alpha Opportunities – Asian High Yield Corporates

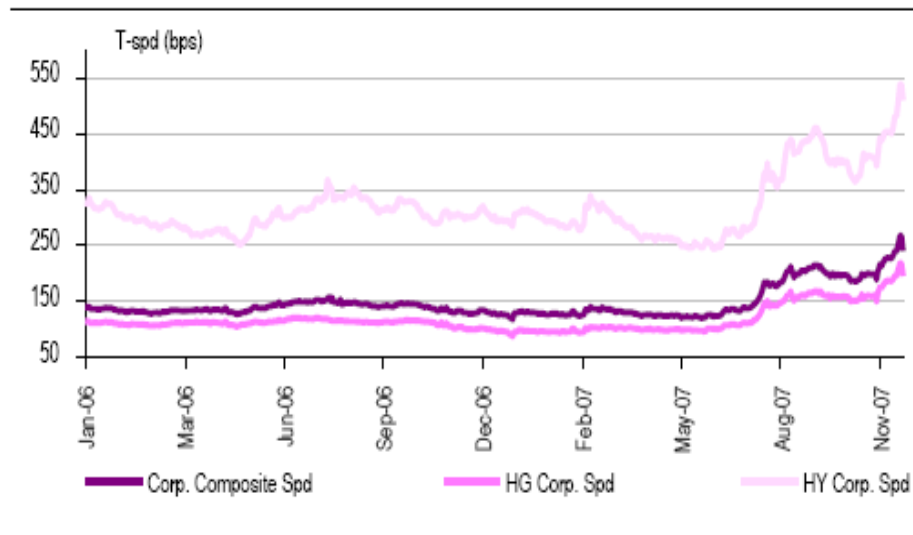


Asian Spreads Are Cheap

Asian HY Offers Superior Pick-up

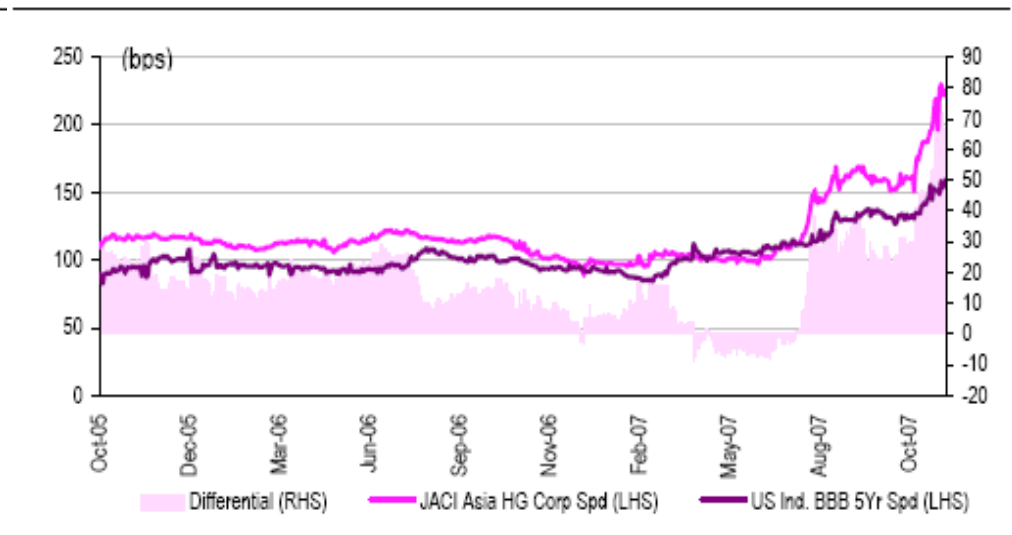
Asian HG is Cheap Relative to US Corporates

Chart 1: Asia credit spread trend



Source: Bloomberg, UBS 12/8/2007

Chart 5: Asian premium for HG corps



Source: Bloomberg, UBS 12/8/2007

Market Outlook

Alpha Opportunities – CDS vs Bonds



Cash Bonds Offer Generous Spread Pickup to CDS for the Same Default Risk

Table 3: CDS vs. Cash bond spread change

	Now			1 Month			Differential
	Z Spd	CDS	Neg. basis	Z Spd	CDS	Neg. basis	
PHILIP'13	167	160	7	87	136	-49	56
INDON'14	184	186	-2	100	155	-55	53
GENTMK'14	150	82	68	77	56	21	47
TELMAL'14	135	63	72	65	38	27	45
MISCMK'14	113	58	55	57	32	25	31
SWIRE'16	90	54	36	51	39	12	24
CHINA'13	95	32	63	60	21	39	24
HUWHY'13	101	48	53	58	28	30	23
ATCTB'12	123	94	29	85	62	22	6
MALAYS'11	42	46	-5	16	25	-9	4
PCCW'13	103	70	33	77	49	28	5
HKLAND'14	83	50	33	48	33	15	19

Source: Bloomberg, UBS

Source: Bloomberg, UBS as of 12/6/2007

Notice



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Prudential Fixed Income¹ Long Term Asian Fixed Income Composite²

Annual Returns for the periods ended December 31

Year	Composite (Gross) ³	Composite (Net) ³	Benchmark ⁵	# of Portfolios	Dispersion ⁴	Composite Market Value (000s)	Firm Assets Under Management (in billions) ¹
2007 ²	3.59%	3.17%	3.33%	fewer than 5	NM	\$301,448	\$196.77
2006	8.31%	7.72%	7.25%	fewer than 5	NM	\$290,997	\$187.45
2005	7.65%	7.07%	5.56%	fewer than 5	NM	\$268,866	\$170.28
2004	8.45%	7.86%	6.20%	fewer than 5	NM	\$249,746	\$143.77
2003	10.93%	10.33%	8.30%	fewer than 5	NM	\$230,282	\$150.79
2002	13.85%	13.23%	11.66%	fewer than 5	NM	\$207,706	\$150.45
2001	10.39%	9.79%	10.83%	fewer than 5	NM	\$183,657	\$140.04
2000	3.45%	2.88%	5.26%	fewer than 5	NM	\$167,472	\$129.31
1999	18.64%	18.03%	13.88%	fewer than 5	NM	\$161,894	\$185.30
1998	-0.82%	-1.32%	17.38%	fewer than 5	NM	\$144,181	\$130.90
1997 ²	-6.01%	-6.17%	-11.80%	fewer than 5	NM	\$93,706	\$119.50

Annualized Returns as of September 30, 2007

	Composite (Gross) ³	Composite (Net) ³	Benchmark ⁵
1 Year ²	7.63%	7.04%	6.37%
3 Year ²	7.41%	6.82%	5.97%
5 Year ²	8.26%	7.67%	6.54%
10 Year ²	7.60%	7.02%	7.50%
Inception September 1, 1997 ²	7.58%	7.01%	7.46%

Notes

- The performance results displayed herein represent the investment performance record for the Long Term Asian Fixed Income Composite managed by Prudential Fixed Income (the Firm), a successor to Prudential Investments Asset Management Group (PIAMG). The Firm operates primarily through Prudential Investment Management, Inc. (PIM), a successor to The Prudential Investment Corporation, a registered investment adviser and a Prudential Financial company. Due to an organizational change, during 2000 some of PIAMG's composites were transferred to Jennison Associates LLC, and on December 31, 2000 PIAMG was restructured to create two firms, each of which generally manages an asset class. Prudential Fixed Income, one of the two firms, invests primarily in public fixed income securities. On April 1, 2004, Prudential Financial acquired the retirement business of Cigna Corporation. As a result of this acquisition, \$11 Billion in assets under management were included in Prudential Fixed Income

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Prudential Fixed Income¹ **Long Term Asian Fixed Income Composite²**

effective April 1, 2005. As of September 1, 2007, the Firm includes mutual funds in composites with similar institutional portfolios and similar mutual funds. Prior to September 1, 2007, all mutual funds were considered single account composites. The historical records of the Firm's composites have not been altered. The Firm does not include portfolios that are used as collateral for Collateralized Debt Obligations. In Europe and certain Asian countries, Prudential Investment Management and Prudential Fixed Income operate as Pramerica Investment Management and Pramerica Fixed Income, respectively. Prudential Financial, Inc. is not affiliated in any manner with Prudential plc, a company incorporated in the United Kingdom. Prudential Fixed Income has been verified for the periods January 1, 1993 through December 31, 2006 by an independent third party accounting firm. A copy of the verification report is available upon request. A complete list and description of all composites managed by Prudential Fixed Income is available upon request.

2. The Long Term Asian Fixed Income Composite commenced on September 1, 1997 and includes all discretionary portfolios whose investment strategy is to achieve capital appreciation of assets using a diversified mix of Asian debt securities with longer durations whose combined returns consistently exceed established benchmarks. Portfolios are included in the composite at the beginning of the first full month following the date they meet the above criteria. Composite returns may include securities lending income. The composite shown may include accounts that are group annuity or life insurance products issued by The Prudential Insurance Company of America or trust products that are offered through Prudential Investment Management Services, LLC. For the period September 1, 1997 through September 30, 2007, Prudential Fixed Income has prepared and presented this report in compliance with the Global Investment Performance Standards (GIPS®). Returns shown for 2007 are year to date. This composite was created on December 31, 1998. For the period September 1, 1997 through December 31, 2006, an independent third party accounting firm has examined this composite.
3. Performance results are stated gross and net of fees which vary by account size and other factors. Performance has been calculated in US dollars. Returns for each client will be reduced by such fees and expenses as described in their individual contract. Returns are shown net of foreign withholding taxes. Foreign withholding tax rates range from 0% to 36%. As of July 1, 1999 the fees applicable to each portfolio are .55% on the first \$25 million, .50% on the next \$25 million and .40% thereafter. Prior to July 1, 1999 the highest fee applicable to each portfolio was .50%. The highest single client advisory fee in effect for each period is used to calculate net of fee model performance. Fees may be higher for commingled accounts, insurance company separate accounts, and trust, corporate, or bank-owned life insurance products. Additional information regarding the firm's policies and procedures for calculating and reporting performance results is available upon request. Past performance does not guarantee future results.
4. The dispersion of annual returns is measured by the standard deviation across the asset-weighted returns of portfolios represented in the composite for a full year. For periods where 5 or fewer accounts were included in the composite for the full year, standard deviation is not disclosed, as it is not considered meaningful. (NM)
5. The benchmark for the composite since December 1, 2002 is the HSBC Asian Dollar Bond Index (ADBI). The ADBI is a US dollar, total return index that tracks the performance of bonds issued in US dollars by Asian issuers. The ADBI is weighted using both market capitalization and market liquidity. Prior to December 1, 2002 the benchmark for the composite is a blended benchmark composed 70% of the HSBC Asian Dollar Bond Index (ADBI) and 30% of the Asian subsector of the JP Morgan Emerging Local Markets Index Plus (ELMI+). Returns are shown gross of foreign withholding taxes. The Asian subsector of the ELMI+ is a US dollar, total return index that tracks the performance of Asian currencies and Asian domestic short-term interest rates. The Asian subsector of the ELMI+ is a trade-weighted index that assigns country weightings according to the size of a country's total imports and exports. Source of the JP Morgan Emerging Local Markets Index Plus: JP Morgan. Source of the HSBC Asian Dollar Bond Index: Hong Kong Shanghai Bank. The change in benchmark was made to more accurately reflect the strategy of the composite. An investment cannot be made directly in an index nor in this benchmark. Benchmark returns are not covered by the report of independent accountants.
6. Investing in foreign securities presents certain unique risks not associated with domestic investments, such as currency fluctuation and political and economic changes. This may result in greater price volatility.

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