

FINAL PROSPECTUS

Prudentiallife Fixed Income Fund, Inc.
(An Open-end Investment Company)

2nd Floor, Luz Building
116 Gamboa St., Legazpi Village, Makati City
812-8803, 817-9599, 814-0402

The Fund's shares consisting of
Five Hundred Million (500,000,000) Common stock with a par value of ₱1.00 per
share will be offered over-the-counter at current net asset value per share.

Prudentiallife Securities, Inc.

Principal Distributor
2nd Floor, Luz Building
116 Gamboa St., Legazpi Village, Makati City
812-2594

Deutsche Bank AG

Fund Manager
23rd Floor, Ayala Tower I
Ayala Avenue, Makati City

The Date of this Prospectus is 25 April 2007

This prospectus should be read carefully and retained for future reference.

No dealer, salesperson or other individual has been authorized to give any information or make any representation other than those contained in this Prospectus and, if given or made, such other information or representation must not be relied upon as having been authorized by the Fund or by the Distributor.

The proceeds from the sale of the securities shall be invested and reinvested in a portfolio of high quality debt instruments issued by the Philippine government and prime companies

Prudentiallife Fixed Income Fund, Inc. is a stock corporation registered last June 18, 2004 under SEC Registration No. CS200409089, with a diversified portfolio of high quality debt instruments issued by the Philippine government and prime Philippine companies designed to provide regular interest income and principal preservation.

The Fund originally has an authorized capital stock of two hundred million pesos (₱200,000,000) in unclassified common shares with a par value of one peso (₱ 1) per share. Out of the original authorized capital stock, fifty million pesos (₱ 50,000,000) worth of shares have been subscribed and paid upon incorporation by the current shareholders for their initial subscriptions. The original proponents of the Fund who have subscribed and paid for the original capital of fifty million pesos (₱ 50,000,000) were not allowed to sell, transfer, convey, encumber or otherwise dispose of their shares within twelve (12) months from the registration of the Fund.

In November 2005, the authorized capital stock has been increased by three hundred million pesos (₱ 300,000,000.00) worth of shares. Thus, giving the Fund a total of five hundred million pesos (₱ 500,000,000.00) in authorized capital stock. The proceeds from the issuance of the 500,000,000 shares is estimated to generate ₱ 643,800,000.00, depending on the actual NAVPS on the date of issuance. The estimated gross proceeds are based on the Fund's NAVPS of 1.2876 as of September 27, 2006.

The said shares will be offered over-the-counter on a continuous basis. Upon redemption of any of these shares, the shares redeemed will again be offered over-the-counter.

The Fund has approximately 643 shareholders and 245,216,283 outstanding shares as of June 30, 2006.

As of September 27, 2006, Total Net Asset Value of the Fund is at ₱ 336,653,309.48.

The Fund will be valued using the marked to market basis in accordance with PAS 39. Thus, the Net Asset Value of the Fund will fluctuate with changes in the market value of the Fund's investments. Such changes in the market value may occur as a result of various factors including material changes in the Fund, general economic conditions or interest rate policy changes.

The proceeds from the sale of the securities shall be invested and reinvested in a portfolio of high-quality debt instruments issued by the Philippine government and prime Philippine companies which are rated AAA. The custodian bank shall hold all proceeds from the sale of shares/securities, including the original subscription/payments at the time of incorporation constituting the original paid in capital of the investment company.

Each shareholder has a right to any dividends declared by the Fund's Board of Directors. The basis of this declaration would be the unrestricted retained earnings of the Fund. Dividends so declared shall automatically be reinvested on behalf of the shareholder.

The Fund will pay the Fund Manager an annual fee equivalent to a maximum of 0.70% of the assets managed. The Fund will pay the Distributor an annual fee equivalent to 0.5% based on the total net asset value of holdings held by the distributor for various clients.

RISK DISCLOSURE STATEMENT

GENERAL WARNING

- The price of securities can and does fluctuate, and any individual security may experience upward or downward movement, and may even become valueless. There is an inherent risk that losses may be incurred rather than profit made as a result of buying and selling securities
- Past performance is not a guide for future performance
- There is an extra risk of losing money when securities are bought from smaller companies. There may be a big difference between the buying price and the selling price of these securities.
- An investor deals in a range of investments each of which may carry a different level of risk.

PRUDENCE REQUIRED

This risk disclosure does not purport to disclose all the risks and other significant aspects of investing in these securities. An investor should undertake his or her own research and study on the trading of securities before commencing any trading activity. He/she may request information on the securities and issuer thereof from the Commission, which are available to the public.

PROFESSIONAL ADVICE

An investor should seek professional advice if he or she is uncertain of, or has not understood any aspect of the securities to invest in or the nature of risks involved in trading of securities specially those high risk securities.

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GLOSSARY

“R.A. 8799”	Securities Regulation Code
“BSP”	Bangko Sentral ng Pilipinas
“Banking Day”	Any of the days in a week, other than Saturday or Sunday, when the banks are not required or authorized to close in Makati City
“Dealers”	Eligible securities dealers that have entered into an agreement to sell shares with the Fund’s Principal Distributor
“Fund”	Prudentiallife Fixed Income Fund, Inc.
“PAS 39”	Philippine Accounting Standards – Financial Instruments Recognition and Measurement
“NAV”	Net asset value
“R.A. 2629”	Investment Company Act
“Registered Representative”	Principal Distributor’s registered representative legally qualified to sell the Fund’s shares
“Front-end-load” or “Entry load”	The sales commission charged on the buyer upon buying the shares
“Redemption fee”	A fee is charged should the investment be redeemed within 90 days from date of share purchase.
“SEC”	Securities and Exchange Commission

ALL REGISTRATION REQUIREMENTS HAVE BEEN MET AND ALL INFORMATION CONTAINED HEREIN ARE TRUE AND CURRENT.

Pursuant to the requirements of the Code, this registration statement is signed on behalf of the registrant by the undersigned, thereto duly authorized, in the City of Makati on _____.

By:

Raymund P. Navarro
President

SUBSCRIBED AND SWORN to before me this ____ day of _____ affiant exhibiting to me his Resident Certificate as follows:

NAME	RES CERT NO	DATE OF ISSUE	PLACE OF ISSUE
Raymund P. Navarro	06560565	January 4, 2007	Manila

Notary Public

Doc. No. _____:
Page No. _____:
Book No. _____:
Series of _____:

FINANCIAL HIGHLIGHTS

As of* in PHP	Fiscal Year Ending March 29, 2005 (Audited)	For the period March 29, 2006 (Audited)
<i>Gross Income</i>	4,082,232.00	62,485,000.00
<i>Expenses</i>	1,545,637.00	5,834,025.00
<i>Income Tax</i>	812,911.00	3,291,778.00
<i>Net Income</i>	1,723,684.00	53,359,197.00
<i>Total Assets</i>	66,933,923.00	270,137,061.00
<i>Total Liabilities</i>	535,916.00	2,582,557.00
<i>Net Assets</i>	66,398,007.00	267,554,504.00
NAVPS	Mar. 29, 2005 1.0323	Mar. 29, 2006 1.3489

*There are no year-on-year comparisons since the Fund commenced operations on January 3, 2005.

PRUDENTIALIFE FIXED INCOME FUND, INC.

THE FUND

Prudentiallife Fixed Income Fund, Inc. is a stock corporation registered last June 18, 2004 under SEC Registration No. CS200409089 with a diversified portfolio of high quality debt instruments issued by the Philippine government and prime Philippine companies designed to provide regular interest income and principal preservation.

The investment manager, transfer agent and custodian bank of the registrant will be Deutsche Bank AG Manila Branch. Shares of the Fund's common stock are available through the Principal Distributor's registered representatives and eligible securities dealers that have entered into an agreement to sell shares with the Fund's Principal Distributor, Prudentiallife Securities, Inc. Prudentiallife Securities, Inc. is licensed by the Commission to engage in the distribution of securities to the public. These shares are the only products of the company that contribute to all of its revenues. It has no other business and does not have any subsidiaries.

The Fund originally has an authorized capital stock of two hundred million pesos (P200,000,000) in unclassified common shares with a par value of one peso (₱ 1) per share. Out of the original authorized capital stock, fifty million pesos (₱ 50,000,000) worth of shares have been subscribed and paid upon incorporation by the current shareholders for their initial subscriptions. The original proponents of the Fund who have subscribed and paid for the original capital of fifty million pesos (₱ 50,000,000) were not allowed to sell, transfer, convey, encumber or otherwise dispose of their shares within twelve (12) months from the registration of the Fund.

In November 2005, the authorized capital stock has been increased by three hundred million pesos (₱ 300,000,000.00) worth of shares. Thus, giving the Fund a total of five hundred million pesos (₱ 500,000,000.00) in authorized capital stock. The proceeds from the issuance of the 500,000,000 shares is estimated to generate ₱ 643,800,000.00, depending on the actual NAVPS on the date of issuance. The estimated gross proceeds are based on the Fund's NAVPS of 1.2876 as of September 27, 2006.

The said shares will be offered over-the-counter on a continuous basis. Upon redemption of any of these shares, the shares redeemed will again be offered over-the-counter.

The Fund has approximately 780 shareholders and 261,467,954 outstanding shares as of September 27, 2006. Total Net Asset Value of the Fund for the same period is ₱ 336,653,309.00.

Net Investment income for the period ended September 27, 2006 amounted to ₱ 17,957,746, in which 70.7% came from interest income.

The Fund will be valued using the marked to market basis in accordance with PAS 39. Thus, the Net Asset Value of the Fund will fluctuate with changes in the market value of the Fund's investments. Such changes in the market value may occur as a result of various factors including material changes in the Fund, general economic conditions or interest rate policy changes.

An investor deals in a range of investment each of which may carry a different level of risk. The value of mutual funds is not guaranteed and will change from day to day according to the market value of the individual securities in the portfolio. These risks, including a disclosure of the procedures being taken to identify, assess and manage such will be discussed further under Risk Factors of this prospectus.

The Fund presently has four (4) shared employees. It anticipates to have one (1) more in the next twelve (12) months. Two (2) of the current employees are supervisors, while the other two (2) are officers. None of these employees are subject to Collective Bargaining Agreements (CBA). They are not on strike or threatening to strike.

It does not own, lease or intend to acquire properties in the next twelve (12) months. Such properties such as those used for day-to-day office operations are owned or leased by the Fund Manager. Therefore, there are no current or contemplated materials pending legal proceedings concerning the Fund's properties, since the Fund does not have, lease or intend to have any such properties.

There is no material pending legal proceeding to which the Fund or any of its affiliates is a party or which any of their property is the subject.

The registrant will compete in the bond fund sector industry in the Philippines, which include mutual funds offered by various fund management companies and other investment products such as unit investment trust funds and time deposits offered by banks. The principal methods of competition will be price, service and investment performance. The registrant believes it can compete effectively with other companies in this sector because of the methods mentioned and its brand name, Prudentiallife, which was built by its being one of the top companies in the pre-need industry.

The value of mutual funds is not guaranteed and will change from day to day according to the market value of the individual securities in the portfolio. Securities fluctuate in value for a number of reasons including economic conditions, interest rates, government regulations and taxation and corporate performance. Prospective investors should carefully consider the matters addressed under Risk Factors before making an investment decision.

CAPITALIZATION

The Fund has an authorized capital stock of five hundred million pesos (₱ 500,000,000) in unclassified common shares with a par value of one peso (₱ 1) per share.

The Fund originally has an authorized capital stock of two hundred million pesos (₱ 200,000,000) in unclassified common shares with a par value of one peso (₱ 1) per share. Out of the original authorized capital stock, fifty million pesos (₱ 50,000,000) worth of shares have been subscribed and paid upon incorporation by the current shareholders for their initial subscriptions. The original proponents of the Fund who have subscribed and paid for the original capital of fifty million pesos (₱ 50,000,000) were not allowed to sell, transfer, convey, encumber or otherwise dispose of their shares within twelve (12) months from the registration of the Fund.

At the time of incorporation, shares of the Fund were offered to and subscribed by the following:

	No. of Shares	Amount
Prudentiallife Plans, Inc.	49,999,300	₱ 49,999,300
Jose L. Santos	100	100
Francisco A. Alba	100	100
Jose Alberto T. Alba	100	100
Paul Joseph M. Garcia	100	100
Antonio P. Gatmaitan	100	100
Francisco T. Alba, Jr.	100	100
Raymund P. Navarro	100	100

In November 2005, the authorized capital stock has been increased by three hundred million pesos (₱ 300,000,000.00) worth of common shares. The said shares will be offered over-the-counter on a continuous basis. Upon redemption of any of these shares, the shares redeemed will again be offered over-the-counter.

MARKET PRICE AND DIVIDENDS ON REGISTRANT'S COMMON EQUITY AND RELATED SHAREHOLDER MATTERS

The Fund has approximately 643 shareholders and 245,216,283 outstanding shares as of June 30, 2006.

The shares of the Fund are traded over-the-counter. The Fund's common stocks are available through the Principal Distributor's registered representatives and eligible securities dealers that have entered into an agreement to sell shares with the Fund's Principal Distributor, Prudentiallife Securities, Inc.

Net Asset Value per Share Information:

<i>Quarter</i>	<i>High</i>	<i>Low</i>
1 st Quarter '05	1.0325	1.0152
2 nd Quarter '05	1.0542	1.0328
3 rd Quarter '05	1.0759	1.0544
4 th Quarter '05	1.1966	1.0935
1 st Quarter '06	1.3489	1.1997
2 nd Quarter '06	1.3965	1.1726
3 rd Quarter '06	1.2877	1.2167

* NAVPS is published daily through Business World, Manila Times, Manila Standard and Manila Tribute.

Each shareholder has a right to any dividends declared by the Fund's Board of Directors. The basis of this declaration would be the unrestricted retained earnings of the Fund. Dividends so declared shall automatically be reinvested on behalf of the shareholder. For the fiscal year ending March 31, 2005, there were no dividends declared by the registrant.

Description of Securities

The Fund originally has an authorized capital stock of two hundred million pesos (₱ 200,000,000) in unclassified common shares with a par value of one peso (₱ 1) per share. Out of the original authorized capital stock, fifty million pesos (₱ 50,000,000) worth of shares have been subscribed and paid upon incorporation by the current shareholders for their initial subscriptions. The original proponents of the Fund who have subscribed and paid for the original capital of fifty million pesos (₱ 50,000,000) were not allowed to sell, transfer, convey, encumber or otherwise dispose of their shares within twelve (12) months from the registration of the Fund.

In November 2005, the authorized capital stock has been increased by three hundred million pesos (₱ 300,000,000.00) worth of shares. Thus, giving the Fund a total of five hundred million pesos (₱ 500,000,000.00) in authorized capital stock. The proceeds from the issuance of the 500,000,000 shares is estimated to generate ₱ 643,800,000.00, depending on the actual NAVPS on the date of issuance. The estimated gross proceeds are based on the Fund's NAVPS of 1.2876 as of September 27, 2006.

Each share of stock of the Fund is a voting stock with voting rights equal to every other outstanding share of stock and subject to the following:

(1) Distribution of Dividends

Each shareholder has a right to any dividends declared by the Fund's Board of Directors. Dividends so declared shall automatically be reinvested on behalf of the shareholder. There are no current or future restrictions that would limit the ability to pay such dividends on the registrant's common equity.

(2) Denial of Pre-emptive Rights

No stockholder shall, because of his ownership of stock, have a pre-emptive or other right to purchase, subscribe for or take any part of any stock or of any other securities convertible into or carrying options or warrants to purchase stock of the registrant.

(3) Right of Redemption

The holder of any share of the registrant upon its presentation to the Fund or to any of its duly authorized representatives is entitled to receive by way of redemption, approximately his proportionate share of the Fund's current net assets or the cash equivalent thereof.

There are no other material rights of common stockholders.

The only provision in the charter or by-laws that would delay, deter or prevent a change in control of the registrant would be the provision that would prevent control that would go against existing Philippine laws and constitution.

RISK FACTORS

An investor deals in a range of investment each of which may carry a different level of risk. The value of mutual funds is not guaranteed and will change from day to day according to the market value of the individual securities in the portfolio.

Securities fluctuate in value for a number of reasons including economic conditions, interest rates, government regulations and taxation and corporate performance. As a result, your investment may at any time be worth more or less than when you purchased it.

However, the Fund's manager, Deutsche Bank AG, has a wealth of experience when it comes to managing investments. Deutsche Bank AG has adopted risk management/control methods, which include portfolio monitoring, performance analysis, decentralized dealing, best execution trading, investments/policy constraints review and market monitoring. With the help of these methods, the fund manager would be able to identify, assess and manage these risks.

▪ **Liquidity Risk**

Liquidity risk is the risk that an investment may not find a ready buyer or that it may have to be disposed at a substantial loss. The prices of longer-term bonds are more affected by changes in

interest rates than shorter-term bonds. To reduce this risk, mutual funds must try to stay away from securities which do not have a ready market and which are very volatile.

- **Interest Rate Risk**

Interest rate risk refers to the volatility of bond prices arising from changes in the level of interest rates. If bonds are purchased and interest rates subsequently rise, then the price of the bond declines. If the Fund is not willing to sell at the lower level, then the Fund is stuck with the low interest rate and cannot participate in relatively higher rates prevailing in the market. To mitigate this risk, the fund manager carefully evaluates critical economic indicators to define the market outlook moving forward. Interest rates are affected by various factors including inflation, budget deficit, money supply, etc.

- **Credit/Default Risk**

Credit risk refers to the credit worthiness of the borrower or bond issuer. It looks at the issuer's ability to pay interest or coupon periodically and principal at maturity date. A decline in an issuer's credit rating reflects problems with profitability, solvency, leverage, liquidity, or management. The Fund may manage this risk by limiting bond investments to risk-free securities or government securities. Corporate bonds, on the other hand, may be restricted to investment grade or low risk papers.

- **Market Risk**

Price or market risk refers to the volatility of security prices in the bond or equity market. Prices decline whenever there are negative news flows regarding the Philippine socio-political landscape, economy, fiscal position, etc. Negative development on the listed corporate security may also dampen investor confidence. An increase in the number of sellers and the absence or lack of buyers could depress the price of the security. Lower prices, in turn, could result in unrealized losses. To manage the price risk, the Fund evaluates the fundamentals that affect security price.

- **Purchasing Power Risk**

Purchasing power risk is the risk of inflation – the risk that the value of your money in real terms will be less than the purchasing power of your original investment. This is particularly true when investing in fixed-income securities whose interest rates are in the range of the rate of inflation. The Fund may manage the risk by investing in government securities and high-quality corporate debt securities, with maturities in the medium term tenors to reduce the Fund's volatility.

- **Call Risk**

Call or prepayment risk is the possibility that a bond will be called away from the investors by the issuer before its maturity date. This usually happens when interest rates drop and the issuer has an opportunity to borrow money at a lower rate than the one currently being paid. As a consequence, the bondholder will not receive any more interest payments from the investment and may be forced to reinvest his or her money at lower rates. A way to manage this risk is for this Fund not to overly invest in callable bonds.

- **Management Risk**

Management risk is a type of risk associated with all actively managed forms of investments – common trust funds, investment management accounts, unit investment trusts and yes, mutual funds. Investment decisions are made by portfolio managers who can do make mistakes from time to time by selecting the wrong issues or misallocating the assets of the fund. These errors in judgment can, of course, result in a fund's underperformance or possibly a decline in value or

loss. A way to control this risk is by acquiring the services of an asset manager with an above average performance when it comes to investments. One such manager is Deutsche Bank.

▪ **Operational Risk**

Investments in mutual funds, unlike bank deposits, are not insured with the PDIC. The Fund's manager, however, has a wealth of experience when it comes to managing investments. Thus, the likelihood of losses to investors will be greatly minimized.

USE OF PROCEEDS

The proceeds from the sale of the securities shall be invested and reinvested in a portfolio of high-quality debt instruments issued by the Philippine government and prime Philippine companies which are rated AAA. The Fund's investment manager shall be guided by the Fund's investment policies and legal limitations on investment. In particular, the Fund shall not invest more than ten percent (10%) of its net asset value in any single enterprise. For purposes of liquidity, at least ten percent (10%) of the Fund's assets shall be invested in liquid/semi-liquid assets.

All proceeds from the sale of shares, including the original subscription payments shall be held by the custodian bank. The proceeds from the issuance of the 500,000,000 shares is estimated to generate ₱ 643,800,000.00, depending on the actual NAVPS on the date of issuance. The estimated gross proceeds are based on the Fund's NAVPS of 1.2876 as of September 27, 2006. Total expenses from the issuance of the 300,000,000 additional shares is estimated at ₱1,086,364.00. These expenses include registration statement fees, filing fees and documentary stamps. Taking this into account, net proceeds are estimated to amount to ₱ 642,713,636.00.

THE BOARD OF DIRECTORS AND OFFICERS

<i>NAME</i>	<i>AGE</i>	<i>POSITION</i>	<i>TERM</i>
Jose L. Santos	78	Director	2 years
Francisco A. Alba	70	Director	2 years
Jose Alberto T. Alba	40	Director	2 years
Antonio P. Gatmaitan	66	Director	2 years
Paul Joseph M. Garcia	36	Director	2 years
Francisco T. Alba, Jr.	39	Director	2 years
Raymund P. Navarro	40	President	2 years
Lyndon L. Lukban	39	Treasurer	2 years
Ceferino A. Patiño	60	Corporate Secretary	2 years

▪ **Jose L. Santos**

Director – September 2006 to present

Mr. Santos, Filipino, is a Director of the Fund and the Chairman Emeritus of Prudential Life Plan Group, Inc.

He is also Director of the following companies: Prudentiallife Plans, Inc., Empire Insurance Co., Grand Union, Inc., Virginia, Inc., Travelman, Inc., Marubeni Scholarship Foundation, Inc., Tulungan sa Tubigan Foundation, Inc. and Prudential Investment, Inc.

Prior to that Mr. Santos worked at Prudential Bank as Chairman and the Chief Executive Officer from 2000 to 2005; Chairman and President from 1992 to 2000; President from 1985 to 1992 and Executive Vice President from 1972 to 1985.

Mr. Santos graduated from Ateneo de Manila University in 1951 with a degree of Bachelor of Arts.

- **Francisco A. Alba**
Director – September 2006 to present

Mr. Alba, Filipino, is a Director of the Fund and the Founder of the Prudentialife Group of Companies. He also the following positions: Chairman of the Board of Prudentialife Plans, Inc. (2004-present); Executive Vice-President-Controller of First Asia Realty and Development Corporation (1987-present); President of the Children's Rosary Movement, Inc. (1980-present); Vice-Chairman of Fuego Hotels & Properties Management. He is also Director of the following companies: Prudentialife Life Plan Group, Inc., Prudentialife Plans, Inc., Prudentialife Realty, Inc., Prudentialife Memorial Chapels, Inc., Prudentialife Travel Services, Inc., Akean Resorts Corporation, La Funeraria, Paz, Inc., PLPI Finance Corporation, Prudentialife Financial Services, Inc., PLPI Insurance Brokers, Inc., Prudentialife Memorial Park, Inc. and Prudentialife Foundation, Inc.

From 1989 to 2001, Mr. Alba was the President of La Funeraria Paz, Inc. and the President of Prudentialife Plans, Inc. He was also the Ambassador Extraordinary & Plenipotentiary to the Embassy of the Philippine Republic to the Holy See from October 8, 2001 to February 10, 2004.

- **Jose Alberto T. Alba**
Director – September 2006 to present

Mr. Alba, Filipino, is a Director of the Fund. He is currently the President and Director of Prudentialife Plans, Inc. and Prudentialife Healthcare, Inc. since 2001. He is also a Director of the following companies: Prudentialife Plan Group, Inc., Prudentialife Financial Services, Inc., PLPI Finance Inc., Prudentialife Securities, Inc., Prudentialife Market Resources Corporation, Prudentialife Fixed Income Fund, Inc., Prudentialife Information Systems, Inc., La Funeraria Paz, Inc., Prudentialife Memorial Park, Inc., Akean Resorts Corporation, Prudentialife Travel Services, Inc..

Previously from 1987 to 2001, he was the Senior Vice-President, Treasurer, Director and Head of Corporate Planning of Prudentialife Plans, Inc. He also used to work at Far East Bank and Trust Company as a Senior Analyst of the Credit and Investment Research Group from 1986 to 1987.

He is also the Fellow of the Financial Service Institute and an Associate of the Annuity Product Administration of Life Office Management Association, USA.

Mr. Alba graduated from Ateneo de Manila University with a degree in Bachelor of Science Management Engineering.

- **Antonio P. Gatmaitan**
Director – September 2006 to present

Mr. Gatmaitan, Filipino, is a Director of the Fund. He is the President of Southstar Group and the Director of Prudentialife Group of Companies and La Funeraria, Paz, Inc. He is also currently the Managing Partner of Southern Orchards, Inc. and Executive Director of PEAR Foundation.

He previously held the following positions: President and Chief Executive Officer of Commercial Bank of Manila, President and chief executive Officer of Investment and Underwriting Corporation of the Philippines, President and Chief Executive Officer of Anglo-Asean Bank and Vice Chairman of Asia Pacific Finance Corporation.

Mr. Gatmaitan graduated with a Bachelor of Arts in Economics: College of Arts and Sciences in 1962.

▪ **Jose Tomas Syquia**
Independent Director – June 2007 to present

Atty. Syquia is the Managing Partner of **SYQUIA PASCUAL-LOPEZ & SANTOS LAW OFFICES**. He is also currently a legal consultant to the Department of Energy (Rural Solar Power Project) under contract with ECON Analysis, legal consultant to the Department of Budget Procurement Service, was a legal Consultant , USAID (Presidential Anti-Graft Commission Project 4901-002-77-43-00), and a former consultant to the Insurance Commission. He is also a Supreme Court of Appeals Mediator, and a lecturer in International Law.

Prior to entering into the private practice of law, Atty. Syquia was the former **Director** of the **Compliance and Enforcement Department** of the Securities and Exchange Commission and was responsible for ensuring the compliance of all market participants with Philippine regulations and governing legislation, and was a Resource Person for Congressional hearings on market enforcement.

He was also the State Counsel IV (SG 27), Department of Justice, Manila from February 1998-April 2001 prior to joining the Securities and Exchange Commission.

Atty. Syquia holds a **Master of Laws in International Law** from the University of Nottingham, UK, **Certificates** from the Hague Academy of International Law (1996 and 2001), a **Juris Doctor** from the Ateneo de Manila University (second honors), and a **Bachelor of Arts & Letters** major in Philosophy from the University of Santo Tomas (cum laude).

▪ **Francisco T. Alba, Jr.**
Director – September 2006 to present

Mr. Alba, Filipino, is a Director of the Fund. He is the First Vice – President of Prudentialife Plans, Inc. since 2002. He is also a Director and President of Prudentialife Memorial Park Iloilo, Inc. since 2003. He is also a Director of the following companies: Prudentialife Financial Services, Inc., Prudentialife Life Plan Group, Inc., Prudentialife Tarlac Memorial Park, Inc., the Intellimedia Corporation, Prudentialife Memorial Park, Inc., the Akean Resorts Corporation, Prudentialife Travel Services, Inc., Prudentialife Landholdings, Inc., Prudentialife Memorial Chapels, Inc., Prudentialife Securities, Inc., Afronsa Philippines, Inc. and Vine House Printing, Inc.

Prior to Prudentialife Plans, Inc., Mr. Alba worked at Security Pacific National Bank in San Francisco, California, USA.

▪ **Raymund P. Navarro**
President and Director – September 2006 to present

Atty. Navarro, Filipino, is the Director and President of the Fund. He is the First Vice – President of Prudentialife Life Plan Group, Inc. since 2002. He is also holds the following positions: President of Prudentialife Securities, Inc. ; Corporate Secretary of Prudentialife Tarlac Memorial Park, Inc., Prudentialife Memorial Park, Inc., Prudentialife Iloilo Memorial Park, Inc., Data Electric Company, Inc., PLPI Financials and Insurance Brokers, Inc. and Masepragma Corporation; and Assistant Corporate Secretary Prudentialife Healthcare, Inc., PLPI Finance, Inc., Prudentialife Financial Services, Inc., Akean Landholdings, Inc., Prudentialife Landholdings, Inc., Afronsa Philippines, Inc.

Atty. Navarro previously held the following positions: the Chief Financial Officer of Prudentialife Financial Services, Inc. (1999-2002) and the head of the Corporate Planning Group and Investment and Loan Services (2002-2005).

Atty. Navarro graduated from Ateneo de Manila University Law School in 1993.

▪ **Lyndon L. Lukban**
Treasurer – September 2006 to present

Mr. Lukban, Filipino, is a Treasurer of the Fund. He is the First Vice–President and Treasurer of Prudential Plans, Inc. since January 2002. He is also a director of Prudential Financial Services, Inc.

He was the First Vice – President and Group Head of Credit and Collection, Customer Service and Information Technology of Prudential Plans, Inc. (November 2001 to January 2002), Vice-President of Prudential Life Plan Group, Inc., Prudential Pension Plan, Inc., Prudential Financial Services, Inc. and Prudential Lending Services, Inc. (1999 to November 2001). He also became Assistant Vice President of Financial Planning in Prudential Pension Plan, Inc. from August 1996 to January 1998.

Mr. Lukban graduated from Ateneo de Manila University with a Bachelor of Science in Management Engineering.

▪ **Ceferino A. Patiño**
Corporate Secretary – September 2006 to present

Atty. Patiño is a Filipino and the Corporate Secretary of the Fund. He is currently the First Vice – President of Corporate Services of the Prudential Group of Companies. He is also the President of PLPI Financials and Insurance Brokers, Inc., an affiliate of the Prudential Group. He also holds the following positions: President of First Megablock Properties Development, Inc., Planet Cable, Inc. and director of Household Finance Corporation

Atty Patiño was formerly the President of Planters Products, Inc. and Nation Broadcasting Corporation.

Atty. Patiño graduated from the University of San Agustin in Iloilo in 1970 with a Bachelor of Laws degree. He then attended the Basic Management Program of the Asian Institute of Management in 1982.

SECURITY OWNERSHIP OF CERTAIN RECORD AND BENEFICIAL OWNERS

<i>Title of Class</i>	<i>Name and address of record owner and relationship with the issuer</i>	<i>Name of beneficial owner and relationship with record owner</i>	<i>Citizenship</i>	<i>No. of Shares Held As of June 30 '06</i>	<i>Percent of Class As of June 30 '06</i>
Common Stock	Prudential Plans, Inc. 118 Gamboa St., PLPI Bldg., Gamboa St., Legaspi Village, Makati City issuer's parent company	Prudential Plans, Inc.	Filipino	51,585,712.91	21.04%
Mr. Jose Alberto T. Alba*					
President of Prudential Plans, Inc.					
Common Stock	Prudential Plans, Inc. 118 Gamboa St., PLPI Bldg., Gamboa St., Legaspi Village, Makati City issuer's parent company	BPI Asset Management and Trust Group BPI Bldg., Ayala Ave. Cor. Paseo de Roxas, Makati trustee bank of issuer's parent company	Filipino	70,082,607.47	28.58%
Common Stock	Prudential Plans, Inc. 118 Gamboa St., PLPI Bldg., Gamboa St., Legaspi Village, Makati City issuer's parent company	Prudential Bank BPI Bldg., Ayala Ave. Cor. Paseo de Roxas, Makati trustee bank of issuer's parent company	Filipino	21,895,993.95	8.93%

*will exercise the voting powers over the shares of Prudential Plans, Inc. in the stockholders' meeting

SECURITY OWNERSHIP OF MANAGEMENT

<i>Title of Class</i>	<i>Name of Beneficial Owner</i>	<i>Amount and Nature of Beneficial Ownership</i>	<i>Citizenship</i>	<i>Percent of Class As of June 30 '06</i>
Common Stock	Jose L. Santos	100 Director	Filipino	0.00004%
Common Stock	Francisco A. Alba	1,359,540.17 Director	Filipino	0.55442%
Common Stock	Jose Alberto T. Alba	120,543.78 Director	Filipino	0.04916%
Common Stock	Antonio P. Gatmaitan	100 Director	Filipino	0.00004%
Common Stock	Paul Joseph M. Garcia	100 Independent Director	Filipino	0.00004%
Common Stock	Francisco T. Alba, Jr.	100 Director	Filipino	0.00004%
Common Stock	Raymund P. Navarro	100 Director	Filipino	0.00004%

COMPENSATION OF DIRECTORS

The Fund officially started operations in January 3, 2005. From January 3, 2005 to the fiscal year ending March 2005, no compensation was awarded to, earned by, paid to or estimated to be paid to, directly or indirectly to the named executive officers, directors and in the aggregate to all officers and directors as a group.

The members of the Board who are not officers and/or employees of the Fund receive remuneration for their attendance in regular or special meetings of the Board of Directors at the rate of ₱1,500 to each director for every meeting of the Board of Directors at which he/she is present. Such remuneration may be adjusted in the future as may be warranted by existing fund levels and other factors. The total estimated per diem for the year 2006 is ₱ 11,500 to ₱ 23,000.

There are no other arrangements, including consulting contracts, pursuant to which any director of the registrant was compensated, or is to be compensated, directly or indirectly, during the ensuing year for any service provided by a director.

There are no employment contracts between the registrant and the executive officers.

There is no compensatory plan or arrangement, including payments to be received from the registrant, with respect to a named executive officer, if such plan or arrangement results or will result from the resignation, retirement or any other termination of such executive officer's employment with the registrant and its subsidiaries or from a change-in-control of the registrant or a change in the named executive officer's responsibilities following a change-in-control and the amount involved, including all periodic payments or installments, which exceeds ₱ 2,500,000.

Summary Compensation Table

Annual Compensation

	(a)	(b)	(c)	(d)	(e)
	Name and Principal position	Year	Salary (₱) Max of	Bonus* (₱) Max of	Other Annual Compensation
CEO	Raymund P. Navarro President	2006-2007	₱ 500,000.00	₱ 100,000.00	none
A	Lyndon L. Lukban Treasurer	2006-2007	₱ 100,000.00	₱ 50,000.00	none
B	Ceferino A. Patino Corporate Secretary	2006-2007	₱ 25,000.00	₱ 25,000.00	none
C	All other officers, employees and directors as a group unnamed	2006-2007	₱ 1.7 Million	₱ 400,000.00	none

* Bonus is dependent on the net income of the company, its declaration is at the discretion of the Board of Directors.

FAMILY RELATIONSHIPS

Mr. Jose Alberto T. Alba and Mr. Francisco T. Alba, Jr. are the sons of Mr. Francisco A. Alba. Mr. Antonio Picazo Gatmaitan and Mr. Francisco Acevedo Alba are cousins.

The Board is responsible for conducting all business of the Fund. It shall exercise general supervision over the duties performed by the Investment Adviser, Distributor, Administrator, Transfer Agent and Custodian of the Fund.

SIGNIFICANT EMPLOYEE

The Fund presently has four (4) shared employees. It anticipates to have one (1) more in the next twelve (12) months. Two (2) of the current employees are supervisors, while the other two (2) are officers. None of these employees are subject to Collective Bargaining Agreements (CBA). They are not on strike or threatening to strike.

INTEREST OF NAMED EXPERTS OR COUNSEL

The Direct or Indirect Interest of named experts and independent counsel does not exceed ₱500,000.00.

The original proponents of the Fund who have subscribed and paid for the original capital of fifty million pesos (₱ 50,000,000.00) are not allowed to sell, transfer, convey, encumber or otherwise dispose of their shares within twelve (12) months from the registration of the Fund.

INVOLVEMENT IN CERTAIN LOCAL PROCEEDINGS

No director, nominee for election as a director, executive officer, principal distributor or control person of the registrant has been involved in the last five (5) years in any bankruptcy petition either at the time of the bankruptcy or within two years prior to that time, subject to any conviction by final judgment in a past or pending criminal proceeding, domestic or foreign, excluding traffic violations and any other minor offenses, or to any order, judgment or decree of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities and found by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body or a domestic or foreign Exchange or other organized trading market or self regulatory organization to have violated a securities or commodities law or regulation.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

There was no transaction during the last two years, or proposed transactions, to which the registrant was or is to be a party, or in which any of the following persons had or is to have a direct or indirect material interest:

- (a) Any director or executive officer of the registrant;
- (b) Any nominee for election as a director;
- (c) Any security holder named in response to Security Ownership of Certain Record and Beneficial Owners and Management
- (d) Any member of the immediate family (including spouse, parents, children, siblings, and in-laws) of any of the persons in letters (a), (b) or (c) above.

MANAGEMENT'S DISCUSSION AND ANALYSIS / PLAN OF OPERATIONS

The Prudentiallife Fixed Income Fund, Inc. carefully monitors economic indicators that affect the direction of domestic interest rates. The Fund's top 5 key indicators include progress of fiscal reforms, portfolio inflows, budget deficit, inflation and monetary policy.

Prudentiallife Fixed Income Fund was officially launched last January 2, 2005 with an initial capitalization of P50Million.

The Fund has a total of ₱ 66,933,923.00 in assets as of March 31, 2005 (fiscal year). Total liabilities as of the same date, is equal to ₱ 535,916.00. Net asset value as of March 31, 2005 stood at ₱ 1.0317 per share. Moreover, it has issued 64,109,774 outstanding shares out of an authorized capital stock of 200,000,000 shares with a par value of ₱ 1.00. Operating expenses amounted to ₱ 1,545,637.00. Major expenses include registration fees, taxes and licenses since the company was registered in June 2004 and form part of pre-operating expenses.

For fiscal year 2005, the fund was able to generate a net investment income of ₱ 1.72M with the net asset value of ₱ 1.0357.

As a result of the good performance of Prudentiallife Fixed Income Fund, there was an increase in investments thereby the need to increase the company's authorized capital stock from ₱ 200M to ₱ 500M. The increase in capitalization to ₱ 500M was approved by the Securities and Exchange Commission last February 24, 2006.

As of March 31, 2006, the Fund has total assets of ₱ 270,137,061, an increase of 303% compared to the same period last year.

Total liabilities likewise increased by 381% to ₱ 2,582,557 from ₱535,916. The increase is mostly due to the increase in capitalization of the Fund from ₱ 200,000,000 to ₱500,000,000. This is composed of taxes and licenses, documentary stamps, trustee fees and management fees which were recognized as expenses but not yet paid.

Net asset value (NAV) as of March 31, 2006 stood at ₱ 1.4969 per share, an increase of 44% from last year's NAV of ₱ 1.0357. For purposes of reporting, the NAV of the Fund was adjusted for Additional Paid-In Capital (APIC). Subscriptions in the fund are recorded by crediting Capital Stock (at par value) and APIC (for the amount received in excess of the par value).

Based on the adjusted figures, total shares issued amounted to ₱ 178,737,842 while APIC amounted to ₱25,030,418. Total shares issued increased by 178% from the same period last year.

For the year ended March 31, 2006, total income for the period is ₱ 62,485,000, an increase of 1,430%% from last year's income of ₱ 4,082,232. About 73% of total income is *Unrealised Gain*

on *Financial Instruments* which is the difference between the book value of the outstanding investments in the fund and the market value as of March 31, 2006.

Total operating expenses amounted to ₱ 5,834,025 from last years' ₱1,545,637. Major expense were taxes and licenses, trust fees and marketing expense which accounted for 70% of total expenses. These expenses were due to the increase in capitalization as well as subscriptions/issuances of additional shares of the Fund.

Net investment income for the period increased by 2,995%% to 53,359,197 from ₱1,723,684 last year.

For the second quarter of fiscal year 2007 (ending September 2006), total income was at ₱17,957,746 an increase of 378.24% from the previous year. Likewise, during the same period, a gain of ₱11,612,426 was achieved due to sale of fixed income securities, an increase of 2,489.31% from the previous year.

Total expenses amounted ₱ 3,771,110 for the period ending Sept 2006, representing about 1.12% of Net Asset Value.

Net investment income (after taxes) was at ₱ 17,957,746, an increase of 83%% from the same period last year. Likewise, earnings per share increased by 230.28%.

Total assets increased by 27% to ₱ 343,814,922 during the quarter ending Sept. 27, 2006 compared with the fiscal year ending March 31, 2006.

Accrued expenses increased by 74% but represent only 1% of total assets. These expenses are primarily for management and distribution fees incurred as well as marketing fees for promoting the fund.

Capital stock increased by 31%, from 199,112,326 shares in March 2006 to 261,467,954 shares in September 2006. Additional Paid-In Capital increased by 301% from ₱13,349,297 to ₱53,584,092.

With the net investment income earned and the increase in unrealized gain of "Available-for-sale" securities, net assets as of September 27, 2006 increased by 26% compared to the period ending March 31, 2006.

The Peso bond market rebounded after experiencing a sell off in the 2nd quarter of 2006. Bond prices resumed their ascent on account of a series of good news. The positive data replaced fears of higher interest rates experienced during the previous quarter.

Investors calmed down after fearing higher inflation and interest rates in May-June. Higher US April inflation data and bearish comments from bankers caused panic-selling in the domestic market. Retail investors in Unit Investment Trust Funds exacerbated the situation by simultaneously liquidating their investments in the 2nd quarter of 2006.

However, news of continued fiscal consolidation helped calm investors' nerves. The government's fiscal position continued to improve with ₱ 14.3 Billion surplus in August - its fourth monthly surplus. The full year budget deficit is at ₱ 34.2 Billion for the 8 months of 2006 against the target of ₱ 125 Billion for 2006. The ₱ 46.9 Billion supplemental budget will be funded from revenue collections and ₱ 20 Billion borrowing in November.

The market also remained awash with liquidity with the BSP's RRP window posting ₱ 233.5 Billion as of August 22-25, 2006 compared to ₱ 111.5 Billion in August 2005. Moreover, ₱ 50 Billion in debt is expected to mature during the 4th quarter of 2006.

On the other hand, the government reduced its full year borrowing to ₱ 270.9 Billion versus the original program of ₱ 310.2 Billion. Consequently, the Bureau of Treasury (BTr) successfully

issued its 20-year bond at an average yield of 9.10% versus 9.88% in the secondary market the previous day and its original coupon of 10.25% on Jan. 19, 2006.

Moving forward, the BTr's borrowing will fall 26.5% from ₱ 531.6 Billion in 2006 to ₱ 390.7 Billion in 2007 due to the narrowing budget deficit. With expectations of lower interest rates, election-related spending, relatively strong Peso and lower expected inflation, the fund's Net Asset Value is expected to grow.

The registrant can currently satisfy its cash requirements. It will not have to raise additional funds in the next twelve (12) months. However, depending on the demand for additional securities to be offered to the public, it may increase its authorized capital stock in the next twelve (12) months.

The Fund has consistently complied with the rules and regulations governing Investment Companies under R.A. 2629, on the maintenance of at least 10% of its total fund in liquid assets. The Fund is invested in government securities, which is highly tradable.

There were no changes in and disagreements with the accountant on accounting and financial disclosures. Moreover, there were no changes on the independent accountant.

INVESTMENT OBJECTIVE, POLICY AND LEGAL LIMITATIONS

INVESTMENT OBJECTIVES

The Fund is designed to provide regular interest income and principal preservation through investments in government and high-quality corporate debt securities aggregating below-average or low risk.

INVESTMENT POLICY

The Fund will invest only in high-quality fixed-income securities issued by the Philippine government and prime Philippine companies which are rated AAA.

LEGAL LIMITATIONS ON INVESTMENT

1. The Fund will invest its assets in a variety of industries. It shall not invest more than ten percent (10%) of its net asset value in any single enterprise except obligations of the Philippine Government and its instrumentalities. Neither shall the total investment of the Fund exceed ten percent (10%) of the outstanding securities of any one investee company.
2. For purposes of liquidity, at least ten percent (10%) of the Fund's assets shall be invested in liquid/semi-liquid assets such as:
 - a. treasury notes or bills, Certificates of Indebtedness issued by the Bangko Sentral ng Pilipinas which are short-term and other government securities or bonds and such other evidence of indebtedness or obligations, the servicing and repayment of which are fully guaranteed by the Republic of the Philippines and
 - b. savings or time deposits with government-owned banks or commercial banks, provided that in no case shall any such savings or time deposit accounts be accepted or allowed under a "bearer" or "numbered" account or other similar arrangement.

An investment company shall not change its investment objective without prior approval of its majority shareholders.

3. Until the SEC provides otherwise, the Fund shall not short-sell securities or invest in any of the following:
 - a. margin purchases of securities (investment in partly paid shares are excluded),
 - b. commodity futures contracts;
 - c. precious metals and
 - d. unlimited liability investments
4. The Fund shall not invest in real estate properties and developments unless allowed under applicable laws, if any.
5. The Fund shall not incur any further debt or borrowings, unless at the time of its incurrence or immediately thereafter, there is an asset coverage of at least three hundred percent (300%) for all its borrowings. In the event that such asset coverage shall at any time fall below three hundred percent (300%), the Fund shall within three days thereafter, reduce the amount of its borrowings to such an extent that the asset coverage of such borrowings shall be at least three hundred percent (300%).
6. The Fund shall not make loans to other persons. However, it shall engage in legally permissible lending operations to corporations considered by its Board of Directors to be financially solid and sound.
7. The Fund shall not purchase from or sell to any of its officers or directors or the officers or directors of its Investment Adviser, Manager or Distributor or firms of which any of them are members any security other than the Fund's own capital stock.
8. The Fund shall not participate in any underwriting or selling group in connection with the public distribution of securities except its own capital stock.
9. The total operational expenses of the Fund shall not exceed ten percent (10%) of its total investment fund or total net worth as shown in the Fund's most recent audited financial statements.
10. For investors purchasing shares of the Fund, the minimum investment is ₱5,000. The subsequent investment is ₱ 5,000.
11. The Fund shall not issue senior securities.

SALES, REDEMPTION OF SHARES AND COMPUTATION OF NET ASSET VALUE

PURCHASE OF SHARES

Sales Commissions Payable when the Investor	Buys	Sells
	Not to exceed 2% of the investment amount	If redeemed in less than or within 90 days 0.25%

Shares of the Fund are offered for sale on a continuous basis at the net asset value through registered representatives and dealers. There is no public trading market for these shares. For investors purchasing shares of the Fund, the minimum investment is ₱ 5,000.00. The subsequent investment is ₱ 5,000.00.

Any person at least 18 years of age may purchase the shares provided that no such purchase is contrary to the best interests of the other shareholders or would otherwise disrupt the management of the Fund. Prospective investors will fill out new account applications. The original proponents of the Fund who have subscribed and paid for the original capital of fifty million pesos

(₱ 50,000,000) are not allowed to sell, transfer, convey, encumber or otherwise dispose of their shares within twelve (12) months from the registration of the Fund.

Corporate applicants must submit the following documentary requirements, in order to purchase shares: a duly certified copy of the SEC registration, the articles of incorporation and by-laws, a duly signed board resolution certified by the corporate secretary authorizing the said purchase, a list of all the authorized signatories, a certification from the corporate secretary indicating the percentage of holdings of the stockholders by nationality, a list of principal stockholders owning at least 2% of the capital stock and a list of the beneficial owners, if any.

The dealers and registered representatives through Prudential Securities, Inc. shall forward the new account applications and/or order tickets to purchase shares of the Fund to the Transfer Agent on the same banking day they are received. Completed subscriptions received by Prudentiallife Securities, Inc. by 12:00 noon on a banking day will be processed within the same banking day at the net asset value per share determined at the close of business on that day. If received after 12:00 noon, subscriptions will be processed at the net asset value per share determined at the close of business on the next banking day.

The Fund or any entity acting on its behalf may require evidence verifying the identity of a prospective purchaser of shares and the source of the relevant funds in compliance with the Anti-Money Laundering Act of 2001 (Republic Act No. 9160), its amendments (Republic Act No. 9194), and its implementing Rules and Regulations.

SALES PRICE

The Sales Price will be calculated on the basis of the applicable NAV and Entry Load. The Sales Price per share will be calculated using the following formula:

$$\text{Sales Price per share} = \text{Applicable NAV} (1 + \text{Entry Load where the Entry Load is not more than 2\% of the investment amount})$$

Prudentiallife Securities, Inc. reserves the right to reject any specific subscription or to restrict purchases by a particular investor, for example, when such purchase is contrary to the best interests of the other shareholders or would otherwise disrupt the management of the Fund. This decision will be made within two (2) business days after receipt of the subscription and in the event of a rejection, the subscription amount will be returned in the form of a local cheque within one (1) business day after the said decision was made to the investor without interest.

The Transfer Agent must receive payment for the subscription at the same banking day as the buy order is placed. The investor's account will be credited for the subscription only when the payment is in the form of cash or a local cheque that has cleared through the banking system. If payment is made by way of a cheque drawn on a bank (or a bank branch) located outside Metro Manila (or drawn on banks located outside designated local clearing areas of the Bangko Sentral ng Pilipinas or drawn on banks located outside the Philippines), the subscription will not be processed into the investor's account, until the cheque has finally cleared through the banking system. All shares shall be sold on cash basis. Installment sales are expressly prohibited.

A non-transferable Registry Confirmation will be issued by the Transfer Agent in favor of the investors which shall be recorded in the electronic registry of the Transfer Agent without the issuance of other evidences of certificates. Issuance of the Registry Confirmation shall be for the account of the Fund. However, a fee of ₱ 200 per Registry Confirmation shall be collected from the Investor per re-issuance of replacement Registry Confirmation either to replace lost Registry Confirmation or split original Registry Confirmation subject to presentation of other required documents.. Shares are recorded on the electronic registry by the Transfer Agent, and shareholders have the same rights of ownership as if certificates had been issued to them.

Investors have an option to avail of the company’s bundled products – the Optima Protect and Bundled Optima.

The Optima Protect is a tie-up between Prudentialife Fixed Income Fund Inc. (PFIFI) and PLPI Financials and Insurance Brokers, Inc. (PFIBI). It is a group renewable term insurance that offers accidental death and disablement benefits. PFIBI will provide for the term insurance coverage. Upon the annual renewal of insurance coverage, the premium will be automatically deducted from the proceeds of the investor’s Prudentialife Fixed Income Fund investment. Below is the table of insurance premium for different investment ranges:

Required Fixed Income Fund Investment	₱ 10,000 to ₱ 20,000	₱ 20,001 to ₱ 50,000	₱ 50,001 and Above
Annual Premium of Member	₱ 600	₱ 1,500	₱ 3,000
Renewable Term Insurance	₱ 200,000	₱ 500,000	₱ 1,000,000
Accidental Death and Disablement Benefit	₱ 200,000	₱ 500,000	₱ 1,000,000
Total Coverage	₱ 400,000	₱ 1,000,000	₱ 2,000,000

The Bundled Optima is a tie-up between PFIFI and Prudentialife Plans, Inc. and this is for investors who want to avail of Prudentialife’s pre-need products in which the outstanding investment or income, if any, from the PFIFI will be used to pay for the regular installments. In the event that the outstanding investment in PFIFI is not sufficient to cover the installment payments, the investors shall be responsible for paying the installments directly to Prudentialife Plans, Inc. The pre-need products applicable for the Bundled Optima are the Prudentialife Pension Plans, Life Plans and Education Plans.

The amount of investment depends on the maturity value of the plan. Below is a sample computation for the Bundled Optima:

Optima Fund Details		Pre-Need Plan Details		Insurance Benefits:
Optima Fund:	Fixed Income Fund	Pre-Need Plan:	Life Plan	Full Payment Guarantee Waiver of Installment Due to Disability Accidental Death & Dismemberment Family Assistance Fund Dual Protection Benefit Money Back Benefit
Holding Period:	90 days	Term:	5	
Currency:	PHP	Mode:	Annual	
Projected Annualized Rate:	10.00%*	Regular Installment	11,470	
Amount of Investment	100,000	Money Back Benefit	57,350	
PROJECTED INVESTMENT VALUE (less pre-need installment)		* Returns are NET of taxes. The rates of return illustrated on the table are based on the specified date, and are not indicative of future performance. These rates are <i>not guaranteed, it may go up or down.</i> Investment or participation in the fund is not a bank deposit, nor an obligation of, nor issued, nor insured by Prudentialife, its affiliates or subsidiaries. Investment or participation in the fund is subject to risk and is not insured by the Philippine Deposit Insurance Corporation (PDIC). Losses, if any, shall be for the account and risk of the Trustor/Participants. Past performance is not indicative of future performance. Shares in the fund, when redeemed, may be worth more or less than the original contribution amount.		
Year 1	95,435.34			
Year 3	88,981.06			
Year 5	81,171.38			
Year 10	130,727.33			

Under the Bundled Optima, investors also have the option in investing the maturity benefit of their Pension Plans to Prudentialife Fixed Income Fund on Maturity Date. The amount of investment depends on the Maturity Value of the plan on Maturity Date.

Only the Optima Protect and the Bundled Optima have tie-ups with Prudentialife Fixed Income Fund.

REDEMPTION OF SHARES

The minimum redemption amount is ₱ 500.00.

The reduction of the minimum redemption amount from ₱ 5,000.00 to ₱ 500.00 is to accommodate requests from existing investors of Prudentiallife Fixed Income Fund, Inc. (PFIFI) who have other investments in Prudentiallife Plans, Inc. and PLPI Financials and Insurance Brokers, Inc., both affiliates of PFIFI. The gain from the client's PFIFI investment will be used to pay for the regular installments of a pre-need plan or insurance premium of a life insurance.

To formalize client's instructions, the client signs an authorization for an automatic withdrawal from his investment, the amount of which equals the regular installments of the pre-need plan or premium payment of the insurance purchased by the client.

For those who availed of the Optima Protect and Bundled Optima, investors will be asked to sign a form, which authorizes automatic redemption from his investment – the amount of which equals the premium payment of the term insurance or the regular installment of the pre-need plan.

Shares are redeemable at any time at their net asset value less any applicable sales charges, exit load and taxes, if any. A shareholder may request redemption of his shares by delivering a Registry Confirmation with the Redemption Form with any registered representative or dealer. The Redemption Form must be properly accomplished and signed by the investor with the shares to be redeemed indicated in the form.

For redemption, the price is the net asset value per share at the close of business on the day the Redemption Form is received by any registered representative or dealer on or before 12:00 noon. After 12:00 noon, the order ticket is deemed to have been received the following business day, and the redemption price will be the net asset value per share determined at the close of business on the next banking day.

Payments for shares so redeemed, less any sales charges, exit load and taxes, if any, will be made by the Fund within seven (7) banking days from receipt of the request for redemption. Payment upon redemption will be made by issuing a cheque payable to the registered shareholder.

In case the shares are held in the names of more than one shareholder, where mode of holding is specified as "Joint", the Redemption Form will have to be signed by all the joint holders. However, in cases of holding specified as "and/or" any of the shareholders will have the authority to sign the Redemption Ticket, without it being necessary for all the shareholders to sign.

The Fund may suspend redemption or postpone the date of payment for a redemption (i) for any period when cash clearing is suspended by the Philippine Clearing House Corporation or Bangko Sentral ng Pilipinas or (ii) with the consent of the SEC.

RIGHT TO LIMIT REDEMPTION

The SEC may, whenever necessary or appropriate in the public interest or for the protection of investors, suspend the redemption of securities of the Fund. or limit the total number of shares which may be redeemed on any banking day. Any shares which by virtue of this limitation are not redeemed on a particular banking day will be carried forward for redemption to the next banking day, in the order of receipt. Redemptions so carried forward will be priced on the basis of the redemption price of the banking day on which such redemption is made.

REDEMPTION PRICE

The Redemption Price will be calculated on the basis of the applicable NAV less sales charges, exit load and taxes, if any. Shares redeemed in less than or within the 90-day holding period, is subject to an early redemption fee of .25%.

The Redemption price per share will be calculated using the following formula:

Redemption Price per share = applicable NAV (1- sales charges, exit load & taxes, if any)

PAYMENT OF REDEMPTION

The redemption price will be paid by check and payments will be made in favor of the registered shareholder with bank account number furnished to the Fund. Redemption checks will be sent to the shareholder's address (or, if there is more than one shareholder on record, the address of the first-named shareholder). In order to protect the interest of the shareholders from fraudulent encashment of checks, it is mandatory for investors to mention in their Application/Redemption request, their bank name, branch and account number. The Fund shall not be liable for any loss arising out of fraudulent encashment of checks.

COMPUTATION OF THE NET ASSET VALUE

The net asset value of each share of the Fund (NAVPS) as of the close of business on any day shall be the quotient obtained by dividing the value of the assets of the Fund less the liabilities (such liabilities being exclusive of capital stock and surplus) by the total number of shares outstanding at such close, all determined and computed as follows:

- a. The assets of the Fund shall be deemed to include (i) all cash on hand, on deposit or on call, (ii) all bills and notes and accounts receivable, (iii) all shares of stock and subscription rights and other securities owned or contracted for the fund other than its own capital stock, (iv) all stock and cash dividends and cash distributions to be received by the Fund and not yet received by it but declared to stockholders of record on a date on or before the date as of which the net asset is being determined, (v) all interest accrued on any interest-bearing securities owned by the Fund, (vi) all real properties or interest therein and (vii) all other property of every kind and nature, including prepaid expenses.
- b. The liabilities of the Fund shall be deemed to include (i) all bills and notes and accounts payable, (ii) all administrative expenses payable and/or accrued (including management fees), (iii) all contractual obligations for the payment of money or property, including the amount of any unpaid dividend declared upon the Fund's stock and payable to shareholders of record on or before the day on which the value of the Fund's shares are being determined, (iv) all reserves authorized or approved by the Board of Directors for taxes or contingencies and (v) all other liabilities of the fund of whatsoever kind and nature except liabilities represented by the outstanding capital stock and surplus of the Fund.

Investment companies shall compute and post their NAVPS on a daily basis and shall publish such daily prices in at least 2 newspapers of general circulation in the Philippines and post them daily in a conspicuous place at the principal office of the company as well as in all of its branches or correspondent offices which are designated redemption centers.

The net asset value per share computation shall be made in accordance with the valuation method indicated in the prospectus and shall be applied consistently. Any change in the net asset value per share calculation or valuation method shall be subject to approval by the Commission. Except as the Commission shall, from time to time prescribe, the net asset value shall be calculated by adding (A) the aggregate value of the portfolio securities and other assets, (B) the cash on hand, (C) any dividends on stock trading ex-dividend, (D) any accrued interest on portfolio securities, and subtracting (E) taxes and other charges against the fund not previously deducted, (F) accrued expenses and fees, and (G) cash held for distribution to securities holders on a prior date.

TAXATION

Investors are advised to consult their own professional advisers as to the tax implications of subscribing for, purchasing, holding and redeeming shares of the Fund. Tax rulings and other investment factors are subject to rapid change.

STATEMENTS OF ACCOUNT

Statements of account shall be sent to shareholders on a quarterly basis.

MANAGEMENT OF THE FUND

THE INVESTMENT MANAGER

Deutsche Bank AG, a banking corporation duly organized and existing under German laws, acting through its Manila Branch (Trust Department), is the Investment Manager of the Fund. Deutsche Bank AG Manila Branch, with principal office at the 23/F, Ayala Tower I, Ayala Avenue, Makati City, was granted authority to operate a branch office with full commercial banking authority on July 18, 1995, and to operate its license to engage in trust and other fiduciary business in the Philippines by the Bangko Sentral ng Pilipinas on May 8, 1997. Deutsche Bank AG Manila Branch (Trust Department) has made significant inroads in the local trust and fiduciary industry, significantly growing its asset management business since 1997. Deutsche Bank AG's global expertise and local experience has enabled it to expand and diversify its client base now consisting of leading multinational corporations and local companies.

In order to carry out the purpose and the investment policy and objectives of the Fund, the Fund has entered into an Investment Management Agreement with Deutsche Bank AG Manila Branch (Trust Department) to manage and administer the assets of the Fund.

As Investment Manager, Deutsche Bank AG Manila Branch (Trust Department) is primarily responsible for the management, investment and reinvestment of the Fund's portfolio. The scope of the Investment Manager's responsibility covers economic/market research and analysis, investment review and evaluation, securities selection, accreditation and selection of counterparties, brokers and dealers as well as actual trade execution, all in accordance with the Fund's investment objective and policies.

Prudentiallife Securities, Inc., as Principal Distributor, will continuously offer for sale shares of the Fund through its registered representatives legally qualified to sell the Fund's shares and dealers with whom it has entered into distribution agreements.

Deutsche Bank AG and Prudentiallife Securities, Inc. are licensed by the Commission to act as investment manager and distributor of the fund, respectively.

Any order for shares may be rejected by the Distributor of the Fund. The SEC, the Fund or the Distributor may suspend the continuous offering of shares to the general public at any time in response to conditions in the securities markets or otherwise and may thereafter resume such offering from time to time. Neither the Distributor nor the eligible agents are permitted to withhold placing orders to benefit themselves by a price change.

The Fund agrees to pay to Deutsche Bank AG Manila Branch (Trust Department), as compensation for its investment management services an annual fee equivalent to not more than percent (0.70% per annum) of the assets managed.

DIRECTORS AND OFFICERS OF THE INVESTMENT MANAGER

▪ **Dennis Ngan**

Mr. Ngan is Regional Product Manager for Product and Client Management and has been working for four years in the Trustee and Securities Services business of Deutsche Bank AG in Asia Pacific. In this role, he provides specialised services in fund administration and back office outsourcing services to financial institutions and is responsible for sales and marketing strategy, product management and client relationships in the Asia/Pacific region. Mr. Ngan has 20 years experience in the funds management, banking and insurance industries in Asia and also in Australia, New Zealand and London. He is a qualified BCA (Victoria University, Wellington, NZ), CA (NZ), CPA (Aust). Mr. Ngan is currently a member of the Investment Manager's Trust Committee. Mr. Ngan is currently the Chairman of the Investment Manager's Trust Committee.

▪ **Erwin Richard Caduff**

Mr. Caduff is a Managing Director and Regional Head of Private Wealth Management of Deutsche Bank AG in Asia Pacific. He is also a member of the Executive Committee of Private Wealth Management for Deutsche Bank. He was formerly Head of Private Banking for Southeast Asia at Paribas, Singapore and held various positions at Paribas (Suisse) S.A., Zurich as Head of the Zurich Branch and Head of Private Banking. Before joining Coutts & Co., Singapore Representative Office as Chief Representative in 1990, Mr. Caduff worked for Citibank in Singapore and Zurich as Private Banking Head. He attended commercial school and apprenticeship in Zurich/Switzerland as well as language studies in England and France. Mr. Caduff is currently a member of the Investment Manager's Trust Committee.

▪ **Andrew Hume**

Mr. Hume is the Regional Head of Compliance of Deutsche Bank AG in Asia Pacific. Prior to coming to Asia in 2004, he was a Managing Director and Divisional Head of Global Banking based in Deutsche Bank London. Before joining Deutsche Bank in 1997, Mr. Hume was a Director of Unit Trust Administration at Morgan Grenfell Asset Management. He is a member of the Institute of Chartered Accountants in England and Wales and earned his bachelors in economics at the University College of Wales.

▪ **Enrico S. Cruz**

Mr. Cruz is the Chief Country Officer and Global Markets Head of Deutsche Bank AG Manila Branch. He is currently the Treasurer of the Bankers Association of the Philippines and was also a Past President of the Money Market Association of the Philippines. From 1979 to 1995, he was the Senior Vice President and Treasury Group Head of Citytrust Banking Corporation, one of the prominent universal banks. Mr. Cruz received his Master of Business Administration degree and Bachelor of Science degree in Business Economics from the University of the Philippines. Mr. Cruz is currently a member of the Investment Manager's Trust Committee.

▪ **Manuel C. Malabanan**

Mr. Malabanan is Vice President and Head of Deutsche Bank AG Manila Branch (Trust Department). Prior to joining Deutsche Bank in 1997, he held various positions and earned extensive experience in investment banking, business development and trust management at Citytrust Banking Corporation from 1981 to 1996. He obtained his Bachelor of Science degree in Business Economics with honors from the University of the Philippines. Mr. Malabanan is currently a member of the Investment Manager's Trust Committee.

▪ **Frederico Rafael D. Ocampo**

Mr. Ocampo is the Chief Investments Officer of Deutsche Bank AG Manila Branch (Trust Department). He started his career in banking as a Management Trainee at Citytrust Banking Corporation. Prior to 1995, he was a Research Analyst at First Philippine Holdings Corporation. He completed his MS Economics degree as a Rotary Ambassadorial Scholar from the Pennsylvania State University and his Bachelor of Science degree in Economics *cum laude* from the University of the Philippines.

FUND ACCOUNTING

Deutsche Bank AG Manila Branch (Domestic Custody Services) will provide fund accounting and unit pricing accounting for the Fund.

INDEPENDENT AUDITOR

SyCip Gorres Velayo and Company serves as external auditor for the Fund. Total audit fees paid by the registrant for its annual financial statements amounted to ₱ 60,500.00. A special cash audit was also made as a requirement for the increase in authorized capital stock. Total fees amounted to ₱ 7,700.00.

There were no other related services provided by the external auditor for tax accounting, compliance, advice and planning except for the above.

TRANSFER AGENT

Deutsche Bank AG Manila Branch (Domestic Custody Services) will serve as the Fund's Transfer Agent. Transfer Agent services include, but are not limited to: account registration and preparation of the Board of Directors Meetings and Annual Shareholders Meetings.

In consideration of the services to be rendered by the Transfer Agent, the Fund shall pay the Transfer Agent such amount as may be agreed upon in the Transfer Agent Agreement between the Fund and Deutsche Bank AG Manila Branch. Fees will begin to accrue on the first day of the Fund's operation of the initial sales period.

CUSTODIAN

Deutsche Bank AG Manila Branch (Domestic Custody Services) will serve as custodian for the assets of the Fund. All proceeds from the sale of shares/securities, including the original subscription/payments at the time of incorporation constituting the paid-up capital of the investment company, shall be held by the custodian.

In consideration of the services to be rendered by the custodian, the Fund shall pay the custodian all fees, charges and obligations incurred from time to time for any services pursuant to the Direct Custody Agreement between the registrant and Deutsche Bank AG Manila Branch with the terms of the fees schedule specified from time to time by the custodian upon prior notice to the registrant.

CORPORATE NAME

Prudentiallife Fixed Income Fund, Inc.
2nd Floor, Luz Building, 116 Gamboa St.,
Legazpi Village, Makati City
Tel. No. 812-8803, 845-4114
Fax. No.894-1153

INVESTMENT MANAGER, TRANSFER AGENT AND CUSTODIAN

Deutsche Bank AG
23rd Floor, Ayala Tower I
Ayala Avenue, Makati City

PRINCIPAL DISTRIBUTOR

Prudentiallife Securities, Inc.
2nd Floor, Luz Building, 116 Gamboa St.,
Legazpi Village, Makati City
Tel. No. 812-2594

LEGAL COUNSEL

Picazo, Buyco, Tan, Fider & Santos Law Office
18th Floor, Liberty Center Building
104 H.V. Dela Costa St., Salcedo Village, Makati City
Tel. No. 888-0999

INDEPENDENT AUDITOR

Sycip, Gorres, Velayo & Company
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Makati City
891-0307