

SECURITIES AND EXCHANGE COMMISSION

FORM N-30D

Initial annual and semi-annual reports mailed to investment company shareholders pursuant to Rule 30e-1 (other than those required to be submitted as part of Form NCSR)

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FILER

PRUDENTIAL MULTI SECTOR FUND INC

CIK: **860916** | IRS No.: **133570126** | State of Incorporation: **MD** | Fiscal Year End: **0430**
Type: **N-30D** | Act: **40** | File No.: **811-06047** | Film No.: **95500976**

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Letter to Shareholders

December 19, 1994

Dear Shareholder:

In the past year, the stock market has provided both good and bad times for mutual fund investors. Stock market returns slowed at the end of 1993, and despite a short summer rally, they have been modest all during 1994. We are pleased to announce that despite the ups and downs of this difficult stock market, the Prudential Multi-Sector Fund earned above-average returns.

Prudential Multi-Sector Fund At A Glance

CUMULATIVE TOTAL RETURNS¹

As of October 31, 1994

<TABLE>

<CAPTION>

	Six months	Since Inception ²
<S>	<C>	<C>
Class A	11.4%	67.9%
Class B	10.6	62.2
Class C	N/A	5.4
Lipper Capital	00.0	54.1 (D)
Appreciation Fund Avg.*		
S&P 500**	3.9	53.1 (D)

</TABLE>

AVERAGE ANNUAL TOTAL RETURNS³

Period Ended September 30, 1994

<TABLE>

<CAPTION>

	One Year	Since Inception ²
<S>	<C>	<C>
Class A	4.7%	11.2%
Class B	4.3	11.5
Class C	N/A	N/A

</TABLE>

¹Source: Lipper Analytical Services, Inc. Past performance is not a guarantee of future results. Investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. These figures do not take into account sales charges. The fund charges a maximum front end sales load of 5.0% for Class A shares. Class B shares are subject to a declining contingent deferred sales charge of 5%, 4%, 3%, 2%, 1% and 1% during these six years. Beginning in February 1995, the Fund's Class B shares will convert to Class A shares approximately seven years after purchase.

² Inception dates: 6/29/90 Class A and Class B, 8/1/94 Class C.

³ Source: Prudential Mutual Fund Management Inc. These averages take into account applicable sales charges. Class C average annual total returns are not reported since the share class has only been in existence since August.

*These are the average returns of 13 funds for the capital appreciation fund category for one year and 87 since inception of the Class A and B shares, as determined by Lipper Analytical Services, Inc.

**The S&P 500 Index is a capital-weighted index of 500 stocks primarily traded on the New York Stock Exchange, which represents a broad indication of

stock price movements. The securities that comprise the S&P may differ substantially from the securities in the Fund.

(D) Since 6/29/90.

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The Goal

The Fund seeks long-term capital growth by investing primarily in domestic and foreign stocks of companies in specific economic sectors, and makes significant shifts among these sectors based on world economic changes and other investment trends. The Fund may use derivatives like foreign currency futures, forward contracts and stock options to hedge risk.

Benefitting from the "New World Economic Order"

Greg Smith, chief investment strategist for Prudential Securities Incorporated and a consultant to the Fund's subadvisor, recommends stock market sector allocations. He anticipates that the economic recovery underway in the U.S., Canada, Western Europe and Australia will continue to gather steam. He also believes developing countries in Latin America, Central Europe and Asia may be gearing up for economic growth, as well.

Consistent with this forecast, sector allocation recommendations continue to be translated to stocks expected to benefit from the improving global economy. We are currently heavily weighted in "cyclical" stocks (i.e., sectors expected to benefit from economic recovery). These include technology, basic industry and energy. As of October 31, 1994, these three sectors comprised approximately 62% of the Fund's net assets. The strong performance of these sectors so far this year has contributed to the Fund's above-average returns relative to its peers and the broader market.

"Portfolio manager
Greg Goldberg selects the
individual securities for
the Fund."

Crossing the Border for Opportunities

As Europe, Asia and Latin America join the global recovery, we have sought comparable cyclical opportunities outside the U.S for the stock portion of the portfolio. Currently, approximately one-third of the portfolio is invested in foreign companies. These holdings tend to be multinational corporations doing business around the world, and while most are concentrated in Europe, the Fund also buys stocks of companies in Asia and Latin America. In investigating opportunities abroad, we have focused on manufacturers and producers expected to benefit early in the recovery cycle.

Technological Advances

We expect the strong growth potential in many emerging markets to make the technology sector a major benefactor of the global recovery. As many lesser-developed countries invest in the newest and best technology products available, more-established nations will be forced to follow suit to maintain comparable levels of technology. This signals growth opportunities for well-positioned technology firms. Some of the Fund's largest holdings can be found in this sector, including software firm Silicon Graphics, PC-networking firm Cisco Systems and computer hardware manufacturers Seagate Technology.

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Industrial Strength

In the industrial sector, the Fund's holdings are concentrated in the chemical, fertilizer and forest products industries. We expect companies in these industries to benefit early in the recovery cycle as economic activity increases worldwide.

Chemical holdings include Dutch firm Akzo, which has undergone a restructuring that we believe makes it well-positioned for global recovery. Canadian fertilizer firm Potash Corp. of Saskatchewan, positioned for increasing prices and demand in the industry, was the Fund's largest holding as of October 31, 1994. In forest products, we maintain positions in International Paper and Finnish low-cost paper producer Kymmene Oy.

Energy Surge

In the energy sector, we are concentrated in oil exploration and production and oil services firms that should benefit from price increases as demand outstrips supply. Exxon and recently-privatized French oil firm Elf Aquitaine are oil exploration and production holdings we expect to benefit from production increases. Well-positioned oil services holdings include U.S. driller Sonat Offshore.

Outlook

Despite the uneven performance of the U.S. stock market this year, we believe the continuing improvement of the U.S. economy - when combined with a similar recovery overseas - may help U.S. stocks achieve returns in line with historical averages. At the same time, the uncertainty of inflationary pressures and their effect on U.S. interest rates and of shifting economic conditions in global markets makes individual stock selection more important than ever. Consequently, we will continue to explore opportunities across a wide range of sectors and geographic regions.

As always, we are pleased you have selected the Prudential Multi-Sector Fund for the portion of your portfolio devoted to long-term growth.

Sincerely,

Lawrence C. McQuade
President

Gregory Goldberg
Portfolio Manager

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PRUDENTIAL MULTI-SECTOR FUND, INC.

Portfolio of Investments
October 31, 1994 (Unaudited)

<TABLE>
<CAPTION>

Shares	Description	Value (Note 1)
<C>	<S>	<C>
	LONG-TERM INVESTMENTS--87.4%	
	Common Stocks--80.5%	
	Auto Sector--1.3%	
485,000	Fiat Spa (Italy).....	\$ 1,976,008
29,200	Ford Motor Co.....	861,400

		2,837,408

	Basic Industry Sector--19.6%	
55,800	Akzo N V (ADR) (Netherlands).....	3,494,475
10,700	BASF AG (Germany).....	2,258,869
40,000	Burlington Northern, Inc.....	1,995,000
116,300	Carolina Freight Corp.....	1,177,538
35,000	Cementos Paz Delaware Rio Sa* (ADR) (Luxembourg).....	866,250
40,000	General Electric Co.....	1,955,000
145,000	Hanson PLC (ADR) (United Kingdom).....	2,700,625
	Hylsamex (ADR) (Mexico).....	3,318,750

150,000			
8,000	I O Data Device, Inc.		
	(Japan).....	338,637	
			3,026,400
58,200	Imperial Chemical Ind. (ADR)		
	(United Kingdom).....		
29,100	International Paper Co.....	2,167,950	
131,100	Kymmene Oy (Finland).....	3,575,067	
200,000	Nextel Communications,		
	Inc.....	4,187,500	
85,000	Om Group, Inc.....	1,700,000	
190,000	Potash Corp. (Canada).....	6,721,250	
77,600	Praxair, Inc.....	1,794,500	
80,000	TJ International, Inc.....	1,440,000	

		42,717,811	-----
	Consumer Goods & Services Sector--4.2%		
100,000	Au Bon Pain Co., Inc.*.....	1,950,000	
34,000	Aviall, Inc.....	340,000	
50,000	Federal Express Corp.*.....	3,037,500	
47,000	Nissen Co., Ltd. (Japan).....	1,916,886	
40,000	Temple Inland, Inc.....	1,890,000	

		9,134,386	-----
	Energy Sector--21.7%		
43,700	Aquila Gas Pipeline Corp.....	333,213	
205,000	Baker Hughes, Inc.....	\$ 4,202,500	
97,000	Cabre Exploration, Ltd.*		
	(Canada).....	824,799	
100,000	Crestar Energy, Inc.*.....	1,229,251	
43,700	Cross Timbers Oil Co.....	699,200	
258,500	Discovery West Corp.*		
	(Canada).....	1,051,240	
184,300	Ensign Resource Service		
	Group, Inc.*.....	640,475	
58,200	Enterprise Oil PLC. (ADR)		
	(United Kingdom).....	1,091,250	
79,000	Exxon Corp.....	4,967,125	
250,000	Global Marine, Inc.*.....	1,187,500	
500,000	Mesa, Inc.*.....	2,562,500	
97,000	Morrison Petroleum, Ltd.*		
	(Canada).....	645,495	
83,400	Oryx Energy Co.....	1,209,300	
55,000	Phillips Petroleum Co.....	2,028,125	
145,600	Rigel Energy Corp.*.....	2,013,149	
225,000	Rollins Environmental		
	Services, Inc.....	1,321,875	
301,000	Rowan Cos., Inc.*.....	2,295,125	
150,000	Santa Fe Pacific Gold		
	Corp.*.....	2,156,250	
			3,296,250
90,000	Societe Nationale Elf		
	Aquitaine (ADR) (France)...		
183,000	Sonat Offshore Drilling,		
	Inc.....	3,637,125	
121,300	Talisman Energy, Inc.*		
	(Canada).....	2,578,561	
53,400	Trident Holding, Inc.....	567,375	
116,500	USX--Delhi Group.....	1,412,563	
155,000	USX--Marathon Group.....	2,906,250	
			2,412,500
100,000	YPF Sociedad Anonima* (ADR)		
	(Argentina).....		

		47,268,996	-----
	Financial Services Sector--2.7%		
	Banco Wiese* (ADR) (Peru)....	1,275,000	

60,000		
28,700	CCP Insurance, Inc.....	444,850
50,000	Continental Corp.....	756,250
75,000	MBNA Corp.....	2,006,250
43,650	Mercantile Bancorp, Inc.....	1,516,838

		5,999,188

</TABLE>

-4- See Notes to Financial Statements.

PRUDENTIAL MULTI-SECTOR FUND, INC.

<TABLE>
<CAPTION>

Shares	Description	Value (Note 1)
<C>	<S>	<C>
	Health Care Sector--0.5%	
49,300	Physicians Corp. of America, Inc.*.....	\$ 1,189,363

	Public Utilities Sector--2.0%	
68,500	Entergy Corp.....	1,601,187
50,000	Telefonos de Mexico (ADR) (Mexico).....	2,756,250

		4,357,437

	Retailing Sector--2.1%	
45,000	Burlington Coat Factory Warehouse*.....	585,000
225,000	Consolidated Stores Corp.*...	4,078,125

		4,663,125

	Technology Sector--20.2%	
118,000	Adaptec, Inc.*.....	2,743,500
46,000	Aspen Technology, Inc.*.....	782,000
60,000	Cheyenne Software, Inc.*.....	667,500
100,000	Cirrus Logic Corp.*.....	2,875,000
200,000	Cisco Systems, Inc.*.....	6,025,000
85,000	Compaq Computer Corp.*.....	3,410,625
90,000	Cyrix Corp.*.....	3,735,000
125,000	Electronic Arts, Inc.*.....	2,812,500
50,000	Informix Corp.*.....	1,375,000
20,000	Motorola, Inc.....	1,177,500
		2,602,070
63,800	Murata Manufacturing Co., Ltd. (Japan).....	
127,500	National Semiconductors Corp.*.....	2,247,187
140,000	Seagate Technology Inc.*.....	3,552,500
155,000	Silicon Graphics, Inc.*.....	4,708,125
110,000	Verifone, Inc.*.....	2,475,000
60,000	Vishay Intertechnology, Inc.....	2,947,500

		44,136,007

	Transportation Sector--6.2%	
		1,134,900
19,400	British Airways PLC (ADR) (United Kingdom).....	
230,000	Canadian Pacific, Ltd.	

	(Canada).....	\$ 3,680,000
50,000	Kansas City Southern Inds., Inc.....	1,687,500
72,800	KLM Royal Dutch Airlines Corp.*.....	2,020,200
238,000	Methanex Corp.* (Canada).....	3,563,533
146,000	Singapore Airlines, Ltd. (Singapore).....	1,400,075

		13,486,208

	Total common stocks (cost \$160,145,709).....	175,789,929

	Convertible Preferred Stocks--5.0% Basic Industry Sector--2.7%	
24,833	Alumax, Inc.....	3,187,936
25,000	Bethlehem Steel Corp.*.....	1,343,750
19,067	Cyprus Amax Minerals Co.*....	1,194,071

		5,725,757

	Technology Sector--2.3%	
34,000	Nokia Corp. (Finland).....	5,114,165

	Total preferred stocks (cost \$5,732,340).....	10,839,922

<CAPTION>		
Warrants	Warrants*--0.4%	
-		
<C>	<S>	<C>
	Retailing Sector	
	Autobacs Seven Co. (Japan)	
	expiring Mar. '96 @	
	(YEN)8,231	
200	(cost \$739,375).....	807,500

<CAPTION>		
Principal	Foreign Government	
Amount	Bonds--1.5%	
(000)		
-		
<C>	<S>	<C>
	Federal Republic of Germany	
	Bonds,	
	8.00%, 3/20/97	
\$ 4,724	(cost \$3,262,585).....	3,229,936

	Total long-term investments (cost \$169,880,009).....	190,667,287

</TABLE>

-5- See Notes to Financial Statements.

PRUDENTIAL MULTI-SECTOR FUND, INC.

<TABLE>

<CAPTION>

Principal Amount (000)	Description	Value (Note 1)
<C>	<S>	<C>
	SHORT-TERM INVESTMENTS--8.2%	

	U.S. Government Securities--1.8%	
	U.S. Treasury Bills,	
\$ 1,000 #	4.54%, 11/25/94.....	\$ 996,973
2,000 #	4.525%, 12/8/94.....	1,990,699
1,000 #	4.56%, 12/15/94.....	994,427

	Total U.S. Government securities	
	(cost \$3,982,099).....	3,982,099

	Repurchase Agreement--6.4%	
	Joint Repurchase Agreement Account,	
13,892	4.77%, 11/1/94, (Note 5)	
	(cost \$13,892,000).....	13,892,000

	Total short-term investments	
	(cost \$17,874,099).....	17,874,099

	Total Investments--95.6%	
	(cost \$187,754,108; Note 4).....	208,541,386

<CAPTION>

	COMMON STOCKS SOLD	
Shares	SHORT*--(3.2)%	

<C>	<S>	<C>
	Retailing Sector--(2.3)%	
25,000	Ann Taylor Stores, Inc.....	\$ (1,037,500)
50,000	Cracker Barrel Old Country, Inc.....	(1,100,000)
50,000	Sports and Recreation, Inc.....	(1,836,250)
38,000	Starbucks Corp.....	(1,030,750)

		(5,004,500)

	Technology Sector--(0.9)%	
40,000	Biogen, Inc.....	(1,960,000)

	Total common stocks sold short	
	(proceeds \$6,595,189).....	(6,964,500)

	Total investments, net of short sales--92.4%.....	201,576,886
	Other assets in excess of other liabilities--7.6%.....	16,502,566

	Net Assets--100%.....	\$218,079,452

</TABLE>

* Non-income producing security.
ADR--American Depository Receipt.
Pledged as collateral on short sale.

<TABLE>

<CAPTION>

Assets

October 31, 1994

<S>

<C>

Investments, at value (cost \$187,754,108).....	\$208,541,386
Foreign currency, at value (cost \$17,189,280).....	17,995,719
Cash.....	2,696
Deposits with broker for investments sold short.....	6,595,189
Receivable for Fund shares sold.....	2,270,386
Dividends and interest receivable.....	299,871
Receivable for investments sold.....	98,750
Deferred expenses and other assets.....	31,916

Total assets..... 235,835,913

Liabilities

Investments sold short, at value (proceeds \$6,595,189).....	6,964,500
Payable for investments purchased.....	6,055,835
Payable for Fund shares reacquired.....	3,532,307
Forward contracts--amount payable to counterparties.....	803,161
Accrued expenses.....	149,242
Distribution fee payable.....	138,280
Management fee payable.....	113,136

Total liabilities..... 17,756,461

Net Assets..... \$218,079,452

Net assets were comprised of:

Common stock, at par.....	\$ 15,893
Paid-in capital in excess of par.....	189,051,584

189,067,477

Overdistributed net investment income.....	(494,830)
Accumulated net realized capital and currency gains.....	9,082,702
Net unrealized appreciation on investments and foreign currencies.....	20,424,103

Net assets, October 31, 1994..... \$218,079,452

Class A:

Net asset value and redemption price per share (\$59,096,976 / 4,283,235 shares of common stock issued and outstanding).....	\$13.80
Maximum sales charge (5.00% of offering price).....	.73

Maximum offering price to public..... \$14.53

Class B:

Net asset value, offering price and redemption price per share (\$158,316,885 / 11,561,317 shares of common stock issued and outstanding).....	\$13.69
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Class C:

Net asset value, offering price and redemption price per share (\$665,591 / 48,603 shares of common stock issued and outstanding).....	\$13.69
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</TABLE>

See Notes to Financial Statements.

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PRUDENTIAL MULTI-SECTOR FUND, INC.
Statement of Operations
(Unaudited)

<TABLE>
<CAPTION>

	Six Months Ended October 31, 1994
Net Investment Income	
<S>	<C>
Income	
Dividends (net of foreign withholding taxes of \$59,383).....	\$ 1,059,467
Interest.....	399,215
Total income.....	1,458,682
Expenses	
Management fee.....	617,489
Distribution fee--Class A.....	67,498
Distribution fee--Class B.....	679,410
Distribution fee--Class C.....	581
Custodian's fees and expenses.....	120,000
Transfer agent's fees and expenses...	115,000
Reports to shareholders.....	59,000
Amortization of organization expense.....	22,000
Registration fees.....	20,000
Directors' fees.....	19,000
Audit fee.....	15,000
Legal fees.....	14,000
Miscellaneous.....	3,177
Total expenses.....	1,752,155
Net investment loss.....	(293,473)
Realized and Unrealized Gain (Loss) on Investments and Foreign Currency Transactions	
Net realized gain (loss) on:	
Security transactions.....	9,516,514
Foreign currency transactions.....	401,503
Short sale transactions.....	193,601
Financial futures contracts.....	(1,040,626)
	9,070,992
Net change in unrealized appreciation on:	
Securities.....	10,163,593
Short sales.....	(164,835)
Foreign currencies.....	(183,300)
	9,815,458
Net gain on investments and foreign currency transactions.....	18,886,450
Net Increase in Net Assets Resulting from Operations.....	\$ 18,592,977

</TABLE>

PRUDENTIAL MULTI-SECTOR FUND, INC.
Statement of Changes in Net Assets
(Unaudited)

<TABLE>
<CAPTION>

Six Months

Increase (Decrease) in Net Assets	Ended October 31, 1994	Year Ended April 30, 1994
<S>	<C>	<C>
Operations		
Net investment income (loss).....	\$ (293,473)	\$ 956,693
Net realized gain on investments and foreign currency transactions.....	9,070,992	22,140,711
Net change in unrealized appreciation of investments.....	9,815,458	(5,325,410)
Net increase in net assets resulting from operations.....	18,592,977	17,771,994
Net equalization credits.....	16,247	152,418
Dividends and distributions (Note 1)		
Dividends from net investment income		
Class A.....	--	(724,102)
Class B.....	--	(736,046)
	--	(1,460,148)
Distributions from net capital and currency gains		
Class A.....	(2,921,317)	(5,543,404)
Class B.....	(7,437,397)	(12,086,917)
Class C.....	(4,255)	--
	(10,362,969)	(17,630,321)
Fund share transactions (Note 6)		
Proceeds from Fund shares subscribed....	55,922,413	81,243,634
Net asset value of shares issued in reinvestment of dividends and distributions.....	9,613,750	17,794,396
Cost of shares reacquired.....	(37,038,613)	(52,846,996)
Net increase in net assets from Fund share transactions...	28,497,550	46,191,034
Total increase.....	36,743,805	45,024,977
Net Assets		
Beginning of period.....	181,335,647	136,310,670
End of period.....	\$218,079,452	\$181,335,647

</TABLE>

See Notes to Financial Statements.

See Notes to Financial Statements.

PRUDENTIAL MULTI-SECTOR FUND, INC.
Notes to Financial Statements
(Unaudited)

Prudential Multi-Sector Fund, Inc. (the ``Fund''), is registered under the Investment Company Act of 1940 as a non-diversified, open-end management investment company. The Fund was incorporated in Maryland on February 21, 1990 and had no operations until May 11, 1990 when 4,398 shares each of Class A and Class B common stock were sold for \$100,000 to Prudential Mutual Fund Management, Inc. (``PMF''). Investment operations commenced June 29, 1990. The Fund's investment objective is long-term growth of capital by primarily investing in equity securities of companies in various economic sectors.

Note 1. Accounting
Policies

The following is a summary
of significant accounting poli-
cies followed by the Fund in the preparation of

its financial statements.

Securities Valuation: Investments, including options, traded on a national securities exchange and NASDAQ national market equity securities are valued at the last reported sales price on the primary exchange on which they are traded. Securities traded in the over-the-counter market (including securities listed on exchanges whose primary market is believed to be over-the-counter) and listed securities for which no sales were reported on that date are valued at the mean between the last reported bid and asked prices. Stock options traded on national securities exchanges are valued at the closing prices on such exchanges. Securities for which market quotations are not readily available are valued at fair value as determined in good faith by, or under the direction of, the Fund's Board of Directors.

Short-term securities which mature in more than 60 days are valued at current market quotations. Short-term securities which mature in 60 days or less are valued at amortized cost.

In connection with transactions in repurchase agreements, it is the Fund's policy that its custodian or designated subcustodians, as the case may be under triparty repurchase agreements, take possession of the underlying collateral securities, the value of which exceeds the principal amount of the repurchase transaction, including accrued interest. To the extent that any repurchase transaction exceeds one business day, the value of the collateral is marked-to-market on a daily basis to ensure the adequacy of the collateral. If the seller defaults, and the value of the collateral declines or if bankruptcy proceedings are commenced with respect to the seller of the security, realization of the collateral by the Fund may be delayed or limited.

Foreign Currency Translation: The books and records of the Fund are maintained in U.S. dollars. Foreign currency amounts are translated into U.S. dollars on the following basis:

(i) market value of investment securities, other assets and liabilities--at the closing rates of exchange.

(ii) purchases and sales of investment securities, income and expenses--at the rate of exchange prevailing on the respective dates of such transactions.

Although the net assets of the Fund are presented at the foreign exchange rates and market values at the close of the fiscal period, the Fund does not isolate that portion of the results of operations arising as a result of changes in the foreign exchange rates from the fluctuations arising from changes in the market prices of securities held at the end of the fiscal period. Similarly, the Fund does not isolate the effect of changes in foreign exchange rates from the fluctuations arising from changes in the market prices of long-term portfolio securities sold during the fiscal period. Accordingly, these realized foreign currency gains (losses) are included in the reported net realized gains on security transactions.

Net realized gain on foreign currency transactions of \$401,503 represents net foreign exchange gains from sales and maturities of short-term securities, holding of foreign currencies, currency gains or losses realized between the trade and settlement dates of security transactions, and the difference between the amounts of dividends, interest and foreign taxes recorded on the Fund's books and the U.S. dollar equivalent amounts actually received or paid. Net currency gains and losses from valuing foreign currency denominated assets and liabilities at period end exchange rates are reflected as a component of net

unrealized appreciation on investments and foreign currencies.

Foreign security and currency transactions may involve certain considerations and risks not typically associated with those of domestic origin as a result of, among other factors, the level of governmental supervision and regulation of foreign securities markets and the possibility of political or economic instability.

Forward Currency Contracts: The Fund enters into forward currency contracts in order to hedge its exposure to changes in currency exchange rates on its portfolio holdings.

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A forward contract is a commitment to purchase or sell a foreign currency at a future date (usually the security transaction settlement date) at a negotiated forward rate. In the event that a security fails to settle within the normal settlement period, the forward currency contract is renegotiated at a new rate. The gain or loss arising from the difference between the settlement value of the original and renegotiated forward contracts is isolated and is included in net realized losses from foreign currency transactions. Risks may arise upon entering into these contracts from the potential inability of the counterparties to meet the terms of their contracts.

Short Sales: The Fund may sell a security it does not own in anticipation of a decline in the market value of that security (short sale). When the Fund makes a short sale, it must borrow the security sold short and deliver it to the broker-dealer through which it made the short sale as collateral for its obligation to deliver the security upon conclusion of the sale. The Fund may have to pay a fee to borrow the particular security and may be obligated to pay over any payments received on such borrowed securities. A gain, limited to the price at which the Fund sold the security short, or a loss, unlimited in magnitude, will be recognized upon the termination of a short sale if the market price at termination is less than or greater than, respectively, the proceeds originally received.

Financial Futures Contracts: A financial futures contract is an agreement to purchase (long) or sell (short) an agreed amount of securities at a set price for delivery on a future date. Upon entering into a financial futures contract, the Fund is required to pledge to the broker an amount of cash and/or other assets equal to a certain percentage of the contract amount. This is known as the "initial margin". Subsequent payments, known as "variation margin", are made or received by the Fund each day, depending on the daily fluctuations in the value of the underlying security. Such variation margin is recorded for financial statement purposes on a daily basis as unrealized gain or loss until the contracts expire or are closed, at which time the gain or loss is reclassified to realized gain or loss. The Fund invests in financial futures contracts solely for the purpose of hedging its existing portfolio securities or securities the Fund intends to purchase against fluctuations in value caused by changes in prevailing market conditions. Should market conditions move unexpectedly, the Fund may not achieve the anticipated benefits of the financial futures contracts and may realize a loss. The use of futures transactions involves the risk of imperfect correlation in movements in the price of futures contracts, interest rates and the underlying hedged assets. There were no financial futures contracts outstanding at October 31, 1994.

Securities Transactions and Investment Income: Securities transactions are recorded on the trade date. Realized gains and losses on sales of securities are calculated on the identified cost basis. Dividend income is recorded on the ex-dividend date and interest income is recorded on the accrual basis. Net investment income, other than distribution fees, and unrealized and realized gains or losses are allocated daily to each class of shares based upon the relative proportion of net assets of each class at the beginning of the day.

Equalization: The Fund follows the accounting practice known as equalization by which a portion of the proceeds from sales and costs of reacquisitions of Fund shares, equivalent on a per share basis to the amount of distributable net investment income on the date of the transaction, is credited or charged to undistributed net investment income. As a result, undistributed net investment income per share is unaffected by sales or reacquisitions of the Fund's shares.

Dividends and Distributions: Dividends from net investment income are declared and paid semi-annually. The Fund will distribute net capital gains, if any, at least annually. Dividends and distributions are recorded on the ex-dividend date.

Income distributions and capital gains distributions are determined in

accordance with income tax regulations which may differ from generally accepted accounting principles.

Reclassification of Capital Accounts: The Fund accounts for and reports distributions to shareholders in accordance with the A.I.C.P.A.'s Statement of Position 93-2: Determination, Disclosure, and Financial Statement Presentation of Income, Capital Gain, and Return of Capital Distributions by Investment Companies. As a result of this statement, the Fund changed the classification of distributions to shareholders to better disclose the differences between financial statement amounts and distributions determined in accordance with income tax regulations. During the six months ended October 31, 1994, the Fund reclassified \$293,473 net operating losses to accumulated net realized gains on investment transactions from overdistributed net investment income. Net investment income, net realized gains, and net assets were not affected by this change.

Taxes: It is the Fund's policy to meet the requirements of the Internal Revenue Code applicable to regulated investment companies and to distribute all of its taxable net income to its shareholders. Therefore, no federal income tax provision is required.

Withholding taxes on foreign dividends have been provided for in accordance with the Fund's understanding of the applicable country's tax rules and rates.

Deferred Organizational Expenses: Approximately \$225,000 of expenses were incurred in connection with the

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organization and initial registration of the Fund. This amount is being amortized over a period of 60 months from the date investment operations commenced.

Note 2. Agreements

The Fund has a management agreement with PMF. Pursuant to this agreement, PMF has responsibility for all investment advisory services and supervises the subadvisor's performance of such services. PMF has entered into a subadvisory agreement with The Prudential Investment Corporation ('`PIC``'). PIC furnishes investment advisory services in connection with the management of the Fund. PMF pays for the services of PIC, the cost of compensation of officers of the Fund, occupancy and certain clerical and bookkeeping costs of the Fund. The Fund bears all other costs and expenses.

The management fee paid PMF is computed daily and payable monthly, at an annual rate of .65 of 1% of the Fund's average daily net assets.

The Fund has distribution agreements with Prudential Mutual Fund Distributors, Inc. ('`PMFD``'), which acts as the distributor of the Class A shares of the Fund, and with Prudential Securities Incorporated ('`PSI``'), which acts as distributor of the Class B and Class C shares of the Fund (collectively the ``Distributors``'). The Fund compensates the Distributors for distributing and servicing the Fund's Class A, Class B and Class C shares, pursuant to plans of distribution, (the ``Class A, B and C Plans``') regardless of expenses actually incurred by them. The distribution fees are accrued daily and payable monthly.

On July 19, 1994, shareholders of the Fund approved amendments to the Class A and Class B Plans under which the distribution plans became compensation plans, effective August 1, 1994. Prior thereto, the distribution plans were reimbursement plans under which PMFD and PSI were reimbursed for expenses actually incurred by them up to the amount permitted under the Class A and Class B Plans, respectively. The Fund is not obligated to pay any prior or future excess distribution costs (costs incurred by the Distributors in excess of distribution fees paid by the Fund and contingent deferred sales charges received by the Distributors). The rate of the distribution fees charged to Class A and Class B shares of the Fund did not change under the amended plans of distribution. The Fund began offering Class C shares on August 1, 1994.

Pursuant to the Class A, B and C Plans, the Fund compensates the Distributors for distribution-related activities at an annual rate of up to .30 of 1%, 1% and 1%, of the average daily net assets of the Class A, B and C shares, respectively. Such expenses under the Plans were .25 of 1% of the average daily net assets of Class A shares and 1% of the average daily net assets of both the Class B and C shares for the period ended October 31, 1994.

PMFD has advised the Fund that it has received approximately \$60,100 in front-end sales charges resulting from sales of Class A shares during the six months ended October 31, 1994. From these fees, PMFD paid such sales charges to

dealers (PSI and Prusec) which in turn paid commissions to salespersons and incurred other distribution costs.

PSI has advised the Fund that for the six months ended October 31, 1994, it received approximately \$170,500 in contingent deferred sales charges imposed upon redemptions by certain Class B shareholders.

PMFD is a wholly-owned subsidiary of PMF; PSI, PMF and PIC are indirect, wholly-owned subsidiaries of The Prudential Insurance Company of America.

Note 3. Other Transactions with Affiliates Prudential Mutual Fund Services, Inc. ('PMFS'), a wholly-owned subsidiary of PMF, serves as the Fund's transfer agent. During the six months ended October 31, 1994, the Fund incurred fees of approximately \$110,000 for the services of PMFS. As of October 31, 1994, approximately \$21,500 of such fees were due to PMFS. Transfer agent fees and expenses in the Statement of Operations include certain out-of-pocket expenses paid to non-affiliates. For the six months ended October 31, 1994, PSI earned approximately \$1,700 in brokerage commissions from portfolio transactions executed on behalf of the Fund.

Note 4. Portfolio Securities Purchases and sales of investment securities, other than short-term investments, for the six months ended October 31, 1994 aggregated \$82,582,174 and \$74,770,121, respectively. The federal income tax basis of the Fund's investments at October 31, 1994 was \$187,793,162 and, accordingly, net unrealized appreciation for federal income tax purposes was \$20,748,224 (gross unrealized appreciation--\$27,611,429, gross unrealized depreciation--\$6,863,205).

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At October 31, 1994, the Fund had outstanding forward currency contracts to purchase and sell foreign currency as follows:

<TABLE>
<CAPTION>

Foreign Currency Purchase Contract	Value at Settlement Date Payable	Current Value	Appreciation/ (Depreciation)
<S>	<C>	<C>	<C>
Swedish Krona, expiring 12/01/94	\$ 1,042,741	\$1,021,050	\$ (21,691)

</TABLE>

<TABLE>
<CAPTION>

Foreign Currency Sale Contracts	Value at Settlement Date Receivable	Current Value	Appreciation/ (Depreciation)
<S>	<C>	<C>	<C>
Finnish Markka, expiring 12/01/94	\$ 5,653,407	\$ 6,239,727	\$ (586,320)
Japanese Yen, expiring 11/08/94	4,672,972	4,796,085	(123,113)
Swedish Krona, expiring 12/01/94	949,013	1,021,050	(72,037)
	\$ 11,275,392	\$12,056,862	\$ (781,470)

</TABLE>

Note 5. Joint The Fund, along with other

Repurchase Agreement Account affiliated registered investment companies, transfers uninvested cash balances into a single joint account, the daily aggregate balance of which is invested in one or more repurchase agreements collateralized by U.S. Treasury or federal agency obligations. At October 31, 1994, the Fund had a 1.5% undivided interest in the repurchase agreements in the joint account. The undivided interest for the Fund represented \$13,892,000 in principal amount. As of such date, each repurchase agreement in the joint account and the value of the collateral therefor were as follows:

- Smith Barney, Inc., 4.80%, in the principal amount of \$260,000,000, repurchase price \$260,034,667, due 11/1/94. The value of the collateral including accrued interest is \$265,200,122.
- Nomura Securities International, Inc., 4.77%, in the principal amount of \$100,000,000, repurchase price \$100,013,250, due 11/1/94. The value of the collateral including accrued interest is \$102,000,391.
- Goldman Sachs & Co., 4.75%, in the principal amount of \$275,000,000, repurchase price \$275,036,285, due 11/1/94. The value of the collateral including accrued interest is \$280,500,611.
- CS First Boston Corp., 4.75%, in the principal amount of \$265,000,000, repurchase price \$265,034,965, due 11/1/94. The value of the collateral including accrued interest is \$271,053,272.

Note 6. Capital The Fund offers Class A, Class B and Class C shares. Class A shares are sold with a front-end sales charge of up to 5%. Class B shares are sold with a contingent deferred sales charge which declines from 5% to zero depending on the period of time the shares are held. Class C shares are sold with a contingent deferred sales charge of 1% during the first year. Class B shares will automatically convert to Class A shares on a quarterly basis approximately seven years after purchase commencing in or about February 1995.

The Fund has authorized 2 billion shares of common stock, \$.001 par value per share, equally divided into three classes, designated Class A, B and Class C common stock.

Transactions in shares of common stock were as follows:

<TABLE>
<CAPTION>

Class A	Shares	Amount
<S>	<C>	<C>
Six months ended October 31, 1994:		
Shares sold.....	1,790,510	\$ 23,943,694
Shares issued in reinvestment of distributions.....	210,776	2,784,357
Shares reacquired.....	(1,748,674)	(23,335,654)
Net increase in shares outstanding.....	252,612	\$ 3,392,397
Year ended April 30, 1994:		
Shares sold.....	2,294,758	\$ 31,099,578
Shares issued in reinvestment of dividends and distributions....	451,690	5,953,064
Shares reacquired.....	(2,004,567)	(26,983,820)
Net increase in shares outstanding.....	741,881	\$ 10,068,822

<CAPTION>

Class B	Shares	Amount
<S>	<C>	<C>
Six months ended October 31, 1994:		
Shares sold.....	2,339,002	\$ 31,328,953
Shares issued in reinvestment of		

PER SHARE	1994@	Years Ended April 30,			1990 (D)	Years Ended April 30,			
Through April	Through October 31,	1994	1993	1992	Through April 30,	Through October 31,	1994	1993	1992
OPERATING 30,	31,	-----	-----	-----	30,	31,	-----	-----	-----
PERFORMANCE: 1991	1994 1994	1994	1993	1992	1991	1994	1994	1993	1992
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Net asset value, beginning of period.....	\$ 13.21	\$ 13.19	\$ 12.51	\$ 12.10	\$ 11.37	\$ 13.16	\$ 13.15	\$ 12.47	\$ 12.06
\$ 11.37	\$ 13.74	-----	-----	-----	-----	-----	-----	-----	-----
Income from investment operations:									
Net investment income (loss).....	.03	.18	.30	.23	.40	(.02)	.07	.19	
.13	.32	(.01)							
Net realized and unrealized gain on investments and foreign currency transactions...	1.32	1.64	1.47	.50	.59	1.31	1.63	1.47	
.51	.59	.72							
Total from investment operations...	1.35	1.82	1.77	.73	.99	1.29	1.70	1.66	
.64	.91	.71							
Less distributions:									
Dividends from net investment income.....	--	(.21)	(.30)	(.30)	(.26)	--	(.10)	(.19)	
(.21)	(.22)	--							
Distributions from net capital and currency gains.....	(.76)	(1.59)	(.79)	(.02)	--	(.76)	(1.59)	(.79)	
(.02)	--	(.76)							
Total distributions..	(.76)	(1.80)	(1.09)	(.32)	(.26)	(.76)	(1.69)	(.98)	(.23)
(.22)	(.76)								
Net asset									

value, end of period.....	\$ 13.80	\$ 13.21	\$ 13.19	\$ 12.51	\$ 12.10	\$ 13.69	\$ 13.16	\$ 13.15	\$ 12.47
\$ 12.06	\$ 13.69								
TOTAL									
RETURN#.....	11.41%	14.16%	15.14%	6.16%	17.64%	10.55%	13.22%	14.13%	
5.39%	16.14%	5.38%							
RATIOS/SUPPLEMENTAL DATA:									
Net assets, end of period (000).....									
\$ 59,097	\$ 53,237	\$ 43,390	\$ 52,625	\$ 59,085	\$ 158,317	\$ 128,098	\$ 92,921	\$ 108,276	
\$ 99,537	\$ 666								
Average net assets (000).....									
\$ 53,558	\$ 49,840	\$ 46,890	\$ 57,403	\$ 55,545	\$ 134,774	\$ 108,981	\$ 99,072	\$ 108,510	
\$ 82,890	\$ 236								
Ratios to average net assets:##									
Expenses, including distribution fees.....									
1.37%*	1.30%	1.28%	1.29%	1.35%*	2.12%*	2.08%	2.08%		
2.09%	2.15%*	2.04%*							
Expenses, excluding distribution fees.....									
1.12%*	1.08%	1.08%	1.09%	1.15%*	1.12%*	1.08%	1.08%		
1.09%	1.15%*	1.04%*							
Net investment income (loss).....									
.45%*	1.15%	2.44%	1.83%	4.28%*	(.36)%*	.35%	1.64%		
1.03%	3.39%*	(.57)%*							
Portfolio turnover...									
42%	110%	209%	147%	253%	42%	110%	209%		
147%	253%	42%							

</TABLE>

* Annualized.

(D) Commencement of investment operations.

@ Commencement of offering of Class C shares.

Total return does not consider the effects of sales loads. Total return is calculated assuming a purchase of shares on the first day and a sale on the last day of each period reported and includes reinvestment of dividends and distributions. Total return for periods of less than a full year are not annualized.

Because of the event referred to in @ and the timing of such, the ratios for Class C shares are not necessarily comparable to that of Class A or B shares and are not necessarily indicative of future ratios.

See Notes to Financial Statements.