

Key Features of the Prudence Portfolio Bond Top-up Payments

Only applicable for bonds taken out before 10 December 2001

This Bond is not open to new customers

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If you would like a Braille, large print or audio version of this Key Features, please contact us at:

Operations Department
Prudential International Assurance plc
Montague House
Adelaide Road
Dublin 2
Ireland

Telephone: + 353 1 476 5000

› About this booklet

- › In the UK, the Financial Conduct Authority is a financial services regulator. It requires us, Prudential International, to give this important information to help you to decide whether making a top-up into our Prudence Portfolio Bond is right for you.
- › You should read this document carefully so that you understand what you are buying, and then keep it safe for future reference.

› About the Prudence Portfolio Bond (top-up payments)

This document provides a summary of the Key Features of top-up payments to the Prudence Portfolio Bond.

This Bond is not open to new customers.

All monetary figures shown in this document are in UK Pounds Sterling. If you're not using UK Pounds Sterling to invest, the figures applicable to you will be the equivalent in your chosen currency. Any monetary charges in this document will be deducted in UK Pounds Sterling.

› Its aim

- › The Prudence Portfolio Bond Top-up allows access to a wide range of investment choices with the aim of increasing the value of the money you invest.

› Your commitment

- › You invest a top-up payment of at least £5,000.
- › The bond has no set term.

› Risks

- › The value of your investment can go down as well as up so you might not get back the amount you put in.
- › If the total charges and costs taken from your bond are more than any overall growth achieved, your bond will fall in value, possibly to even less than what you have invested.
- › What you get back is not guaranteed and you may not get back the full amount of your investment. It may be less than illustrated if:
 - the investment performance of your bond is lower than illustrated.
 - you take more money out of your bond than any growth achieved.
 - our charges increase by more than we've assumed in your illustration.
- › The charges and costs may vary in the future and they may be higher than they are now.
- › If you invest in foreign currency funds they may be affected by changes in exchange rates – which may cause the value of your bond to rise or fall.
- › Where your investment in Prudential International funds is large, relative to the total fund size, processing may be delayed by up to one month so that we can ensure the unit price includes an appropriate allowance for the costs of purchasing the underlying assets.
- › In Prudential International's range of funds there are different levels of risk depending on which funds you choose and the types of asset they generally invest in. This may affect your overall investment return.
- › If in the five years from topping up your bond you withdraw all of the money in your bond or on death, we may deduct an Early Cash-In Charge. Further information is shown on your personal illustration.
- › We take most of our charges in the early years of this investment. This means that if you withdraw during this time, you may get back less than you invested.
- › If you cancel the top-up to your bond within the 30-day cancellation period, you may get back less than you've paid in if the value of your top-up payment has fallen.
- › Any withdrawal taken will reduce the value of your bond. If the withdrawals are more than any growth achieved there is a risk that the value of your bond will reduce below the level of your original capital invested.
- › As the price of everyday goods and services goes up, your money won't stretch as far as the same amount would now. This is called inflation.
- › You might need to pay tax depending on your circumstances and the options you choose.

Tax rules can also change in the future.

› Questions and Answers

What is the Prudence Portfolio Bond?

It is an investment bond that also gives you an amount of life cover which is slightly more than the underlying fund.

You can top up your Prudence Portfolio Bond by contributing into a wide range of investment choices. This includes Unit Trusts and Investment Trusts.

How flexible is it?

You can take money out of your bond at any time.

You can cash in your bond at any time. However, it is designed to be held over the longer term.

You invest for as long as you wish. The bond will end on the death of the life assured or all of the lives assured. Please see "What happens to my bond if I die?" on page 7 for more information.

You can switch your money between different funds and fund managers.

What might I get back?

There are no guarantees on what you might get back. The amount you'll receive on cashing in your bond will depend on:

- › how much you've paid in,
- › the length of time your money has been invested,
- › whether or not you've made any withdrawals,
- › investment performance over the time you've invested, and
- › our charges and any charges on the funds you've invested in.

Your personal illustration shows how much you could receive based on your own personal circumstances. There is no guarantee on the value you will get back.

Can I take money out?

You can withdraw all or part of your money in your bond at any time – the minimum withdrawal is £500. You can either take regular withdrawals or take specific amounts on request.

You can only take withdrawals if the amount remaining in the bond (including top-up payments) is more than the greater of:

- › £7,500 and
- › 15% of the payments you've invested in the last five years.

If the value of your bond falls below the above limits, one-off and regular withdrawals cannot be made.

If you cash in your bond, or cash in one of the policies in your bond, we will also issue a bond valuation. Depending on the terms of your Contract Conditions, we will make a charge:

- › each time we value your bond, or
- › if we value your bond at a date that does not coincide with one of the 3-monthly dates that we send you valuations.

The level of this charge will depend on when you originally took out your bond and we will advise you of the amount of charge on request or at the time you ask for a valuation.

Withdrawals will normally be paid direct to your chosen bank account. They can be taken every month, three months, six months or 12 months.

Any withdrawal you make will reduce the value of your bond.

Where are my payments invested?

You can select from our range of Prudential International funds or from a wide range of other investments.

You can get information on the Prudential International funds from your Financial Adviser.

How funds invest

Some of the Prudential International funds listed in this guide may invest in 'underlying' funds or other investment vehicles. Have a look at a fund's objective and that will tell you where it invests – including if that's in an underlying fund or funds.

If the Prudential International fund is investing in just one underlying fund then it's what's known as a 'mirror' fund, as the performance of the Prudential International fund broadly aims to reflect the performance of the underlying fund it invests in. The performance of our Prudential International fund, compared to what it's invested in won't be exactly the same. The differences between the underlying fund and our fund can be due to:

- › additional charges,
- › cash management (needed to help people to enter and leave our fund when they want),
- › tax,
- › timing of investments (this is known as a fund's dealing cycle, it varies between managers and can be several days).

Unit pricing basis

Your investments in the bond make up your Bond Fund. When you invest in one of our funds, your money buys units in that fund. The price of these units is primarily determined by the value of the assets held in the fund, but also depends on whether, overall, more money is going into the fund or coming out of it.

If there's a net inflow of money, the fund will be buying assets. This means that the unit price will be influenced by the purchase price of the underlying assets in the fund. Conversely, if there is a net outflow, it will be influenced by the sale price of the underlying assets, which is lower than the purchase price.

Over time, as the flows of money change, the unit price will fluctuate between a purchase price basis and a selling price basis. At times, there may be a sharp movement between the two, meaning the unit price could rise or fall significantly. This will affect the price you pay to buy units when you invest in a fund or the value you receive from selling, if you are switching out of a fund or cashing in your bond.

The difference between purchase and selling prices is generally largest for funds investing in property, smaller companies and developing markets.

If you're taking withdrawals from your bond and the amount invested in the UK Deposit Fund is not enough to meet them, we may stop withdrawals until the amount invested in our UK Deposit Fund is back to 5% of your total investment.

Your Contract Conditions will show you if any free deals are available for your bond in each policy year. For Bonds where no free deals are available, we currently charge (2021) £57.77 for each deal. For bonds with no free deals, this charge includes deals involving Prudential International Funds.

If free deals are available under your bond you can buy or sell investments at any time. We don't charge you for the first eight deals in the year since the last anniversary of your bond – each instruction to buy or sell would count as a deal.

If you've already used your free deals in any year, we'll make a charge for each additional deal involving funds managed by companies other than Prudential International.

This charge is currently (2021) £28.83 and is to cover the costs we incur in carrying out your deal. We will deduct this charge the next time we work out a valuation on your bond. We don't charge for any deals involving Prudential International funds.

We may increase this charge each year, by no more than the Consumer Price Index of Ireland at that time. We will adjust this for any currency fluctuations between the Euro and UK Pounds Sterling.

You may choose to have a professional Fund Adviser actively manage the investments in your Prudence Portfolio Bond. If so, we'll deduct a fee directly from your bond – this can be up to 1% each year – and pay it to your selected Fund Adviser.

What are the charges and costs?

We'll charge for establishing, managing and administering your bond. These charges will be taken from your bond and will reduce its value.

If you're investing in funds managed by companies other than Prudential International, they may deduct an Initial Charge from your investment. Details are shown in your personal illustration. If you invest in a Prudential International fund, we will not deduct any Initial Charge from your investment.

The majority of funds available have an Annual Management Charge. In addition, there may be further costs incurred, which can vary over time. Where these are applicable they are paid for by the relevant fund and will impact on its overall performance. For more information please speak to your financial adviser.

If you cash in your bond within the first five years of making your top-up payment, we may deduct an Early Cash-in Charge. The Early Cash-in Charge depends on a number of factors including the commission your adviser has taken. The following table shows the maximum you would be charged for cashing in early.

| | |
|--------------------|-------------------------|
| Charge in 1st year | 1.5% of your investment |
| Charge in 2nd year | 1.2% of your investment |
| Charge in 3rd year | 0.9% of your investment |
| Charge in 4th year | 0.6% of your investment |
| Charge in 5th year | 0.3% of your investment |

Your personal illustration will show the effect of the actual amount you would be charged.

On any deal we carry out, we'll deduct any external expenses from your bond, such as custodian charges. External expenses will be deducted every three months when we value your bond.

Please see your personal illustration for further information on the charges and costs.

What about tax?

This will depend on your individual circumstances and country of residence, so for specific advice you should speak to your financial adviser.

UK Capital Gains Tax

You won't have to pay any capital gains tax.

UK Income Tax

If you're a UK resident individual, you may have to pay income tax on any withdrawals you make from your bond.

Each year you can withdraw up to 5% of the amount you have invested in your bond without having an immediate income tax charge. If you don't use all of this 5% allowance in any year, you can carry the unused portion forward. The allowance comes to an end once you have withdrawn 100% of the amount you invested. If you withdraw more than the allowance at any time, you may have to pay income tax on the excess amount. The 5% allowance also applies to any top-up investment you make.

Any payments you choose to make to a Fund Adviser as a regular withdrawal from your bond will count towards the 5% allowance.

You may also have to pay income tax when:

- you cash in your bond or any policies in it,
- you transfer legal ownership of your bond for money or for something worth money, or
- your bond ends because a person covered dies.

The gain on your bond will be added to your total taxable income for that year and you will normally pay tax on the gain at your highest rate, although in some cases you may be able to claim "top-slicing" relief.

Gains from your bond may affect any entitlement to personal income tax allowances or certain tax credits.

UK Inheritance Tax

If you're UK domiciled and your bond isn't in trust, your estate may have to pay inheritance tax on it when you die.

Irish Exit Tax

If you become resident in Ireland, we'll deduct Irish Exit Tax from your bond:

- every eight years;
- when any benefits are paid out; or
- when the owners of the bond change.

We pay this tax to the Irish tax authorities.

If you're not resident in Ireland, you don't have to pay Irish Exit Tax provided you complete a "Declaration of residence outside Ireland" along with your top-up application form.

Tax rules for Trusts

If your bond is written under trust, special tax rules apply. For more information, please speak to your financial adviser.

Tax rules for Corporate Investors

UK corporate investors cannot benefit from the 5% annual tax-deferred allowance. For more information, please speak to your financial adviser.

The information in this booklet is based on our understanding of current taxation legislation and HM Revenue & Customs practice. All of these are liable to change without notice. The impact of taxation and any tax relief depends on individual circumstances.

Can I change my mind?

When your application has been accepted, we'll send you a Cancellation Notice. If you wish to use your right to cancel your top-up, you should complete and return the Cancellation Notice or write to us at:

**Prudential International
Montague House
Adelaide Road
Dublin 2
Ireland**

You have a right to cancel within 30 days of receiving the Cancellation Notice.

If you decide to cancel you may not get all your money back. The amount you'll get back will be the amount of your payment less any fall in its value.

For cancellations within the 30 day cancellation period only, where a bond is held in joint names, we will accept cancellation by any one of the policyholders, whether acting alone or jointly on behalf of all policyholders.

If you decide to cash in your bond at any time after the cancellation period has finished you may not get all your money back. The amount you'll receive back will be the amount of your original investment less any charges and costs, and less the proportionate amount of any decline in the value of your units.

How will I know how my bond is doing?

Every three months, we'll send you a statement to show how your bond is doing.

If you require a statement at any other time we will currently (2021) charge:

- › £123.84 if your bond conditions show that you are entitled to a number of free deals each year, or
- › £165.17 if your bond conditions show that you are not entitled to any free deals each year.

We may increase this charge each year, by no more than the rate of increase of the Consumer Prices Index of Ireland at that time. We will adjust this for any currency fluctuations between the Euro and UK Pounds sterling.

What happens to my bond if I die?

On death, we'll pay out 101% of the cash-in value of the bond – the value after we've deducted any Early Cash-in Charge that may apply.

If you take out the bond on your life only, we'll pay out on your death. If you take out the bond on the lives of two or more people, we'll pay out when all of the lives assured have died.

If you've arranged your bond under trust, we will pay the proceeds to the Trustees.

› Other information

How to make a complaint

If you have a complaint about your Prudence Portfolio Bond, please contact your Financial Adviser first, as they may be able to resolve it quickly for you.

If we do anything that you're unhappy about, we'll always try to put it right.

Please send your complaint to:

**Customer Services Manager
Operations Department
Prudential International
Montague House
Adelaide Road
Dublin 2
Ireland**

If you'd rather phone, you can call us on **+353 1 476 5000**.

In the unlikely event that we are unable to resolve any problem, you can contact the Financial Services & Pensions Ombudsman, in Ireland. The address is:

**Financial Services & Pensions
Ombudsman
Lincoln House
Lincoln Place
Dublin 2
Ireland
D02 VH29**

Telephone: **+353 1 567 7000**

Website address: **www.fspo.ie**

If you are resident in the UK you can contact the Financial Ombudsman Service (FOS), in the UK. The address is:

**Financial Ombudsman Service
Exchange Tower
London
E14 9SR**

Telephone: **0800 0234 567**

Website address:

www.financial-ombudsman.org.uk

If you are resident in Jersey you can contact the Channel Islands Financial Ombudsman (CIFO). The address is:

**Channel Islands Financial
Ombudsman (CIFO)
P O Box 114
Jersey
Channel Islands
JE4 9QS**

Telephone: **+44 1534 748610**

Website address: **www.ci-fo.org**

How we will communicate with you

We'll communicate with you in English by letter, by phone or by email.

Your client category and why it matters

We are required to categorise our clients based on their involvement in and familiarity with financial services. This helps to make sure we send the right information to the right people. For example, information for an individual customer should assume less knowledge than information for a financial services company.

You are categorised as a "retail client". This means that we make sure the information we give you is clear, balanced and indicates any relevant risks. Your category does not affect your right to lodge a complaint with the Financial Services & Pensions Ombudsman.

If you have any questions about your client category, please call our Customer Services Department on **+353 1 476 5000**.

Conflict of interest

We want to make sure that we uphold our reputation for conducting business with integrity. That's why we have drawn up a policy to deal with any conflicts of interest.

If you would like to know the full details of our Conflict of Interest Policy, please contact our Customer Services Department on **+353 1 476 5000**.

Law

The law of England will apply to your Prudence Portfolio Bond. You can find full details of your contract with us in the Policy Documents, which include the Contract Conditions, Contract Schedule and the Statement of Charges.

Terms and conditions

This Key Features summarises our Prudence Portfolio Bond. It doesn't include all the definitions, exclusions, terms and conditions. You can find our full terms and conditions in the Contract Conditions. If you would like a copy of this, please phone us on **+353 1 476 5000**.

Compensation schemes (UK residents only)

Policyholders who are UK resident at the time the bond starts may be protected by the Financial Services Compensation Scheme (FSCS) against the insolvency of Prudential International Assurance (PIA) plc. The FSCS is an independent body set up by the UK Government to provide compensation for people where their authorised financial services provider gets into financial difficulties and becomes unable, or unlikely to be able, to pay claims against it. This circumstance is referred to as being 'in default'.

Losses, which may result from poor investment performance, are not covered by the FSCS.

Where does FSCS protection apply?

If Prudential International Assurance plc was deemed to be 'in default', FSCS cover would apply for eligible policyholders habitually resident in the UK for policies taken out on or after 1 December 2001 and before 1 January 2021. Policyholders holding a UK policy, issued before 2001, may be eligible to make a claim before the FSCS, however, since such a policy would have been taken out before the FSCS commenced, they should check their eligibility directly with the FSCS.

By investing in a PIA contract, PIA invest your money in funds that are provided by third party fund managers (i.e. non-M&G plc fund managers and fund managers within M&G plc, including the Prudential

Assurance Company Limited). In such circumstances, you would not be protected by FSCS should these funds or the related fund management companies be deemed to be in default.

However, if PIA is in default, the value of any investment held in these funds would still form part of a claim under the FSCS for an eligible policyholder habitually resident in the UK.

You can find out more information on the FSCS at www.pru.co.uk/fscs, or you can call us.

Information is also available from the Financial Services Compensation Scheme.

Visit their website: www.fscs.org.uk

Or write to:

**The Financial Services Compensation Scheme,
PO Box 300,
Mitcheldean
GL17 1DY**

Or call the FSCS: Telephone:
**0800 678 1100 or for International
0207 741 4100.**

Where FSCS coverage does not apply, then other factors can come in

As explained in the 'Where does FSCS protection apply?' section, the FSCS doesn't cover every situation. For example unit-linked funds that invest in the funds of non-PIA fund managers (often called 'mirror' funds).

But, where FSCS protection does not apply, there are other factors that could help if the worst happened and a provider was 'in default'. For example, the use of custodians or depositories to provide protection for fund assets, where there is separate legal ownership of assets and legal entities that aren't liable for any losses of a fund manager. In so doing, the intention is that the underlying fund will not be liable for any losses the underlying fund management company incurs.

PIA would aim to recover any money invested in an underlying fund where the fund manager has been declared 'in default', but PIA would not be liable for any loss incurred from the default of the non-PIA fund manager.

Regulator

The address of the regulator in Ireland which authorises Prudential International is:

**Central Bank of Ireland
New Wapping Street
North Wall Quay
Dublin 1
D01 F7X3**

› Get in touch

How to contact us

You can contact us by:

Telephone: + 353 1 476 5000

The opening hours are 9am to 5pm Monday to Friday. Calls may be recorded or monitored for quality, staff training, dispute resolution and/or security purposes.

Post: **Operations Department**
Prudential International
Montague House
Adelaide Road
Dublin 2
Ireland

You'll also find more information at www.pru.co.uk/international



www.prudential-international.com

The registered office of Prudential International is in Ireland at Montague House, Adelaide Road, Dublin 2. Prudential International is a marketing name of Prudential International Assurance plc, a life assurance company operating from Ireland. Registration No. 209956. Prudential International Assurance plc is authorised and regulated by the Central Bank of Ireland and in the context of its UK regulated activities only, is deemed authorised by the Prudential Regulation Authority and subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Details of the Temporary Permissions Regime, which allows EEA-based firms to operate in the UK for a limited period while seeking full authorisation, are available on the Financial Conduct Authority's website. Prudential International is part of the same corporate group as The Prudential Assurance Company Limited. Both The Prudential Assurance Company Limited and Prudential International are direct and indirect subsidiaries respectively of M&G plc, a company incorporated in the United Kingdom. The Prudential Assurance Company Limited is not affiliated in any manner with Prudential Financial, Inc, a company whose principal place of business is in the United States of America or Prudential plc, an international group incorporated in the United Kingdom.