

A guide to the Prudential International Investment Portfolio

Your questions answered



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What is an offshore investment bond?

An offshore investment bond is an investment wrapper set up through a life insurance company and domiciled in a jurisdiction with a favourable tax regime, such as Dublin, Guernsey and the Isle of Man.

Why choose to invest in an offshore investment bond?

It's a flexible option that gives you control, plus it's tax efficient. So whether you wish to fund family members' university fees, or are looking for a product to aid your inheritance tax planning, an offshore bond could be the solution. Here are some of the key features:

Tax efficient

- Offshore bond investments grow largely free of tax (other than withholding tax).
- Income produced within an offshore bond only suffers income tax on future encashment of the bond.
- You can withdraw 5% of the original premium from the bond for 20 years cumulatively without being subject to tax. For example, annually you can take £10,000 tax-free from a £200,000 investment.

Open investment structure

- Offshore bonds have flexible investment structures and allow you to invest in a large range of assets, such as: equities fixed interest, property and collective investments, meaning they can be tailored to suit your investment needs.

Risks

What you need to be aware of

Investing money can be rewarding, but it's not without risk. We've highlighted the key risks you should consider before investing in this product.

The value of your bond can go down as well as up and may even fall below the amount you invested – what you get back is not guaranteed.

Each of the investment choices available for the Prudential International Investment Portfolio has its own specific risks that will affect the value of your bond. Some also have features which mean there are restrictions on taking money out or moving money between investments. You should discuss these with your financial adviser.

In exceptional circumstances, a transaction (such as a full or partial cash-in, taking a one-off withdrawal from your bond or fully cashing it in) may be delayed which may mean you face a delay in gaining access to your money. You can find more information in the 'Contract Conditions'.

Time apportionment relief

- If you have been a non-UK resident whilst holding an offshore bond, any gain is taxed proportionately between days spent as a UK/Non-UK resident.

Simple administration

- Offshore investment bonds are deemed as 'income producing assets', so you won't need to complete a self assessment tax return.
- There is no income tax reporting required until a chargeable event is incurred or until the bond has been encashed.

You might need to pay tax depending on your circumstances and the options you choose. Tax rules can also change in the future.

Life Contract Conditions

Capital Redemption Option (CRO) Contract Conditions

If the value of the bond assets falls below a minimum level we reserve the right to cancel the bond and pay you the value of the remaining investments less any charges. For additional information please read 'Statement of Charges'.

Life Statement of Charges

Capital Redemption Option (CRO) Statement of Charges

Because of changes in exchange rates the value of your investment, as well as any money you take from it, can go down as well as up. This applies whether or not you have appointed a Discretionary Asset Manager (DAM), with whom we have an agreement to manage your bond on your behalf.

Introducing Prudential International Investment Portfolio

Whether you're an individual private investor, a corporate investor or a trustee, it's essential to manage your money efficiently.

Our portfolio is designed as a medium to long term investment (5-10 years or more) that:

- suits your needs now, and in the future
- gives you the potential for good returns
- minimises any tax liability

What does the Prudential International Investment Portfolio offer?

- **Extensive choice of investments:** more than 1,000 funds, covering a wide range of risk levels
 - **Preferential terms:** creating extra value for you, thanks to our buying power in the market
 - **Cost-effective portfolio management:** 10 free deals each year (20 in year one) to help you manage your investments actively at lower cost
 - **Easy access to your money:** You can make regular and one off withdrawals.
 - **Tax-efficiency:** your investment grows largely free of tax (other than withholding tax)
 - **Choice of currencies:** you can put money in and take it out in a choice of 11 currencies.†
 - **Easy administration:** we take care of the dealing and paperwork for you and keep you up to date with quarterly statements
- The content of this brochure is based on our understanding of current taxation, legislation and HM Revenue & Customs practice, all of which are liable to change without notice.

† Changes in the rates of exchange between currencies may cause the value of your investment or income to go down or up.

What are your investment options?

Prudential International Investment Portfolio offers you:

- A variety of funds, from cautious to more adventurous investments
- Access to withdraw your money tax efficiently
- The flexibility to change your selection, to adapt to any changes in your circumstances

How do you manage your portfolio?

Prudential International Investment Portfolio (PIIP) offers you flexibility in the way your portfolio is managed, depending on your attitude to risk. You can choose to:

- Manage your portfolio yourself
- Appoint a Discretionary Asset Manager
- Appoint a Professional Investment Manager

Please speak to your financial adviser for details.

What investments can you hold?

Within your Prudential International Investment Portfolio you can hold investments such as:

- Unit trusts
- OEICs (Open Ended Investment Companies)
- SICAVs (Sociétés d'Investissement à Capital Variable)
- UCITS (Undertakings in Collective Investments in Transferable Securities)

SICAVs are European collective investments that are similar to OEICs. UCITS is a generic term for funds that meet certain regulatory requirements and can be sold in any European Union country.

You can also invest in cash deposits, with a choice of rates and terms. These provide you with a low risk option if you want a fixed return or could act as a short-term haven if stock markets are volatile.

Appointing a Discretionary Asset Manager

If you wish, you can appoint a Discretionary Asset Manager (DAM) to manage part or all of your Prudential International Investment Portfolio. The DAM will provide investment management tailored to your personal needs and will monitor your portfolio to ensure it stays in line with your changing requirements. They will agree an investment strategy with you and make investments and fund switches on your behalf following the strategy within changing markets.

The DAM will have access to a wide range of investments, just as you would yourself, but you could also benefit from any discounts on fund charges that the DAM negotiates.

Prudential International has a number of DAM partners you can choose from. You also have complete flexibility, you can:

- Appoint or de-select a DAM at any time
- Have more than one DAM at any time or at the same time
- Have one or more DAMs managing part of your bond while you manage the rest yourself

Your financial adviser can give you more information on your options.

Professional Investment Adviser

If you don't want to make all investment decisions yourself, our portfolio gives you the option to appoint a professional investment adviser. They can help you set your investment strategy and manage your portfolio.

You can arrange to pay your adviser directly from your bond. However, we would treat any payments as a withdrawal and it would count towards your 5% annual tax deferred allowance.

Prudential's investment expertise

As well as giving you access to a wide range of external funds, the Prudential International Investment Portfolio includes a select range of M&G Group's funds, managed by Prudential Unit Trusts Limited and M&G.

Managing your portfolio

To help make sure your investments stay in line with your needs and preferences, you can switch between funds at any time. In the first year of your bond, we'll give you 20 free deals (purchases or sales) and thereafter we'll give you 10 free deals every year.

As the normal dealing charge is currently £27.96, this will save you up to £279.60 a year and up to around £559.20 in the first year, helping you to manage your investments actively at much lower cost.

Changes may vary in the future and may be higher than they are now.

Additional features of Prudential International Investment Portfolio

The Prudential International Investment Portfolio has a number of features that can help make your investment work more effectively for you.

Clear charges

The Prudential International Investment Portfolio offers a choice of three charging options, giving you and your adviser the opportunity to choose which works best for you. Each is clearly set out, so you can see how much you are paying, and you can have flexibility without sacrificing value for money.

You can find details of the charges in your Key Features document (which you can find on pru.co.uk www.pru.co.uk/pdf/PIIPK10006.pdf). For further details on the charging options, please speak to your financial adviser.

Inheritance tax planning

Prudential International has a range of trusts that can be used with the Prudential International Investment Portfolio for inheritance tax planning: The Gift Trust, Loan Trust, Discounted Gift Trust and Excluded Property Trust. If your bond isn't in trust, your estate may have to pay inheritance tax on it when you die.

Your financial adviser/Tax Adviser will be able to tell you more about these and whether they would suit your circumstances.

Capital Redemption Option

Rather than writing the bond on a life assurance basis, where it would end on the death of the chosen life assured, you can choose the Capital Redemption Option.

In this case, the bond has a fixed term of 99 years, although you can cash it in at any time. If it is continued for the full term, it will pay a guaranteed minimum amount at maturity.

This option can be particularly attractive for trusts, allowing the trustees to choose when to cash it in or instead to keep it going through successive generations. There is an additional charge for the Capital Redemption Option. You will find details in your Key Features document.

How can I access my money?

- Take your money out at any time
- Choose between a one-off withdrawal or regular payments.

Taking out lump sums

You can cash in part of your bond at any time, as long as you take out at least £500 and leave a minimum amount in your bond after the withdrawal. This minimum is the greater of:

- £7,500, and
- 15% of the total amount you have paid into the bond in the last five years.

There are no early cash-in charges for partial withdrawals.

Taking regular withdrawals

You can choose to have regular payments from your bond every month, three months, four months, six months or every year. We can set this up for you when you first take out your bond or at any time after that.

Equally, you can stop regular withdrawals at any time or vary the amount, to meet any changes in your circumstances. The only criteria are that each regular withdrawal must be at least £500 and a minimum amount must remain in your bond, as outlined above.

Paying your advisers through your Prudential International Investment Portfolio

Your financial adviser may agree charges with you for arranging your investment and your Investment Adviser, where you have appointed one, may agree charges with you for managing your portfolio. If you wish, you can ask us to pay some or all of these charges on your behalf from your investment.

If we are paying any Ongoing or Ad-hoc Adviser Charges to your financial adviser or Ongoing Investment Adviser Charges to your Investment Adviser on your behalf and you are also taking regular or one-off withdrawals from your bond, these will be added together for the purposes

of the tax-deferred allowance. If the total in any year is more than the 5% allowed, it will create a “chargeable event” and you will normally be liable for income tax at your highest rate on the excess amount. It may also affect entitlement to personal tax allowances and certain tax credits. Please ask your financial adviser for more information.

Using a Deposit Account

If you are choosing your own funds, or you appoint an Investment Adviser, you can invest in the Deposit Account. The Account will be used to meet both charges and withdrawals, giving your bond greater flexibility.

If you are taking regular withdrawals, you may sometimes need to top up the Deposit Account by investing more money or selling some investments. If your account becomes overdrawn because there is not enough money to cover charges or a withdrawal, there will be an additional charge. In some cases, we may need to stop withdrawals. You can find more details in your Key Features document.

If you appoint a Discretionary Asset Manager (DAM) for part or all of your portfolio, you don't need to invest in the Deposit Account in relation to the assets managed by the DAM. Your DAM will be able to tell you how investments may be cashed in to provide any withdrawals you require or to meet charges and there will never be any overdraft charge, as referred to above, on any part of your bond managed by a DAM.

However, if not all of your bond is managed by a DAM, the Deposit Account (and any related charges) will apply as normal to the non-DAM portion.

Adding to your investment

You can add to your investment at any time, from a minimum of £5,000. You can invest in the same funds you already hold in the bond, in the same proportions (as at the last quarterly valuation) or in a new selection.

Prudential International – About us

Prudential International is part of M&G plc. M&G plc is a savings and investment company with a long-term outlook, bringing the M&G Investments business together under one roof with the UK and European parts of Prudential. Prudential International benefits from the financial and investment strength of the Group, enabling us to provide flexible and effective products for our customers.

The advantages of our Dublin location

The main advantage of this is tax-efficiency: investments can grow largely tax-free, subject only to withholding tax. There are other benefits to our Dublin location, such as:

- Strong regulation – Dublin has a strict regulatory and legal environment and is covered by European law.
- Specialist infrastructure – with many high-profile international companies located in Dublin, it has a well developed financial infrastructure and a sophisticated support network.

Our service to you

We take care of all the administration and other paperwork and we aim to maintain a high standard of service at all times, including:

- making sure all our literature is clear and easy to understand;
- carrying out your requests quickly and efficiently; and
- responding promptly to any queries you may have.

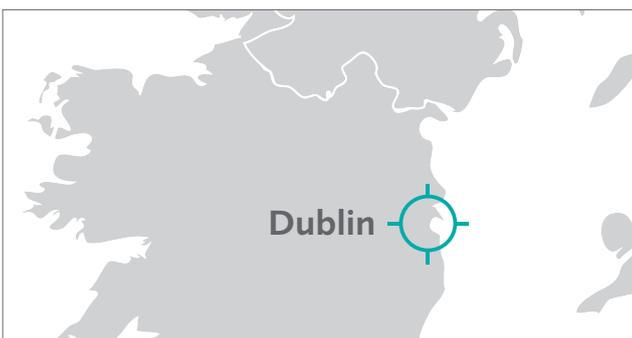
So that you can keep track of your investment, we provide annual valuations, showing all your funds in one statement.

Contacting us

If you've got any questions about your bond, want to make changes to your fund or would like a form or one of our guides, call us on + 353 1 476 5000.

Lines are open 9am to 5pm Monday to Friday. Please note calls may be recorded for security, quality purposes, staff training and/or dispute resolution.

You can also write to: **Operations Department, Prudential International Assurance plc, Montague House, Adelaide Road Dublin 2 Ireland**



Glossary

Prudential International Investment Portfolio – Single premium unit-linked investment contract with open architecture available as either life assured or capital redemption option.

Life – assured option – For individuals: one or two applicants, minimum age of 18. Also available for trustees and Corporate investors. Up to 10 lives assured, on a last death basis. The life assured must be aged between three months and 89 attained. For joint lives, at least one life must be aged under 90.

Capital redemption option – Available to individuals and Corporate investors. CRO bonds mature on the 99th anniversary of the original investment date. If a bond is still in force at maturity, there is a guaranteed minimum maturity value.

Investment Wrapper – A means of consolidating and managing an investor's investment portfolio and financial plans.

Chargeable event – A chargeable event arises on partial withdrawals across a bond which exceed the 5% per annum allowance.

They can also occur:

- A) On the death of the relevant life assured: and
- B) On maturity or cash-in of a policy

Discretionary Asset Manager – Manage part or all of your Prudential International Investment Portfolio. Will provide investment management tailored to your personal needs and will monitor your portfolio to ensure it stays in line with your changing requirements.

Establishment charge option – Percentage of premium, taken quarterly for five years and depending on the size of the premium.

Initial charge option – Allocation rate 100% less initial charge.

Ongoing portfolio charge – Percentage of fund value, taken quarterly, depends on size of premium.

Inheritance tax planning (IHT) – Prudential International has a range of trusts that can be used with Prudential International

Investment Portfolio for IHT planning – Gift Trust, Loan Trust, Discounted Gift Trust and Excluded Property Trust.

Deposit Account – If you are choosing own funds or appoint an investment adviser, you can invest in deposit account. It will be used to meet both charges and withdrawals, giving your bond greater flexibility.

Tax efficiency – Your investment grows largely free of tax (other than withholding tax).

www.pru.co.uk/international

Prudential International is a marketing name of Prudential International Assurance plc. Prudential International Assurance plc, UK Branch is registered in the UK as a branch of Prudential International Assurance plc and its registered address is 3 Sheldon Square, Paddington, London W2 6PR. Registration No. BR017106. Prudential International Assurance plc is authorised and regulated by the Central Bank of Ireland, 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.