

Policy Provisions

Prudential Investment Plan



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› Provisions

1. Definitions

The expressions set out below have the following meanings:

"Accounts"	The Prudential PruFund Cautious Account, the Prudential PruFund Protected Cautious Account, the Prudential PruFund Growth Account, the Prudential PruFund Protected Growth Account and each of the Risk Managed PruFund Accounts. These are holding accounts, pending the automated purchase of Units in their respectively named Fund, on the PruFund Quarter Date(s).
"Actual Fund Value"	Prudential uses a variety of methods and assumptions (including the use of appropriate investment indices) to regularly estimate the value of the assets and liabilities of the PruFund Funds. The value attributed to each of these funds in this way on any day is its Actual Fund Value on that day.
"Ad hoc Adviser Charge"	An Ad hoc Adviser Charge is a one-off Adviser Charge deducted from your Plan at your request, payable to your financial adviser.
"Adviser Charge(s)"	This means a deduction from any payment You make to Us, or from your Plan, to fund a payment that You ask Us to make to your financial adviser on your behalf for the provision of advice. See Provision 12.1.3.
"Assets Under Management"	This is the value, attributed to a particular Premium, at a particular date, determined as the sum of: <ul style="list-style-type: none"> › For Unit-Linked Funds, the bid value at that date of the Units attributable to that Premium (including the value of any holding in the Distribution Cash Fund attributable to that Premium), and › For the PruFund Funds, and their corresponding Accounts, the bid value at that date of the Units attributable to that Premium.
"Bid Price"	This is the price at which We cancel and credit Units, subject to the other Policy Provisions that affect credit and cancellation values.
"Cancellation Notice"	You complete a Cancellation Notice form if You decide to cancel a Premium paid into the Plan. You have 30 days from the date You receive a Cancellation Notice to complete it. See your Key Information Document for full details.
"Commencement Date"	This is the date We apply the initial Premium You pay, except where We specifically refer to any additional Premium, when it is the date We apply the additional Premium You pay.
"Daily Smoothing Limit"	This is a specified limit (expressed as a percentage of the Unit Price) that We may choose to vary from time to time and that may differ across the range of PruFund Funds. See www.pru.co.uk/pdf/WPGB0031.pdf
"Destination Fund"	A Fund to which Units are Switched in accordance with Provision 6.
"Distribution Cash Fund"	This is a Unit-Linked Fund which receives a distribution amount from the Distribution Income Funds. Further details can be found in Provision 3.2.7.
"Distribution Income Funds"	These are Unit-Linked Funds where, twice a year, assets are withdrawn by a distribution from these Funds to the Distribution Cash Fund. Further details can be found in Provision 3.2.7.
"Effective Date of Change"	This is the date We treat your or your adviser's instruction (as appropriate) under Provision 12.3.3, 12.3.4 or 12.5 as having been received by Us. See Provision 15.2.

"Effective Start Date"	This will be the date We make an initial payment for Ongoing Adviser Charges under Provision 12.3.2 or Provision 12.3.3, as appropriate. It determines the Regular Cancellation Date.
"Expected Growth Rate"	This means the annual rate of increase (which may be zero but will never be negative) applied on a daily basis to increase Unit Prices in the PruFund Funds and Accounts as explained in Provisions 3.3.4, 3.3.7, 3.3.8 and 3.3.10.
"Externally-Linked Funds"	These are Funds that are not managed by Prudential, but instead are linked to Funds of external companies (see Provision 3.2.3).
"Full Withdrawal"	This means the cashing in of one or more of the Policies in your Plan in accordance with Provision 7.3.
"Fund/Funds"	This means the Unit-Linked Funds and/or the With-Profits Funds (as described in Provision 3) or any one or more of them as the context requires.
"Fund Guarantee"	This applies to the PruFund Protected Funds. It guarantees that the value of the selected fund will not be less than the Guaranteed Minimum Fund Value on the Guarantee Date, subject to the full terms of Provision 11.
"Gap After Adjustment"	This is the specified gap, expressed as a percentage of the Net Asset Value Per Unit, between the Unit Price and the Net Asset Value Per Unit immediately after the Unit Price has been adjusted as a result of the Daily Smoothing Limit being met or exceeded as set out in Provision 3.3.10 c). We may choose to vary this percentage from time to time and it may differ across the range of PruFund Funds. See www.pru.co.uk/pdf/WPGB0031.pdf
"Guarantee Date"	This applies to Plans where either of the PruFund Protected Funds is selected. It is the specific anniversary of the Commencement Date of your Plan upon which the Fund Guarantee will apply, and is shown on your Policy Schedule. It cannot be altered after the Plan has started. See Provision 3.3.5.
"Guaranteed Minimum Death Benefit"	Where this applies (see Provision 10) it will be equal to the total amount paid in Premiums to your Plan (after any Set-up Adviser Charges have been deducted from any of your payment(s) to Us) less any amount paid out in Partial Withdrawals, Regular Withdrawals, Ad hoc Adviser Charges or Ongoing Adviser Charges.
"Illustration"	This is one of the explanatory documents We issue. You receive this at the start of the Plan and will receive others if You pay further Premiums. Whenever We refer to an Illustration We mean the one received at the start of the Plan unless We say otherwise.
"Internally-Managed Funds"	These are Unit-Linked Funds that are managed within M&G plc.
"Key Features"	This is one of the explanatory documents We issue. You receive Key Features at outset and will receive others if You pay further Premiums. Whenever We refer to Key Features We mean the one received at outset unless We say otherwise.
"Key Information Document"	This is one of the explanatory documents We issue at the start of the Plan.
"Life Assured"	The person (or persons) upon whose life (lives) the Plan is based.
"Maximum Limit Test"	We use this to determine the maximum amount of Adviser Charges that may be deducted from your Plan in any Policy Year.

"Monthly Transaction Date"	This is one month after the Commencement Date, and monthly thereafter. If the Monthly Transaction Date does not exist for a given month, the Monthly Transaction Date for that month will be the last day of the month.
"M&G plc"	This means M&G plc and its subsidiaries as defined in the Companies Act 2006.
"Net Asset Value Per Unit"	This is the Actual Fund Value of a PruFund Fund divided by the total number of Units credited to that fund (in respect of all policies, not just your own). A PruFund Protected Fund is combined with its equivalent non-protected fund when carrying out this calculation. For example, the PruFund Protected Cautious Fund is combined with the PruFund Cautious Fund.
"Ongoing Adviser Charge"	An Ongoing Adviser Charge is an Adviser Charge deducted from the Plan at regular intervals and paid to your financial adviser, at your request.
"Our"	This means The Prudential Assurance Company Limited.
"Partial Withdrawals"	This means the cancellation of Units in response to a request by You in accordance with the requirements of Provision 7.2.
"Plan"	This means all your Policies, as explained in Provision 2.4.
"Policy" / "Policies"	Each of the separate contracts into which your Plan is divided is a Policy, as explained in Provision 2.4.1.
"Policy Provisions"	This means the terms of this document, as further explained in Provision 2.1.
"Policy Schedule"	This means the separate document issued with these Policy Provisions containing specific information relevant to your Plan.
"Policy Year"	The first Policy Year starts on the Commencement Date of the Plan and ends on the day before the first yearly anniversary of the Commencement Date. Subsequent Policy Years start on the yearly anniversary of the Commencement Date and end on the day before the next anniversary.
"Premium"	This means any amount You invest in the Plan (after any Set-up Adviser Charge has been deducted from your payment to Us), whether it be for the initial Premium, or, if You decide to pay more, for any additional Premium.
"Prudential"	This means The Prudential Assurance Company Limited.
"Prudential Cash Fund"	A Unit-Linked Fund from the Prudential Fund range offered under the Prudential Investment Plan.
"PruFund Funds"	This means the Prudential PruFund Cautious Fund, the Prudential PruFund Protected Cautious Fund, the Prudential PruFund Growth Fund, the Prudential PruFund Protected Growth Fund, and the Risk Managed PruFund Funds.
"PruFund Protected Funds"	This means the Prudential PruFund Protected Cautious Fund and/or the Prudential PruFund Protected Growth Fund, as appropriate.
"PruFund Quarter Dates"	These are 25 February, 25 May, 25 August and 25 November or the following Working Day if the date falls on a non Working Day.

"Quarterly Smoothing Limit"	This is a specified limit (expressed as a percentage of the Unit Price) that We may choose to vary from time to time and that may differ across the range of PruFund Funds. See www.pru.co.uk/pdf/WPGB0031.pdf
"Reasonable Notice"	This means that We must tell You before We make a change and We must give You a reasonable amount of time, given all of the circumstances, to take any action or make any decisions which are needed, or which You wish to take, on account of the proposed change. When giving reasonable notice We will take account of all of the circumstances of the change; for example, the length of notice that We can give may be influenced by legislative or regulatory requirements, or by an external body such as an external fund manager.
"Regular Cancellation Date"	This is the monthly, quarterly, half yearly or yearly anniversary, as appropriate, of the Effective Start Date, upon which We make regular Ongoing Adviser Charge payments. See Provisions 12.3.2 and 12.3.3.
"Regular Withdrawals"	The cashing in of part(s) of the Plan by the cancellation of Units at regular intervals following a request from You under Provision 7.1.
"Risk Managed PruFund Accounts"	These are the Prudential PruFund Risk Managed 1 Account, the Prudential PruFund Risk Managed 2 Account, the Prudential PruFund Risk Managed 3 Account, the Prudential PruFund Risk Managed 4 Account and the Prudential PruFund Risk Managed 5 Account. These are holding accounts, pending the automated purchase of Units in their respectively named Risk Managed PruFund Fund, on the PruFund Quarter Date(s).
"Risk Managed PruFund Funds"	These are the Prudential PruFund Risk Managed 1 Fund, the Prudential PruFund Risk Managed 2 Fund, the Prudential PruFund Risk Managed 3 Fund, the Prudential PruFund Risk Managed 4 Fund and the Prudential PruFund Risk Managed 5 Fund. Please see the Fund Guide document for more information.
"Set-up Adviser Charge"	This is an Adviser Charge You ask Us to deduct from your payment to Us, to pay your financial adviser on your behalf, before We invest the balance into your Plan as a Premium.
"Sum Assured"	This may be payable on the death of the Life Assured (see Provision 9). It will be 100.1% of the bid value of the Units credited to the Plan. The timing of the valuation of the Units is shown in Provision 4.2.7.
"Switch"	This means a fund variation or variations achieved by the cancellation of Units in one or more Funds, followed by the credit of Units in one or more other Funds, as explained in more detail in Provision 6.
"Unit"	A Unit of a Unit-Linked Fund or of any of the PruFund Funds is one of the equal parts into which the Fund is notionally divided for the purpose of recording the benefits that are due to You. See Provisions 3.1.5 and 3.1.6 for more details.
"Unit Price"	This is the price at which a Unit is credited to or cancelled from your Plan.
"Unit-Linked Funds"	These are Unit-Linked investment Funds established by Us. They include a range of Internally-Managed Funds and Externally-Linked Funds. See Provision 3.2 for more detail.
"Us"	This means The Prudential Assurance Company Limited.

"We"	This means The Prudential Assurance Company Limited.
"With-Profits Funds"	These are investment Funds which operate under special rules relating to the sharing of profits and the smoothing of investment returns. See Provision 3.3 for more detail.
"With-Profits Sub-Fund"	This is a sub-fund of the Prudential With-Profits Fund.
"Working Day"	This is any day that the London Stock Exchange is open for dealings, and, at Our discretion, any day on which it would normally be open but for a temporary closure.
"You"	This means the applicant for, or the legal owner(s) of, the Plan.

2. The Plan

2.1 Documentation

This Policy Provisions document, together with the Policy Schedule, sets out the detailed terms of the contract between You and Prudential. You are also issued with certain other explanatory documentation (such as Key Features and Key Information Document[s]). All these documents, including the Policy Provisions, contain important information, so You should read them carefully. You should keep them all in a safe place and make sure that the people who will handle the affairs of your estate on your death know where they are.

2.2 Premiums

2.2.1 Initial Premium

The initial Premium invested in your Plan will be the amount of your payment to Us, less any Set-up Adviser Charge that You ask Us to deduct and pay to your financial adviser on your behalf.

2.2.2 Additional Premiums

You may make additional Premium payments provided the Funds are open to new investment, subject to Provision 2.2.3 below. The amount of the additional Premium invested in your Plan will be the amount of your payment to Us less any Set-up Adviser Charge that You ask Us to deduct and pay to your financial adviser on your behalf.

2.2.3 Fund Restrictions

The PruFund Protected Funds are available at the start of the Plan only, and You cannot select both under the same Plan. If either fund is selected for any additional investment, a new Plan must be applied for. See Provision 3 for the full range of funds available to You.

2.3 Investment Limits for Premiums

2.3.1

There is an overall investment limit that applies to your Plan. You cannot pay a Premium if the aggregate amount of all the Premiums that would then have been paid to the Plan would be higher than that limit. Any Set-up Adviser Charge is excluded from the aggregate amount calculation.

2.3.2

In addition, each Premium (after any Set-up Adviser Charge has been deducted from your payment to Us) must be between the minimum and maximum Premium limits that We apply from time to time, and there are minimum limits that apply to any part of a Premium paid to credit Units to any particular Fund. These limits may differ between the PruFund Funds and the Unit-Linked Funds.

2.3.3

There is a maximum limit to how much You can invest in With-Profits Funds in aggregate, including Premiums made under this Plan. You cannot pay a Premium to the Plan if the aggregate value of all of the premium payments that would then have been paid by You at any time or on your behalf into With-Profits Funds would be higher than that maximum amount.

2.3.4

Details of applicable limits are available from your adviser or Us. We may make reasonable changes to any limit from time to time. See Provision 13 of this Policy Provisions document.

2.4 Policies

2.4.1

Unless You tell Us otherwise when You apply for your Plan, it will consist of a number of separate and identical Policies. Where it is split into a number of Policies your Premiums are split into equal parts (allowing for any rounding), each part being a Premium for a Policy. You will only receive one set of Policy Provisions, but these will apply in identical terms to each separate Policy in your Plan. For some of the other documents, You will receive one for each Premium.

2.4.2

When Units in any Fund are credited to your Plan, they are divided equally between your Policies, each Policy receiving the same number of Units in that Fund.

2.4.3

We will divide any additional Premium equally between the Policies then in force (allowing for any necessary rounding).

2.4.4

You can "assign" (transfer) any one or more Policies into trust or to somebody else. The Policies You assign to any person become that person's Plan.

2.4.5

You can cash in all or part of a Policy by making a Full Withdrawal or a Partial Withdrawal. You also have the option of setting up Regular Withdrawals. See Provision 7.

2.4.6

Unless You specifically instruct Us to the contrary, or We specifically say so elsewhere in these Policy Provisions, all instructions You give Us will apply equally to all your Policies.

3. The Funds

3.1 General

3.1.1

The With-Profits Funds offered for investment through this product are part of our With-Profits Sub-Fund, into which the premiums from a number of different types of policy are paid, and which itself is a sub-fund of the Prudential With-Profits Fund. The profits of the With-Profits Funds are shared between Prudential with-profits policyholders and Prudential shareholders. This is explained further in Provision 3.3.

3.1.2

An up to date list of the Unit-Linked Funds that You can choose from is available on request.

3.1.3

We, or another company within M&G plc, own in Our own right and not as trustees for policyholders, all the assets of the Internally-Managed Funds and the Prudential With-Profits Fund. All the assets of the Funds underlying the Externally-Linked Funds are owned by the relevant external company. Any contracts involving external companies are with Us. There is no contractual relationship between the external companies and You.

We can withdraw, amalgamate, close or wind-up any of Our Funds at any time (for example, if a fund becomes too small for it to be cost-effective for Us to operate that fund). We will aim to act fairly and reasonably in the way that We do so, having regard to Our duty to protect your interests and those of other Plan holders. If We exercise this power We will give Reasonable Notice to You (if the affected fund is one of the principal features of the Plan or if at any time there are any Units of the affected

Fund held under your Plan) taking into account all of the circumstances, and We will ask You to decide where the amount being disinvested from the relevant Fund should be reinvested. If We do not receive an instruction from You within the timescale We stipulate when We contact You We will Switch the Units to Units of the Fund that has the most similar investment objectives to the withdrawn, amalgamated, closed or wound-up Fund. Failing that We will Switch the Units to the Prudential Cash Fund.

We can also rename any of Our Funds at any time. If We do, We will give You Reasonable Notice of the change if at that time there are any Units of the affected fund(s) held under your Plan.

3.1.4

You can choose up to ten Funds in which to invest your Premiums. However:

- if your Fund(s) selection includes one or more of the Distribution Income Funds, the Distribution Cash Fund will automatically be included as one of your choices within the limit of ten, and/or
- if your Fund(s) selection includes a PruFund Fund, then a correspondingly named Account will automatically also be included as one of your choices within the limit of ten. For example, if You select the PruFund Growth Fund, then the PruFund Growth Account will also be included.

3.1.5

When You pay a Premium into a Unit-Linked Fund, We create Units with a Bid Price (See Provisions 3.2.4 and 3.2.5) equal in aggregate value to the Premium and credit these to your Plan. You do not "own" the Units: they are just a record of

the benefits due to You in respect of these Funds (subject to all the other terms and conditions in this Policy Provisions document).

3.1.6

A Unit of any of the PruFund Funds (or of their correspondingly named Accounts) is one of the equal parts into which an Account or Fund is notionally divided for the purpose of recording the benefits that are due to You. You do not "own" the Units, they are just a record of the benefits due to You in respect of the Account or Fund (again, subject to all the other provisions of the Plan). See Provisions 3.3.4 to 3.3.10 inclusive for more detail.

3.1.7 Further costs incurred by the funds

In addition to our charges 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 on these further costs please see the current Prudential Investment Plan Fund Guide document.

3.1.8

Certain limits apply to the cancellation and credit of Units where You give Us instructions of the following type:

- Specific Switches (Provision 6.3)
- Programmed Switching (Provision 6.5)
- Withdrawals (Provision 7)
- Adviser Charges (Provision 12)

These limits mean that We may not effect any instruction by You under any of these provisions if, were We to do so, the value of the Units which:

a) would be cancelled from or credited to any Fund; or

b) would then remain in any Fund;

would be outside the limits which We have set.

Details of applicable limits are available from your adviser or Us.

3.1.9

Our liability under any Fund that we make available under your Plan cannot exceed the value of the Units allocated to your Plan as derived from the assets underpinning that Fund, whether these assets be real assets, an interest in another fund or an interest in a reinsurance policy effected by Us to reinsure our liability under a Fund.

In particular, for Externally-Linked Funds or a Fund that invests solely in funds operated by another company within M&G plc our liability is limited to the value of the Units of that Externally-Linked Fund or Fund that invests in a fund operated by another company within M&G plc which are allocated to your Plan, as derived from the assets underpinning that Externally-Linked Fund or Fund. So, for example, if that external company or the other company within M&G plc were to become insolvent, and as a result the value of the Units of the relevant Externally-Linked Fund or Fund allocated to your Plan were significantly reduced, if you make a request to cancel any of those units We would only pay You up to the reduced value of the Units, at the point We cancel them following your request. In addition We are not

liable for any losses caused by the acts and omissions of the external company in respect of its own fund and/or the Externally-Linked Fund.

3.2 Unit-Linked Funds (including Distribution Income Funds).

3.2.1 Valuation of Internally-Managed Funds

At least once a month We calculate the maximum and minimum value of each Internally-Managed Fund. The maximum value We place on assets is the lowest available market price for which they could be bought. The minimum value is the highest available market price for which they could be sold. We must then reduce the maximum or minimum values by allowing for:

- taxes, duties and other charges on investment or realisation; and
- any reserves We consider appropriate to meet expenses, taxes and other fiscal impositions for which We may become liable; and
- the Annual Management Charge (see Provision 5.1).

Where assets can be valued by reference to a recognised quotation that We consider appropriate, the prices We use are the quoted prices. For other assets, We use valuations certified by valuers We appoint. These valuations are adjusted, in consultation with the valuers, to take into account changes in prices between the valuations.

3.2.2

We decide the value of each Internally-Managed Fund by choosing a figure between its maximum and minimum values. The main factor We consider is whether more Units are being credited to

the Fund than cancelled from it. If so, the purchase price of assets will be more relevant than the sale price, as We will be buying more assets than We are selling. But if more Units are being cancelled than credited, the sale price of assets will be more relevant than the purchase price. The decision whether to value a Fund using the purchase price or sale price of assets is normally taken at monthly intervals, but may be made at such other intervals as We, or the relevant company from M&G plc shall determine. A change from a purchase valuation to a sale valuation basis or vice versa can have a significant effect on the Unit Price even though the market can appear to be relatively stable. In particular, a change from a purchase valuation basis to a sale valuation basis will reduce the Unit Price.

3.2.3 Valuation of Externally-Linked Funds

Each Externally-Linked Fund is linked to an underlying fund operated by the relevant external company. Each external company values its own funds at its complete discretion and then provides Us with a price or prices (rounded in accordance with its own practices), which We use in valuing the corresponding Externally-Linked Fund.

Where the external company provides prices based on both minimum and maximum fund values, We choose the price on which to base the Fund value. The main factor We consider is whether more Units are being credited to the Fund than cancelled from it, as described for Internally-Managed Funds in Provision 3.2.2 above. Otherwise, the value of the Externally-Linked Fund is based upon the single price supplied by the external company.

3.2.4 Bid Price of Internally-Managed Fund(s)

The Bid Price of Units of each Internally-Managed Fund is at least the minimum value of the Fund divided by the number of Units then in issue, rounded to the nearest one tenth of a penny.

3.2.5 Bid Price of Externally – Linked Funds

The Bid Price of Units of each Externally-Linked Fund is at least the minimum value of the Fund (as determined by Us under Provision 3.2.3) divided by the number of Units then in issue, rounded to the nearest one tenth of a penny.

3.2.6 Dilution Levy

In some circumstances, We or an external company may make a charge called a "dilution levy". This type of charge covers the cost of either buying assets (where more people are investing than disinvesting) or selling assets (where more people are disinvesting). If We or an external company makes such a charge, the charge will be collected through the Unit pricing process. A dilution levy is not designed to make a profit, but to cover expenses.

3.2.7 Distribution Income Funds and the Distribution Cash Fund

3.2.7.1

Twice a year, on dates We specify, each Distribution Income Fund is valued and assets are withdrawn by a distribution from the Fund. Each distribution is based on the value of dividends and other income generated and received since the previous distribution date.

When a distribution is made from a Distribution Income Fund the Bid Price of the Units in that Fund is recalculated to account for the value of the assets withdrawn. At the same time, for Plans

with Units in that Distribution Income Fund, We attribute to each Plan Distribution Cash Fund Units equal in value (at their Bid Price) to the share of the assets withdrawn attributable to the relevant Distribution Income Fund Units in that Plan.

3.2.7.2

Where Units have been attributed to the Distribution Cash Fund at a distribution date and no instruction for Regular Withdrawals is in force, all the Units attributed to the Plan in the Distribution Cash Fund (immediately following the distribution) are cancelled at the same Bid Price used to attribute those Distribution Cash Fund Units to the Plan. The cash value of the distribution is then used to attribute to the Plan, Units in the appropriate Distribution Income Fund in proportion to the distribution from each Fund. These are attributed at the Bid Price recalculated following the distribution.

3.2.7.3

Where Units have been attributed to the Distribution Cash Fund at a distribution date and an instruction for Regular Withdrawals is in force:

a) For regular specified amounts or specified percentages of the Fund Value all the Units attributed to the Plan in a Distribution Cash Fund (immediately following the distribution) are cancelled at the same Bid Price used to attribute those Distribution Cash Fund Units to the Plan. The cash value of the distribution is then used to attribute to the Plan Units in the appropriate Distribution Income Fund in proportion to the distribution from each Fund. These are attributed at the Bid Price recalculated following the distribution.

b) Where full distribution(s) are selected from the Distribution Income Fund(s), including those subject to a yearly cap (maximum) of 5% of the amount paid into the Plan, the amount attributed to the Distribution Cash Fund remains in that Fund until paid as a Regular Withdrawal.

3.2.7.4

If an instruction for Regular Withdrawals is in force for the full distribution subject to a yearly cap of 5% of the amount paid into the Plan, on each Policy anniversary any Distribution Cash Fund Units in excess of those required for the next half-year's worth of the 5% cap will be cancelled and reinvested in the relevant Distribution Income Fund subject to a minimum amount. See Key Features for details of the amount.

3.2.7.5

You cannot use any part of a Premium or the value of Units cancelled under a Switch to credit Units in the Distribution Cash Fund.

3.3 With-Profits Funds

3.3.1

The following Funds are available:

- The Prudential PruFund Risk Managed 1 Fund
- The Prudential PruFund Risk Managed 2 Fund
- The Prudential PruFund Risk Managed 3 Fund
- The Prudential PruFund Risk Managed 4 Fund
- The Prudential PruFund Risk Managed 5 Fund

- The Prudential PruFund Cautious Fund
- The Prudential PruFund Growth Fund
- The Prudential PruFund Protected Cautious Fund
- The Prudential PruFund Protected Growth Fund

3.3.2

The assets of the With-Profits Funds and Accounts (with the exception of the PruFund Cautious Fund and Account) are not separately identifiable from the other assets of the With-Profits Sub-Fund. Units in the Funds and the Accounts participate in the profits of the With-Profits Sub-Fund in the manner described in Prudential's Principles and Practices of Financial Management which may be changed from time to time in accordance with regulatory requirements.

3.3.3

Any profits of the With-Profit Funds which are distributed are divided between Our with-profits policyholders and Our shareholders. The proportions in which distributed profits are divided between policyholders and shareholders is regulated by Our Articles of Association, a copy of which is available on request.

3.3.4

Each of the PruFund Funds has a corresponding Account, being an investment fund under which the return is fixed at the Expected Growth Rate. The names of the Accounts are shown in the Definitions section of this document.

When You pay a Premium your Illustration shows the actual amount used to buy Units. It will also show the Fund(s)

You have selected and the percentage of the total amount used to buy Units in each Fund. The Units created in each Account are equal in value to the appropriate proportion of the total actual amount used to buy Units.

3.3.5

If You invest in either of the PruFund Protected Funds then Provision 11 (Fund Guarantee) will apply to that Premium, or that particular part of a Premium, as appropriate. Your Policy Schedule will show the specific anniversary of the Commencement Date selected by You as the Guarantee Date. This date cannot be altered after the Plan has started. You cannot invest in both of the PruFund Protected Funds under the same Plan and You cannot Switch between those funds.

3.3.6

The Prudential PruFund Protected Cautious Account operates as part of the Prudential PruFund Cautious Account, and the Prudential PruFund Protected Growth Account as part of the Prudential PruFund Growth Account.

In each case the Accounts are identified separately because the Fund Guarantee applies to all investments in the PruFund Protected Cautious Account or the PruFund Protected Growth Account, as applicable.

3.3.7

The Bid Price for the Prudential PruFund Growth Account was set at 100p per Unit on 14 September 2004. The Bid Price for the Prudential PruFund Cautious Account was set at 100p per Unit on 13 July 2009. The Bid Price for each of the Risk Managed PruFund Accounts was set at 100p per Unit on 7 November 2011, apart from the Prudential PruFund Risk Managed 5 Account which was set at 100p per Unit on 21 January 2019.

Prudential set a separate Expected Growth Rate for each Account, and the relevant Unit Price increases in line with its Expected Growth Rate (determined in accordance with Provision 3.3.10 a)) of the Fund.

3.3.8

If the smoothing process has been suspended (see Provision 3.3.10 e)), the Unit Prices within the Accounts will continue to grow at the relevant Expected Growth Rate. This Expected Growth Rate will continue to be set on each PruFund Quarter Date and will apply to the Accounts during the period of suspension. Unlike for PruFund Funds, the Unit Prices within the Accounts are not subject to any potential Unit Price reset as described in Provision 3.3.10 d).

3.3.9

After crediting Units to an Account, and at any time before the next PruFund Quarter Date, the Units in the Accounts may be cancelled to pay for charges, Full Withdrawals, Partial Withdrawals, Regular Withdrawals, Ongoing Adviser Charges or Ad hoc Adviser Charges, as appropriate. On the next PruFund Quarter Date, the Units remaining in the Accounts are cancelled at their Bid Price and the amount realised is used to credit Units at their Bid Price in the corresponding Fund(s).

3.3.10 The Smoothing Process

For Fund valuations and calculations the Prudential PruFund Protected Cautious Fund operates as part of the Prudential PruFund Cautious Fund, and the Prudential PruFund Protected Growth Fund as part of the Prudential PruFund Growth Fund. In each case they are identified separately because the Fund Guarantee applies to all investments in the PruFund Protected Cautious Fund or the PruFund Protected Growth Fund.

a) The Unit Price for the PruFund Growth Fund was set at 100p per Unit on 25 November 2004. The Unit Price for the PruFund Cautious Fund was set at 100p per Unit on 25 August 2009. The Unit Price for each of the Risk Managed PruFund Funds was set at 100p per Unit on 25 November 2011, apart from the Prudential PruFund Risk Managed 5 Fund which was set at 100p per Unit on 21 January 2019.

Subject to any other adjustment in line with these Policy Provisions, the Unit Price within each of these Funds will increase in line with the then current Expected Growth Rate applicable to that Fund on every day from and including the day after the PruFund Quarter Date on which the respective Expected Growth Rate is set until and including the next PruFund Quarter Date.

b) Calculation of Unit Price at each PruFund Quarter Date.

Unless the smoothing process has been suspended (see Provision 3.3.10 e)), the calculation of Unit Price(s) at each PruFund Quarter Date will be as follows:

i) At each PruFund Quarter Date, after application of the relevant Expected Growth Rate, We compare the Net Asset Value Per Unit of each Fund to the Unit Price of that Fund on that day. If the difference between the Net Asset Value Per Unit and the Unit Price is less than the Quarterly Smoothing Limit the Unit Price will not change. However, subject to Provision 3.3.10 c):

➤ if the Net Asset Value Per Unit exceeds the Unit Price by the Quarterly Smoothing Limit (or more), the Unit Price will be increased on the PruFund Quarter Date by half the difference. This adjustment will be repeatedly applied until the Net Asset Value Per Unit is above the Unit Price by less than the Quarterly Smoothing Limit.

➤ if the Net Asset Value Per Unit is below the Unit Price by the Quarterly Smoothing Limit (or more), the Unit Price will be reduced on the PruFund Quarter Date by half the difference. This adjustment will be repeatedly applied until the Net Asset Value Per Unit is below the Unit Price by less than the Quarterly Smoothing Limit.

ii) On the day after the PruFund Quarter Date the Unit Price will begin to increase in line with the relevant new Expected Growth Rate as described in Provision 3.3.10 a).

iii) For the avoidance of doubt, nothing in this Provision 3.3.10 b) would prevent Us from resetting the Unit Price of a PruFund Fund under Provision 3.3.10 d).

c) Adjustments of Unit Price on or between PruFund Quarter Dates.

Unless the smoothing process has been suspended (see Provision 3.3.10 e)), the adjustments of Unit Price(s) on or between PruFund Quarter Dates will be as follows:

i) If the Unit Price is adjusted in line with this provision, no adjustment that would otherwise apply on that day in line with Provision 3.3.10 b) i) will apply.

ii) Each Working Day, We calculate the average Net Asset Value Per Unit over the 5 Working Days ending with the Working Day on which We are carrying out the calculation ("the Average Net Asset Value Per Unit"). We also calculate the Net Asset Value Per Unit and the Unit Price applicable on that particular day.

➤ If the then current Net Asset Value Per Unit and the Average Net Asset Value Per Unit both exceed the then current Unit Price by the Daily Smoothing Limit (or more), the Unit Price will be increased such that the Unit Price is then below the Net Asset Value Per Unit by the Gap After Adjustment.

➤ If the then current Net Asset Value Per Unit and the Average Net Asset Value Per Unit are both below the then current Unit Price by the Daily Smoothing Limit (or more), the Unit Price will be reduced such that the Unit Price is then above the Net Asset Value Per Unit by the Gap After Adjustment.

iii) For the avoidance of doubt, nothing in this Provision 3.3.10 c) would prevent Us from resetting the Unit Price of a PruFund Fund under Provision 3.3.10 d).

d) Unit Price Reset.

In certain circumstances we may decide to reset the Unit Price of a PruFund Fund to protect the

Prudential With-Profits Fund (or a Sub-Fund), and therefore the interests of all of Our with-profits policyholders and shareholders. This is likely to be when there is a large volume of money entering or leaving that PruFund Fund. If We decide to reset, the Unit Price would be adjusted to be the same value as the Net Asset Value Per Unit on that Working Day. That adjusted Unit Price will then continue to grow in line with the Expected Growth Rate (subject to Provision 3.3.10) from the Working Day after this Unit Price reset.

The consideration of the criteria which may lead to a Unit Price reset applies separately to each of the PruFund Funds, and applies to each Fund in its entirety, encompassing all of our products under which Units are held in each Fund, not just the Prudential Investment Plan.

We will not issue individual notification of a Unit Price reset.

e) Suspension of the smoothing process.

The smoothing process described in Provision 3.3.10, and any decision to suspend it, applies separately to the PruFund Growth Fund and the PruFund Cautious Fund and each of the Risk Managed PruFund Funds, and applies to each Fund in its entirety, encompassing all of Our products under which Units are held in each of those Funds, not just the Prudential Investment Plan.

We may suspend the smoothing process for a period of consecutive days to protect the Prudential With-Profits Fund (or a Sub-Fund), and therefore the interests of all of Our with-profits policyholders and shareholders (see Provision 3.1.1).

On the day and each day during which the smoothing process is suspended the Unit Price of the Fund will be the Actual Fund Value divided by the number of Units in issue. Prudential will review the position at least once every 30 days, and will reinstate the smoothing process when We consider it appropriate. The smoothing process will normally remain suspended for a minimum of 30 days.

When the smoothing process is reinstated the Unit Price will start at the previous day's Unit Price. The full terms of Provision 3.3.10 will then apply, including a daily increase in the Unit Price at the last published Expected Growth Rate set by Prudential. If a Quarter Date has passed whilst the smoothing process has been suspended, Prudential have the right to change the Expected Growth Rate.

4. Credit and Cancellation of Units

4.1 Credit of Units

4.1.1

The number of Units We credit to the Plan in any Fund (or PruFund Account) when a Premium is paid is calculated by dividing the amount of the Premium by the Bid Price of Units applicable to the day of credit. This will be on the day We receive the forms We require correctly completed or the next Working Day if the correctly completed forms are received after 12.00 mid-day.

4.1.2

The crediting of any Units as the result of a Switch will take place immediately after the cancellation of Units described in Provision 4.2.

4.1.3

If Units are cancelled in accordance with Provision 4.2.1 i) and You select the PruFund Cautious Fund, the PruFund Growth Fund or any of the Risk Managed PruFund Funds as a Destination Fund, Units will initially be credited in the corresponding PruFund Account.

4.1.4 Records

We keep records of the date and Premium referable to the credit and cancellation of each Unit.

4.2 Cancellation of Units

Units are cancelled at their Bid Price applicable to the day of cancellation. However, the day on which We cancel Units depends on why the Units are being cancelled. The following rules apply:

4.2.1 Switches

- i) Cancellations in respect of specific Switches (Provision 6.3) other than those applying to Switches out of the PruFund Funds (see Provision 4.2.1 ii) below).

We cancel Units as soon as We receive correctly completed forms. Provided the forms are received by 12.00 mid-day We will cancel the Units on the same Working Day.

If the correctly completed forms are received after 12.00 mid-day, We cancel the Units on the next Working Day.

If You are also Switching Units out of the PruFund Funds, We cancel Units using the Unit Price on the day applicable under Provision 4.2.1 ii) below.

- ii) Cancellations in respect of Switches out of the PruFund Funds (Provision 6.3.3).

We cancel Units using the Unit Price on the 28th day following receipt of the forms We require correctly completed, or if this is not a Working Day, on the next Working Day after the 28 day waiting period. We do this to protect the Prudential With-Profits Fund (or a Sub-Fund) and therefore the interests of Our with-profits policyholders and shareholders. The date of receipt of the forms will be deemed to be the following day if they are received after 12.00 mid-day. We will not accept a subsequent Partial Withdrawal or Full Withdrawal request during the 28 day waiting period.

Provision 4.2.1 i) above (and not this provision) will apply to Switches:

- from the PruFund Protected Cautious Fund to the PruFund Cautious Fund.
- from the PruFund Protected Growth Fund to the PruFund Growth Fund.
- of all Units out of the PruFund Cautious Fund and the PruFund Cautious Account (or the PruFund Growth Fund and the PruFund Growth Account, where applicable) in the 28 days immediately following the Guarantee Date, when the Units are Switched into the PruFund Cautious Fund from the PruFund Protected Cautious Fund (or into the PruFund Growth Fund from the PruFund Protected Growth Fund, where applicable) on the Guarantee Date.

4.2.2 Partial Withdrawal or Full Withdrawal

- i) Cancellations in respect of a Partial Withdrawal or a Full Withdrawal (but see Provision 4.2.2 ii) below in relation to those out of the PruFund Funds).

We cancel Units as soon as We receive correctly completed forms. Provided the forms are received by 12.00 mid-day We will cancel the Units on the same Working Day.

If the correctly completed forms are received after 12.00 mid-day, We cancel the Units on the next Working Day.

- ii) Cancellation in respect of a Partial Withdrawal or a Full Withdrawal out of the PruFund Funds

We can apply the terms of this Provision 4.2.2 ii) in place of 4.2.2 i) above at Our discretion at any time without notice in order to protect the Prudential With-Profits Fund (or a Sub-Fund) and therefore the interests of all Our with-profits policyholders and shareholders. We may apply this provision to an individual Policy, to all Policies, or across a group of policies. We will tell you at the time you give us your instruction if this Provision 4.2.2 ii) applies.

We cancel Units using the Unit Price on the 28th day following receipt of the forms We require correctly completed, or if this is not a Working Day, on the next Working Day after the 28 day waiting period. The date of receipt of the forms will be deemed to be the following day if they are received after 12.00 mid-day.

We will not accept a request for a Partial Withdrawal or a Full Withdrawal during the 28 day waiting period following a request by You to Switch Units under Provision 6.3.

Provision 4.2.2 i) above (and not this provision) will apply to any Partial Withdrawals or Full Withdrawals out of the PruFund Cautious Fund and/or the PruFund Growth Fund (and their

respective Accounts) in the 28 days immediately following the Guarantee Date (that applies to the PruFund Protected Cautious Fund or the PruFund Protected Growth Fund, as appropriate). See Provision 11.7.

Where this provision applies and You wish to cancel Units in PruFund Funds and other Funds You can either:

- cancel all Units You wish to after the 28 day waiting period in accordance with this provision,
- or
- cancel the Units on two different dates in accordance with Provisions 4.2.2 i) and 4.2.2 ii).

You should fully consider any potential taxation implications of either course of action.

4.2.3 Cancellation in respect of Regular Withdrawals

We cancel Units for the initial Regular Withdrawal using the Bid Price applicable to the date that You select for this payment in accordance with Provision 7.1.1. If this is not a Working Day We will use the next Working Day.

We cancel Units for each subsequent Regular Withdrawal under the same instruction using the Bid Price applicable to the date that aligns with the frequency that You have selected for the Regular Withdrawals. Where the date is not a Working Day We will use the next Working Day.

4.2.4 Cancellation in respect of Ongoing Adviser Charges

We cancel Units using the Bid Price applicable to the Regular Cancellation Date or, if this is not a Working Day, the next Working Day.

4.2.5 Cancellation in respect of Ad hoc Adviser Charges

We cancel Units as soon as We receive correctly completed forms. Provided the forms are received by 12.00 mid-day We will cancel the Units on the same Working Day.

If the correctly completed forms are received after 12.00 mid-day, We cancel the Units on the next Working Day.

4.2.6 Cancellations of Units in a Unit-Linked Fund or Funds in respect of Automatic Rebalancing (Provision 6.4) and Programmed Switching (Provision 6.5)

We cancel Units using the Bid Price applicable to the periodic cancellation date described in Provision 6.4 or 6.5, as appropriate, or, if this is not a Working Day, the next Working Day.

4.2.7 Cancellations in respect of the payment of the Sum Assured on death (Provision 9)

We cancel Units using the Bid Price applicable to the Working Day of receipt of written notice of the death provided it is received by 12.00 mid-day.

If the written notice of death is received after 12.00 mid-day, We will cancel the Units on the next Working Day.

However, the number of Units that will be cancelled following death is the number in credit at the date of death taking into account any credits or cancellations on that date and adjusted for any distributions from Distribution Income Funds (Provision 3.2.7) after the date of death and before written notice of death is received, and/or reduced by any Partial Withdrawals, Full Withdrawals or Regular Withdrawals that may have taken place between the date of death and the day We process the death claim.

Any Ongoing Adviser Charge or Ad hoc Adviser Charge deducted and paid to the financial adviser between the date of death and the day We process the death claim will be reclaimed by Us and included in the amount We pay for the claim.

4.3 Date of Credit or Cancellation of Units

The timing of Unit credit and cancellation set out in these Policy Provisions assumes that the instructions are received by Us through the postal services. We reserve the right to modify the timing if these instructions are received in some other manner (e.g. hand delivery). In any event, We will always act in a reasonable manner.

4.4 Right to delay instructions to credit or cancel Units

Where We consider the Premium or the number of Units to be credited or cancelled is large relative to the size of the Fund, We may delay processing applications to credit or cancel Units by up to two complete Working Days following the day of receipt of the Premium or cancellation request and any forms We require. This will be to ensure that the Bid Price used properly reflects the costs of purchasing or disposing of the underlying assets in the Fund.

Other rights to delay instructions to credit or cancel Units are contained in Provision 8.

5. Charges

5.1 Annual Management Charges

Each Fund has its own distinct Annual Management Charge ("AMC").

5.1.1 The Unit-Linked Funds

We run many Unit-Linked Funds, and You are allowed to choose from some of them in deciding the composition of your Plan (see Provisions 3.1.2 and 3.1.4 and

the "Fund Guide" document). Each Fund has its own AMC which may be different to the AMC applicable to any other Fund.

We deduct a percentage equal to 1/365th of the AMC applicable to the particular Unit-Linked Fund each day, from the value of the Fund.

For the purpose of the AMC the value of a Unit-Linked Fund is treated as being the aggregate value of all the Units at their Bid Price on the relevant day.

Some Funds hold Units in other Funds; We make any adjustment necessary to ensure that a charge is not made twice.

5.1.2 The PruFund Funds

A separate AMC is applied in respect of the Unit holding at the Monthly Transaction Date for each of the PruFund Funds derived from each particular Premium. It is payable by Unit deduction monthly in arrears on the Monthly Transaction Date. The amount deducted at each Monthly Transaction Date is a portion of the total AMC calculated using the number of days in that calendar month as a proportion of the number of days in that calendar year.

No proportionate charge is made when Units are sold between Monthly Transaction Dates, for the period from the previous Monthly Transaction Date to the date of sale.

For any Units credited (as the result of payment of an additional Premium or as the result of a Switch) a full monthly charge is made when Units are credited between Monthly Transaction Dates, for the period from the date of credit to the next Monthly Transaction Date.

See your Illustration for further details.

5.1.3 Rate of AMC

The rate of AMC applicable to each of the Unit-Linked Funds and PruFund Funds in which you are invested will be shown in the Fund Guide document applicable to the date the relevant Premium was applied. For Units credited as the result of a Switch the rate of AMC applicable will be that shown in the Fund Guide document applicable to the date the Switch took place. We reserve the right to increase the Annual Management Charges at any time, as set out in Provision 13.

5.1.4 Annual Management Charge adjustment

Each Fund (other than the PruFund Funds) has an AMC which is accounted for within the Bid Price of each Fund.

There may be a discount to the AMC if the total sum of all your Assets Under Management for all Premiums reaches a certain level.

The AMC adjustment, if applicable, is:

- calculated at the Monthly Transaction Date to produce an overall AMC rate adjustment.
- made as a single adjustment.
- calculated independently for the Assets Under Management attributable to each Premium.
- the same percentage for all Funds within the Assets Under Management attributable to each Premium.

5.2 Guaranteed Minimum Death Benefit Charge

5.2.1

A charge may apply if your Policy Schedule says that You have selected the Guaranteed Minimum Death Benefit option (see Provision 10) for your Plan.

The charge is calculated (and deducted when it applies) on the Commencement Date and on each Monthly Transaction Date, by multiplying the amount by which the Guaranteed Minimum Death Benefit exceeds the Sum Assured at that time, by a mortality factor. The mortality factor depends on the age of the Life/Lives Assured at the yearly anniversary of the Commencement Date immediately before the calculation.

If the Sum Assured exceeds the Guaranteed Minimum Death Benefit on any date that the calculation is carried out, no charge will be payable for that calculation date.

5.2.2

Where a charge does apply, it will be levied by cancelling Units. Where more than one Premium has been paid, a proportion of the charge will be paid by cancelling Units credited with each Premium. The proportion, calculated at the time of Unit cancellation, is that which the value of the Units credited with the relevant Premium bears to the total value of Units then in credit under your Plan. Where a Premium is invested in more than one Fund, Units will be cancelled in proportion from each of the Funds in which that Premium is invested at the time the particular deduction is made.

5.3 PruFund Protected Fund Charge

5.3.1

If You are invested in either of the PruFund Protected Funds, a Fund Guarantee will apply to that Fund and an additional charge will apply. The charge is payable by Unit deductions monthly in arrears on the Monthly Transaction Date.

5.3.2

The percentage charge applied will not change after your Plan has started. The final deduction will be due on the Guarantee Date, unless there are no Units remaining in the PruFund Protected Cautious Fund (or the PruFund Protected Growth Fund, where applicable), when the charge and guarantee will cease with immediate effect. All charges for this guarantee are non-refundable in the event of the guarantee ceasing.

5.3.3

The amount of the charge can be found in your Illustration.

5.4 Financial Services Compensation Scheme/Policyholders Protection Act

If a charge is imposed on Us under the Financial Services Compensation Scheme or the Policyholders Protection Act 1975, as amended by the Policyholders Protection Act 1997 or any investor compensation scheme, We can pay for it by deducting the sum required from policyholders' funds. We will aim to be fair and reasonable in apportioning the charge between policyholders. See Provision 17.

5.5 General

If other charges are described in the documents We give You, for example in connection with any new funds or options We introduce, those charges will also apply. See Provision 13.

6. Fund Variation (Switching)

6.1 General

This provision sets out methods by which You can cancel Units in one or more Funds and replace them with Units in one or more other Funds (a Switch). This may either be pursuant to a specific instruction or through one (but not more than one at any time) of a number of automatic Switching options.

6.2 Switching Limits and Unit Valuations

All Switching options are subject to Provision 4.2 for the cancellation of Units and Provision 4.1 for the credit of Units.

6.3 Specific Switches

6.3.1 All specific Switches

6.3.1.1

You may give Us a specific written instruction to Switch Units.

6.3.1.2

Switches are free, although We do reserve the right to start to apply a charge. See Provision 13.

6.3.1.3

The overall investment limits and the credit and cancellation limits respectively referred to in Provisions 2.3 and 3.1.8 both apply to this option, and We may not carry out any instruction that would result in any of these limits being breached. From time to time these limits may change. See Provision 13.

6.3.1.4

Where there are insufficient funds available on the date a Switch is carried out by Us to meet your request, We will Switch the amount available, leaving no Units credited to your Plan in the Fund from which the Units were cancelled.

6.3.1.5

When a request to Switch has been received it cannot be withdrawn or replaced.

6.3.2 Distribution Income Funds and Distribution Cash Funds

6.3.2.1

Units cannot be Switched from or to the Distribution Cash Fund except as described in Provision 3.2.7 and immediately below.

6.3.2.2

In addition to Provisions 6.3.1.1 to 6.3.1.5 above, any specific instruction which results in a Switch of all the Units in the Distribution Income Funds derived from a particular Premium will also result in all the Units of the Distribution Cash Fund in respect of the same Premium being Switched at the same time into the specified Fund(s).

6.3.3 PruFund Funds

In addition to Provisions 6.3.1.1 to 6.3.1.5 above, the following additional provisions apply to Switches involving the PruFund Funds.

6.3.3.1

Only one Switch can take place either into or out of these funds between any two PruFund Quarter Dates, except for Switches from the PruFund Protected Cautious Fund to the PruFund Cautious Fund and from the PruFund Protected Growth Fund to the PruFund Growth Fund. No further Switch instruction will be accepted whilst one is in the process of being carried out in accordance with Provision 4.2.1 ii).

6.3.3.2

Switches into the PruFund Protected Funds are not allowed at any time.

6.3.3.3

We reserve the right to refuse, restrict or delay any Switch into any of these funds where We consider that the frequency of such Switches is excessive.

6.3.3.4

Switches involving these funds to any other fund will be subject to the 28 day waiting period detailed in Provision 4.2.1 ii) other than those Switches specifically listed in that provision. This is in addition to any period applying under Provision 8.

6.3.3.5

If, following a Switch, there are no Units remaining in either of the PruFund Protected Funds, the Fund Guarantee, and the charge for it, will cease.

6.3.3.6

See Provision 11.7 for details on fully cancelling Units from the PruFund Funds and their respective Accounts in the 28 days immediately following the Guarantee Date.

6.3.3.7

Switches into a PruFund Fund (where permitted) will initially be transferred into the corresponding PruFund Account and then Switched into the PruFund Fund on the next Quarter Date.

Switches from the PruFund Protected Cautious Fund to the PruFund Cautious Fund or the PruFund Protected Growth Fund to the PruFund Growth Fund will be directly between those funds without using the Accounts. We will use the Bid Price of each Fund on the date of the Switch to determine the number of Units to be cancelled and credited.

6.3.3.8

We will not Switch Units directly out of a PruFund Account by request. There is an automatic process to Switch into the corresponding PruFund Fund on the PruFund Quarter Date, after which You may request a Switch out of the relevant PruFund Fund.

6.3.3.9

Upon notification of the death of the Life Assured for a claim under Provision 9 (or Provision 10 where applicable) any requests for Switches that are within the 28 day waiting period will not be applied to cancel Units.

If any or all of the Policies are assigned within the 28 day waiting period the Switch will still take place; the assignee shall be deemed to be aware of, and have agreed to, the Switch.

6.3.4 Multiple Fund Switches involving PruFund Funds

This provision explains how We carry out Switches where the Switch request involves Switches involving more than two Funds – known as "Multiple Fund Switches". It should be noted in particular that where Switching between different types of Fund, Multiple Fund Switches may be carried out in stages and on different dates.

6.3.4.1

Your Switch request for any existing Fund will be expressed in terms of the percentage of Units held to be Switched. Units will be credited in accordance with the Destination Fund(s) You select, in the proportions You choose where there is more than one Destination Fund.

6.3.4.2

If all of the requested Switches in a Multiple Fund Switch fall within Provision 4.2.1 i), they will be processed as one single immediate Switch as described in Provision 4.2.1 i) and Provision 4.1.4. If You select a PruFund Fund as a Destination Fund, Units will initially be credited in the corresponding PruFund Account.

6.3.4.3

Multiple Fund Switch requests that fall within both Provisions 4.2.1 i) and 4.2.1 ii) are carried out in the following order:

1) If the request involves Switches from the PruFund Protected Cautious Fund to the PruFund Cautious Fund (or the PruFund Protected Growth Fund to the PruFund Growth Fund, where appropriate), We first of all carry out this part of the request in accordance with Provision 4.2.1 i).

We Switch the maximum amount possible between these Funds.

2) We then carry out any remaining part of the request which qualifies under Provision 4.2.1 i), that is Switches from the Unit-Linked Funds.

3) We then carry out the following types of Switch in accordance with Provision 4.2.1 ii):

- From any PruFund Fund to any Unit-Linked Fund
- The PruFund Growth Fund to the PruFund Cautious Fund
- The PruFund Growth Fund to any Risk Managed PruFund Fund
- The PruFund Cautious Fund to the PruFund Growth Fund

- The PruFund Cautious Fund to any Risk Managed PruFund Fund
- The PruFund Protected Growth Fund to the PruFund Cautious Fund
- The PruFund Protected Growth Fund to any Risk Managed PruFund Fund
- The PruFund Protected Cautious Fund to the PruFund Growth Fund
- The PruFund Protected Cautious Fund to any Risk Managed PruFund Fund
- Any Risk Managed PruFund Fund to the PruFund Growth Fund
- Any Risk Managed PruFund Fund to the PruFund Cautious Fund
- Any Risk Managed PruFund Fund to any other Risk Managed PruFund Fund

Units are credited in the Destination Fund(s) You select, in the proportions You choose where there is more than one Destination Fund. For any PruFund Funds these will initially be to the relevant holding Account (see Provision 3.3.4).

4) Any amount remaining to be Switched from a PruFund Fund to any other type of Fund is then also dealt with in accordance with Provision 4.2.1 ii). Again, Units are credited in the Destination Fund(s) You select, in the proportions You choose where there is more than one Destination Fund.

6.4 Automatic Rebalancing

6.4.1

If your Plan has holdings in more than one Unit-Linked Fund You may instruct Us at any time to rebalance your Unit-Linked Fund holdings through automatic Switching on each anniversary of the Commencement Date. We will make any necessary Switches between Unit-Linked Funds (excluding the Distribution Cash Fund), at no cost to yourself, to maintain the percentage of your overall Unit-Linked investment in each Unit-Linked Fund that applied when You chose this option. This option can be de-selected and re-selected at any time.

6.4.2

You can opt for Automatic Rebalancing when You pay your initial Premium, or at any time thereafter. If You opt for this when You pay your initial Premium, your holdings in the Funds will be automatically rebalanced at the end of each year back to the proportions that applied at the Commencement Date. If You apply for Automatic Rebalancing later on, You must then choose the proportions that will apply. We will immediately rebalance your holdings in the Funds to those proportions, and rebalancing will take place thereafter at each Commencement Date anniversary.

6.4.3

In the event of receiving certain instructions from You as described below, any Automatic Rebalancing instruction then in place will cease to operate:

- An instruction to credit Units through payment of an additional Premium where the Units to be credited to the Funds are in different proportions to those that apply under the Automatic Rebalancing instruction.

- An instruction to make a specific Switch under Provision 6.3.
- An instruction to take a Partial Withdrawal (Provision 7.2) or to set up Regular Withdrawals (Provision 7.1) where the Units in Unit-Linked Funds are to be cancelled in different proportions to the Unit proportions within those Funds at the time of the withdrawal.

You can re-select this option at any time by sending Us a new instruction.

6.4.4

You cannot opt for Automatic Rebalancing if Programmed Switching (see Provision 6.5) is in operation.

6.5 Programmed Switching

6.5.1

This is an option available without charge in respect of the initial Premium paid into a single Unit-Linked Fund. It is only available at the time You pay the initial Premium.

6.5.2

You must invest a minimum amount from that Premium in the particular Unit-Linked Fund which You choose for Programmed Switching. In addition, the overall investment limits and the credit and cancellation limits respectively referred to in Provisions 2.3. and 3.1.8 both apply to this option, and if continuing with a Programmed Switching instruction would mean these limits would be breached, the instruction will be treated as cancelled in its entirety.

6.5.3

Programmed Switching automatically cancels Units, which relate to the initial Premium, in the Fund You nominate and replaces them with Units of equal value in other Funds selected by You. These Switches take place on the third Wednesday of every month. The first Switch will take place in the calendar month immediately after investment.

6.5.4

Programmed Switching must operate over a period of between 3 and 24 months inclusive, selected by You.

6.5.5

This option cannot be used to cancel Units of a PruFund Fund, the Prudential Property Fund or Distribution Income Funds. However, apart from the PruFund Funds, it can be used to credit Units of these Funds.

6.5.6

If You wish to cancel this option, You must tell Us in writing. Programmed Switching will automatically cease where the value of the Units remaining is less than the amount We are instructed to Switch.

6.5.7

You cannot opt for Programmed Switching if You choose Automatic Rebalancing (see Provision 6.4).

7. Withdrawals

You can opt to cash in some or all of your Plan at any time by making either a Partial Withdrawal or a Full Withdrawal, or You can set up Regular Withdrawals.

When a request for a Partial Withdrawal or a Full Withdrawal has been received, it cannot be recalled or replaced.

7.1 Regular Withdrawals

7.1.1 Administration

You may choose to have Regular Withdrawals made every:

- month, or
- 3 months, or
- *4 months, or
- 6 months, or
- *12 months.

* not available if You are invested in any of the Distribution Income Funds and taking "natural income".

You may ask for the amount of each Regular Withdrawal to be:

- a specified amount, or
- a percentage of the total of your initial Premium and any additional Premiums that have been paid into the Plan, or
- a percentage of the total value of the Units in your Plan at each cancellation date.

You must select the date that You would like Regular Withdrawals to begin. We require a minimum of 10 Working Days from the date We treat your instruction as having been received by Us under Provision 15.2 to implement your request.

The credit and cancellation limits referred to in Provision 3.1.8 apply to this option, and We will not carry out any instruction or transaction that would result in any of these limits being breached. In addition, there is a minimum and maximum limit that applies to the total value of the Units cancelled under this option. We will not accept a Regular Withdrawal instruction that would involve the cancellation of Units below or above these limits. In particular, any Ongoing Adviser Charge and Regular Withdrawal amounts will be

aggregated for the calculation of the maximum limit that can be taken from your Plan in any twelve-month period. These limits can be found in Key Features and We can make reasonable changes to them. See Provision 13.

We will confirm to You in writing as soon as reasonably practicable when your request to set up Regular Withdrawals has been completed.

If Units are credited to more than one Fund We cancel Units to deduct a proportionate amount (based on the bid value of your holdings at the time of the request) from each Fund in your Plan, or only from those Funds that You specify (subject to any necessary rounding).

Additional investments will be taken into consideration automatically by basing each Regular Withdrawal on the bid value of the Fund on each payment date.

For the Distribution Income Funds (see Provision 3.2.7) if You choose to take either a full or capped distribution, Units will be attributed to the Distribution Cash Fund and will be cancelled at the regular intervals requested (subject to Provisions 6.3.2 and 7.1.1).

7.1.2 PruFund Funds

Regular Withdrawals may be funded by cancelling Units from the corresponding PruFund Account (pending the automatic Switch into the selected PruFund Fund on the PruFund Quarter Date) and thereafter from the relevant Fund.

See Provision 4.2.3 for details of when We cancel Units. A 28 day waiting period does not apply.

Any Regular Withdrawal from a PruFund Protected Fund and/or its corresponding PruFund Account will reduce the Guaranteed Minimum Fund Value. See Provision 11.4.

7.2 Partial Withdrawal

Unless You specify otherwise We will cancel Units equally across all Policies in your Plan.

Where Units are credited to more than one Fund We cancel Units so as to deduct a proportionate amount (based on the bid value of your holdings) from each Fund in your Plan, or only from those Funds that You specify.

We will only accept an instruction for a Partial Withdrawal if the relevant limits in Provision 3.1.8 are met.

If at the time of a Partial Withdrawal request your Plan contains Units deriving from more than one Premium, We cancel Units so as to deduct a proportionate amount (based on the bid value of your holdings at the time of the request) from each of those Premiums. If You have specified the Funds from which Units are to be cancelled We do this under each of those Funds only. If You have not specified any Funds We do this under each Fund in your Plan.

Any Partial Withdrawal which results in all the Units of the Distribution Income Funds derived from a particular Premium being cancelled will also result in all the Units of the Distribution Cash Fund in respect of the same Premium being cancelled at the same time.

See Provision 4.2.2 for details of when We cancel the Units. Any Units held in the PruFund Funds may be subject to the 28 day waiting period detailed in Provision 4.2.2 ii). We will tell You at the time You give us your instruction if the waiting period applies.

This provision is subject to any delay that may be required under Provision 8.

The credit and cancellation limits referred to in Provision 3.1.8 apply to this option and We may not carry out any instruction that would result in any of these limits being breached.

Any Partial Withdrawal from a PruFund Protected Fund and/or its corresponding PruFund Account will reduce the Guaranteed Minimum Fund Value. See Provision 11.4.

7.3 Full Withdrawal

A Full Withdrawal is the cashing in of one or more of the Policies in your Plan.

We carry out a request to fully cash in any of the Policies in the Plan by cancelling all of the Units attributed to that Policy and paying the cash in value.

See Provision 4.2.2 for details of when We cancel the Units.

A Full Withdrawal that includes the cancellation of Units held in any of the PruFund Funds may be subject to the 28 day waiting period detailed in Provision 4.2.2 ii) (unless Provision 11.7 applies). We will tell You at the time You give us your instruction if the waiting period applies.

This provision is subject to any delay that may be required under Provision 8.

8. Delayed Transactions in Exceptional Circumstances

8.1 Reasons for delaying transactions

There may be a delay in buying, selling or Switching Units in any Fund. This will only happen in special circumstances which We will tell You about at the time. There may be circumstances outside Our control which prevent Us from effecting these transactions immediately, and

equally We may need to effect a delay where We believe that otherwise the remaining policyholders would suffer an unfair reduction in the value of their Plan, or would suffer some other form of unfair treatment. Examples include:

- Where We are unable to realise sufficient investments to satisfy demand, or where to do so would mean We have to sell at prices significantly below the value reflected in the then current Unit Price.
- Where We are unable to cancel Units in Externally-Linked Funds due to restrictions imposed by the relevant external company.
- Where the need to make payments quickly could only be satisfied by selling a disproportionate amount of one type of asset, leaving too low a proportion of what is left invested in assets of that type.

This is not meant to be an exhaustive list, nor do We mean to limit delays to problems specifically of this type.

For the avoidance of any doubt, We will not use assets or cash from other Prudential funds to finance Unit cancellations. Such cancellations will instead be delayed until they can be effected on terms which are fair to all policyholders invested in the Fund.

8.2 Delay periods

Other than in very exceptional circumstances We would not expect delays to be longer than:

- six months in the case of Units in Funds a) which hold investments in land or buildings, or b) the value of whose investments is dependent on, or linked to the value of, buildings or land; or

- one month in the case of Units in other Funds.

However, while We will not delay transactions for longer than reasonably required, We cannot guarantee that We will never delay transactions beyond the timescales set out in the above bullet points.

8.3 Unit Prices

The Unit Prices for the deferred transaction will be those applying at the end of the period of deferment, unless, again, We believe that in the particular circumstances that would not be fair to policyholders in general.

8.4 Notification

We will notify You if a transaction You have requested is affected by a delay under this Provision 8. Our notice will set out any options open to You. If appropriate, We will seek your alternative instructions for the transaction when We notify You of the delay.

8.5 Processing Transactions

Where the transaction involves Units of more than one Fund and only some are affected by a delay under this provision, We will carry out any part of the transaction which is unaffected by the delay in accordance with the usual terms and conditions set out in this Policy Provisions document.

Where there is a delay in buying Units in any Fund, We will treat the request to invest in that Fund as a request to invest temporarily in the Prudential Cash Fund. In that way We will be able to carry out the entire transaction. We then Switch the value of the Units temporarily allocated to and held in the Prudential Cash Fund to the requested Fund when the delay has ended, unless We receive alternative instructions from You.

Where there is a delay in selling Units, We will take no action on the affected Units until the delay has ended.

8.6

Any period of deferral stated in this provision is in addition to any that may apply under Provision 4.2 and Provision 6.3.3. In particular, in the case of PruFund Funds (and PruFund Accounts, where applicable) an initial waiting period of 28 days may apply to the cancellation of Units depending on the type of transaction. This period will be extended at the end of the waiting period if We have invoked Our powers to delay under this Provision 8.

8.7

As the number of Units to be cancelled is determined at the start of the delay or waiting period when We receive the request, the value actually realised at the end of the period may vary from the amount that You expected and/or requested.

8.8

This Provision 8 does not apply to the payment of the Sum Assured on death (see Provision 9), or to payment of the Guaranteed Minimum Death Benefit (see Provision 10), but overrides all other Plan provisions.

9. Sum Assured on death

9.1

The Sum Assured (see the "Definitions" section for details of the amount) is payable on the death of the Life Assured.

9.2

If there is more than one Life Assured, references to the death of the Life Assured mean both Lives Assured as stated in the Policy Schedule.

9.3

The valuation terms of Provision 4.2.7 will apply.

9.4

No benefit will be payable under this provision if a Guaranteed Minimum Death Benefit under Provision 10 is payable on death, where that amount is greater than the Sum Assured.

9.5

The Plan will be cancelled and no further benefits will be payable following payment of the Sum Assured on death.

10. Guaranteed Minimum Death Benefit

10.1

The Guaranteed Minimum Death Benefit option can only be selected at the start of the Plan. A charge may be payable (as described in Provision 5.2). See the "Definitions" section for details of how the amount is calculated.

10.2

If You have chosen this option, the Guaranteed Minimum Death Benefit will be payable on the death of the Life Assured, but only if the amount is greater than the Sum Assured payable on death under Provision 9.

10.3

If there is more than one Life Assured, references to the death of the Life Assured mean both the Lives Assured as stated in the Policy Schedule.

10.4

You may instruct Us to cancel the Guaranteed Minimum Death Benefit option at any time. Once cancelled it cannot be added to the Plan again.

10.5

The Plan will be cancelled and no further benefits will be payable following payment of the Guaranteed Minimum Death Benefit.

11. Fund Guarantee

11.1

If You select either of the PruFund Protected Funds for any part of the initial Premium, the Fund Guarantee will apply to that part.

It applies only on the specific anniversary of the Commencement Date selected by You at the start of the Plan for the Fund Guarantee. This is shown on your Policy Schedule as the Guarantee Date. It cannot be altered after the Plan has started.

11.2

An additional charge is applied for this option. See Provision 5.3.

11.3

On the Guarantee Date We will:

- a) calculate the value of the PruFund Protected Fund Units attributed to your Plan (after the deduction of any charges described in Provision 5 and any relevant Regular Withdrawal, Ongoing Adviser Charge or Ad hoc Adviser Charge due on the Guarantee Date).

The Unit Price used will be that applying after any adjustments under the smoothing process (see Provision 3.3.10).

- b) calculate the Guaranteed Minimum Fund Value on the Guarantee Date (after any adjustment in respect of any relevant Regular Withdrawal, Ongoing Adviser Charge or Ad hoc Adviser Charge due on the Guarantee Date). See Provision 11.4 below.

c) compare the value of a) with the value of b).

If the value of a) is less than the value of b), PruFund Protected Fund Units will be added to your Plan so that the value of the PruFund Protected Cautious Fund Units (or PruFund Protected Growth Fund Units, whichever applies) attributed to your Plan on the Guarantee Date is equal to the Guaranteed Minimum Fund Value calculated as in b) above.

If the value of a) is equal to or greater than the value of b) no Units will be added to your Plan.

Immediately following this calculation, the value of the resultant number of Units will be Switched, either from the PruFund Protected Cautious Fund to the PruFund Cautious Fund, or from the PruFund Protected Growth Fund to the PruFund Growth Fund, whichever applies.

11.4

Guaranteed Minimum Fund Value.

11.4.1

The Guaranteed Minimum Fund Value is equal to the proportion of the initial Premium used to buy Units in either the PruFund Protected Cautious Account or the PruFund Protected Growth Account (whichever applies). This is the amount shown in the relevant Illustration.

11.4.2

For any Partial Withdrawal, Regular Withdrawal, Ongoing Adviser Charge payment, Ad hoc Adviser Charge payment or Switch transaction where Units are cancelled from either of the PruFund Protected Funds or their respective Accounts, the Guaranteed Minimum Fund Value is reduced.

The reduction is in the same proportion as the value of the total number of Units cancelled from the relevant PruFund Protected Fund and its respective Account bears to the value of the sum of:

- those cancelled Units from the PruFund Protected Fund and its respective Account, and
- any Units referable to the initial Premium which remain credited to the PruFund Protected Fund or its respective Account after cancellation.

11.5

If any Full Withdrawal, Partial Withdrawal or Switch transactions involving the cancellation of Units in the relevant PruFund Protected Fund are due to take place on the Guarantee Date, the calculation under Provision 11.3 will be made before the relevant transaction takes place.

11.6

After the Guarantee Date We will tell You how many Units (if any) have been added under this option.

11.7

If, in the 28 days following the Guarantee Date, You opt to cancel all PruFund Cautious Fund and/or PruFund Growth Fund Units credited to your Plan, Provisions 4.2.1 ii) (Switches) and Provision 4.2.2 ii) (for Partial Withdrawal or Full Withdrawal cancellations only) will not apply.

Any such request will override any cancellation of Units pending in accordance with those provisions.

12. Adviser Charges

12.1. General

12.1.1

You agree with your financial adviser how much You will pay for advice. The payments that You agree to make to your financial adviser for advice in relation to any Premium payment You make to your Plan can be funded from your initial payment to Us, or from the Plan, through one or more deductions known as Adviser Charges. You can select any combination of Adviser Charges for your Plan.

To pay the agreed value of Ongoing Adviser Charge (see Provision 12.3) or Ad hoc Adviser Charge (see Provision 12.4), We cancel the appropriate number of Units from the Plan.

Ongoing Adviser Charges and Ad hoc Adviser Charges are treated as withdrawals for tax purposes and may impact on the level of Regular Withdrawals You can take from the Plan.

Adviser Charges are subject to maximum limits as explained in Provision 12.7.

We will only deduct Adviser Charges and make payment to your adviser if You instruct Us to do so.

You can only specify one financial adviser at any given time in relation to each Plan. See Provision 12.5 which explains what happens to Ongoing Adviser Charges if You appoint a new financial adviser.

12.1.2 Instructions to Us

You can instruct Us to pay Adviser Charges:

- as part of the Plan application, or
- as part of an application for an additional Premium, or

- › under a subsequent "Adviser Charge Instruction" form.

Your instruction, including any submitted under Provisions 12.3.3, 12.3.4 and 12.3.5, must be in writing and sent by post to Us at Prudential, Lancing, BN15 8GB.

You or your financial adviser can instruct Us to stop paying Ongoing Adviser Charges at any time. This can be done by post, fax, email or phone. See Provision 12.3.3.

12.1.3 Types of Adviser Charges

There are three types of Adviser Charge:

- › Set-up Adviser Charge
- › Ongoing Adviser Charge
- › Ad hoc Adviser Charge

12.2 Set-up Adviser Charge

This is an Adviser Charge You ask Us to deduct from your payment to Us, to pay your financial adviser on your behalf, before We invest the balance into your Plan as a Premium. You agree the Set-up Adviser Charge with your financial adviser.

You can ask for the value of a Set-up Adviser Charge to be either:

- › a specified monetary amount, or
- › a percentage of the amount of your payment to Us.

12.3 Ongoing Adviser Charges

12.3.1 Availability

You can ask Us to deduct Ongoing Adviser Charges either by including the request as part of the application to Us to pay an initial Premium, or at any time by completing an "Adviser Charge Instruction" form.

12.3.2 Administration

You may choose to have Ongoing Adviser Charges paid from your Plan every:

- › month, or
- › 3 months, or
- › 6 months, or
- › 12 months.

You may ask for the value of Ongoing Adviser Charge deductions to be:

- › a specified monetary amount, or
- › a percentage of the total of your initial Premium and any additional Premiums that have been paid into the Plan, or
- › a percentage of the total value of the Units in your Plan at each Regular Cancellation Date.

The amount deducted will be taken from all Funds and Accounts held under the Plan, unless You specify otherwise. See Provision 12.3.7.

Any Ongoing Adviser Charge and Regular Withdrawal amounts will be aggregated for comparison with the maximum limit that can be taken from your Plan in any twelve-month period. See your Key Features document for details of the limit. We can make reasonable changes to any limits We set. See Provision 13.

Any Ongoing Adviser Charge deducted from your Plan will reduce any Guaranteed Minimum Death Benefit (see Provision 10).

For an Ongoing Adviser Charge requested as part of the initial application for the Plan, You can select an Effective Start Date no earlier than 30 days after the Commencement Date.

For an Ongoing Adviser Charge requested using an "Adviser Charge Instruction" form You must select the date that You would like payments to begin. We require a minimum of 10 Working Days from the date We treat your or your adviser's instruction (as appropriate) as having been received by Us under Provision 15.2 to implement the request. The date that We make the initial Ongoing Adviser Charge payment is the Effective Start Date, and will determine the Regular Cancellation Date. See Provision 4.2.4.

We will confirm to You in writing as soon as reasonably practicable when your request to establish Ongoing Adviser Charges has been completed.

We will spread each Ongoing Adviser Charge deduction evenly across all the Policies in the Plan. This means that the cash in value of each Policy will be reduced by an identical amount (allowing for any necessary rounding) every time an Ongoing Adviser Charge deduction is made.

Ongoing Adviser Charges continue to be deducted and paid to your financial adviser until the earlier of the following:

- › The date that there are insufficient Units held under the Plan.
- › The date that We stop deducting the charge as a result of an instruction from You or your financial adviser.
- › The date that You make a Full Withdrawal of all of the Policies in your Plan.
- › The date that We receive notification of the death of a Life Assured. See Provision 4.2.7 for details of the cancellation of Units when We pay the Sum Assured on death.

- › The date that We receive notification that You have assigned one or more Policies into new ownership.
- › The date that We receive notification that the financial adviser stops trading or ceases to be authorised by the relevant regulator.

The last deduction We make is on the last Regular Cancellation Date immediately before the earliest of the above events.

12.3.3 Changes to Ongoing Adviser Charge

You can instruct Us at any time to:

- › stop paying Ongoing Adviser Charges.
- › change the monetary amount or the percentage level of Ongoing Adviser Charge payments, subject to any limits that may apply. See Provision 12.7.
- › change the basis of Ongoing Adviser Charges from a monetary amount to a percentage level, and vice versa.
- › change the frequency of Ongoing Adviser Charge payments.
- › change the financial adviser to whom Ongoing Adviser Charges are payable. See Provision 12.5.

In the case where You are invested in a PruFund Protected Fund (or its corresponding Account) You can at any time instruct Us to:

- › start to exclude it from Unit cancellations for Ongoing Adviser Charges as described in Provision 12.3.7.
- › start to include it in Unit cancellations for Ongoing Adviser Charges, if your existing instruction is for this fund to be excluded, as described in Provision 12.3.7.

Also, your financial adviser can instruct Us to stop or reduce Ongoing Adviser Charges without having to obtain your consent.

Your financial adviser cannot:

- › instruct Us under this or any other provision (except Provision 12.3.4) to increase the Ongoing Adviser Charges, and/or
- › instruct Us to deduct and pay additional Ongoing Adviser Charges, and/or
- › change the basis or frequency of Ongoing Adviser Charges

without providing an "Adviser Charge Instruction" form completed and signed by You.

When You apply to pay an additional Premium into the Plan:

- › any existing instruction to pay Ongoing Adviser Charges will remain in effect unless We receive a revised "Adviser Charge Instruction" form from You. This means that where You pay an additional Premium and do not complete a new "Adviser Charge Instruction" form, the value of Ongoing Adviser Charge deductions under an existing instruction will remain the same where You have previously specified a monetary amount, or increase proportionately for all other existing instructions.
- › where You also amend an existing Ongoing Adviser Charge instruction, the new instruction will apply to the whole of your Plan, not just the additional Premium.

The Effective Date of Change for alterations under this provision is determined as detailed in Provision 12.6.

12.3.4 Change in the rate of Value Added Tax

Ongoing Adviser Charges may be subject to Value Added Tax (VAT), for which your financial adviser must account to HM Revenue and Customs.

You will have given your consent in the application form for Us to change the level of an Adviser Charge on the instruction of your financial adviser in the circumstance where there is a change in the rate of VAT (including where previously VAT free Adviser Charges become subject to VAT) without the need for Us to obtain further consent or instruction from You.

We will only make such a change:

- › in the case of Adviser Charges which are a specified monetary amount (not a percentage level); and
- › if so instructed in writing by the financial adviser.

The financial adviser's instruction must be received by Us within timescales that will be agreed between Us and the financial adviser. On receipt of the instruction We will tell the financial adviser how long We will take to make the change. The Effective Date of Change for any changes made under this Provision 12.3.4 is determined as detailed in Provision 12.6.

It should be noted that in this particular circumstance the financial adviser can instruct Us to make an increase as well as a reduction to an Adviser Charge.

The financial adviser should only make such an instruction to Us if the agreement between You and the financial adviser states that the agreed amount of Adviser Charge will change in line with changes in the level of VAT. We are not able to check

the terms of the agreement between You and the financial adviser. If the financial adviser makes an instruction under this provision We are entitled to assume that he or she is authorised to do so.

Where We act upon an instruction from the financial adviser under this provision, it will not be our responsibility to tell You about the changes made. This responsibility lies with the financial adviser.

12.3.5 Re-starting Ongoing Adviser Charge payments

If Ongoing Adviser Charge deductions have stopped and You wish to re-start paying them from your Plan You must complete and send Us a new "Adviser Charge Instruction" form.

This may result in a corresponding change to the Regular Cancellation Date for future Ongoing Adviser Charge deductions and the payments made to your financial adviser.

12.3.6 The effect of Withdrawals on Ongoing Adviser Charges

If You:

- take a Partial Withdrawal from, or
- take Regular Withdrawals from, or
- make a Full Withdrawal of one or more of the Policies in

your Plan, the value of Ongoing Adviser Charges that are expressed as a percentage of fund value (and due to be deducted on or after the date of the Partial Withdrawal or Regular Withdrawal) will be reduced.

In addition, when You take a Partial Withdrawal We will apply the Maximum Limit Test to any Ongoing Adviser Charge being made at that time. This may further reduce the level of Ongoing Adviser Charge deductions that We will allow. See Provision 12.7.

If You make a Full Withdrawal of one or more of the Policies in your Plan, any Ongoing Adviser Charges expressed as a percentage of your Premium or as a specified monetary amount will reduce proportionately in relation to the number of Policies You cash in.

12.3.7 Cancelling Units for Ongoing Adviser Charges

On the Regular Cancellation Date We reduce the number of Units in your Plan by cancelling the number of Units equal in value to the amount of the Ongoing Adviser Charge.

At the date We cancel Units for the charge:

- where You have paid two or more Premiums to your Plan We will cancel Units in proportion to the value of Units relating to each Premium.
- where your Plan is linked to two or more Funds We will cancel Units proportionately from all of those Funds (with the exclusion of any Units invested in the Distribution Cash Fund, which will not be used to pay for Ongoing Adviser Charges). If You are invested in a PruFund Protected Fund (or its corresponding Account) You can choose to exclude it from Unit cancellations for Ongoing Adviser Charges.

This provision is subject to any delay that may be required under Provision 8.

12.3.7.1 Special Conditions applying to PruFund Funds

Ongoing Adviser Charge deductions from a PruFund Fund may be taken from Units held in the corresponding PruFund Account, pending the automatic Switch into that Fund on the PruFund Quarter Date. These deductions are not subject to the 28 day waiting period described in Provision 4.2.

Cancelling Units for an Ongoing Adviser Charge from a PruFund Protected Fund and/or the corresponding PruFund Account will proportionately reduce the Guaranteed Minimum Fund Value. See Provision 11.

12.4 Ad hoc Adviser Charges

12.4.1 Availability

You can ask Us to make an Ad hoc Adviser Charge payment on your behalf at any time whilst the Plan is in force, by completing an "Adviser Charge Instruction" form.

12.4.2 Administration

You may ask for the value of an Ad hoc Adviser Charge deduction to be either:

- a specified monetary amount, or
- a percentage of the total value of the Units in your Plan at the date We receive your request.

We will spread the Ad hoc Adviser Charge deduction evenly across all of the Policies in the Plan. This means that the cash in value of each Policy will be reduced by an identical amount (allowing for any rounding).

We will only allow an Ad hoc Adviser Charge subject to the rules in Provision 12.7.

The credit and cancellation limits referred to in Provision 3.1.8 apply to this option and/or Partial Withdrawals and We will not carry out any instruction that would result in any of these limits being breached.

12.4.3 Cancelling Units for Ad hoc Adviser Charges

When We make an Ad hoc Adviser Charge payment, We reduce the number of Units in the Policies in your Plan by cancelling the number of Units equal in value to the amount of the Ad hoc Adviser Charge. We will do this on the Working Day We receive the forms We require, subject to the full terms of Provision 4.2.2.

At the date We cancel Units for the charge:

- where You have paid two or more Premiums to your Plan We will cancel Units in proportion to the value of Units relating to each investment.
- where your Plan is linked to two or more Funds We will cancel Units proportionately from all of those Funds (with the exclusion of any Units invested in the Distribution Cash Fund, which will not be used to pay for Ad hoc Adviser Charges). If You are invested in a PruFund Protected Fund (or its corresponding Account) You can choose to exclude it from Unit cancellations for an Ad hoc Adviser Charge.

This provision is subject to any delay that may be required under Provision 8.

See Provision 4.2.7 for details of the cancellation of Units when We pay the Sum Assured on death.

12.4.3.1 Special conditions applying to PruFund Funds

Ad hoc Adviser Charge deductions from a PruFund Fund may be taken from Units held in the corresponding PruFund Account, pending the automatic switch into that Fund on the PruFund Quarter Date. These deductions are not subject to the 28 day waiting period described in Provision 4.2.

Cancelling Units for an Ad hoc Adviser Charge from a PruFund Protected Fund and/or the corresponding PruFund Account will proportionately reduce the Guaranteed Minimum Fund Value. See Provision 11.

12.4.4 The effect of Ad hoc Adviser Charges on Ongoing Adviser Charges

Any Ad hoc Adviser Charge payment made from your Plan will reduce the value of deductions for any Ongoing Adviser Charge in place that are expressed as a percentage of fund value.

12.5 Change to financial adviser

12.5.1 Change to financial adviser – notification from You

As stated in Provision 12.1.1 You can specify only one financial adviser in relation to the Plan.

You must tell Us if You change your financial adviser and must provide a new "Adviser Charge Instruction" form under Provision 12.1.2. Unless You give Us new instructions regarding future Adviser Charges We will stop deducting any Ongoing Adviser Charges.

The Effective Date of Change under this Provision 12.5.1 is determined in the way described in Provision 12.6.

Once a change to a financial adviser has been made under this provision all future Adviser Charges will be payable

to that financial adviser, with no further Adviser Charges payable to the previous financial adviser.

Note: Where Ongoing Adviser Charges are deducted from the Plan, You should time the notification to ensure that each Ongoing Adviser Charge is payable to the financial adviser who provided advice for the period to which the charge relates.

12.5.2 Change to financial adviser – notification from the financial adviser

The declaration in the Plan application covers the situation where your adviser firm arranges for the services You have agreed with them to be provided by another adviser firm. You give Us authority, in this circumstance, to change your Adviser Charge instructions to pay Adviser Charges at the existing agreed level to the new adviser firm, without obtaining your further agreement. In this circumstance, the change of financial adviser must be notified to Us in writing by both the current and the new financial advisers.

Where We act upon an instruction from the financial adviser under this provision it will not be Our responsibility to tell You about the changes made. This responsibility lies with the financial adviser(s). The change of financial adviser must be notified to You by both the current and the new financial advisers.

Note: The financial adviser cannot give Us instructions under this provision to increase the Adviser Charges, make additional Adviser Charges or change the basis or frequency of Adviser Charges. We can only act upon instructions to make such changes where these instructions have been given by You. The financial adviser can, however, instruct Us to stop or reduce Adviser Charges as described in Provision 12.3.3.

12.6 Effective Date of Change to Adviser Charges or to financial adviser

The date We carry out changes under Provisions 12.3.3, 12.3.4 and 12.5.1 will be the 10th Working Day after We treat your or your adviser's instruction (as appropriate) as having been received by Us under Provision 15.2, except for any instruction under Provision 12.3.3 where You request a specific date for revised Ongoing Adviser Charges to start that is beyond the 10th Working Day referred to above. This is called the Effective Date of Change.

We cannot backdate or postpone the Effective Date of Change. Any Ongoing Adviser Charges due between the date We receive the instruction and the Effective Date of Change will be deducted and paid in accordance with the current instruction.

If the Effective Date of Change coincides with the date on which an Ongoing Adviser Charge is due to be deducted, that Ongoing Adviser Charge will be deducted and paid in accordance with the new instruction.

12.7 Limits for Adviser Charge Deductions

12.7.1 Maximum Ongoing Adviser Charge and Regular Withdrawal limit

There is a maximum amount of Ongoing Adviser Charges and Regular Withdrawals (in total) that can be taken from your Plan in any twelve-month period. See your Key Features document for details.

12.7.2 Maximum Limit Test for Ongoing and Ad hoc Adviser Charges

There is a Maximum Limit Test which applies to the combined total of Ongoing Adviser Charges and Ad hoc Adviser Charges which can be taken in any Policy Year.

The Maximum Limit Test applies to, and is calculated separately for, each Plan.

Please speak to your financial adviser for details of the maximum limit that applies at any given time.

12.7.3 When We carry out the Maximum Limit Test

We carry out the Maximum Limit Test:

- when We receive a request to establish any Ongoing Adviser Charge under your Plan.
- when We receive a request for an Ad hoc Adviser Charge to be paid from your Plan.
- when We receive an instruction for Ongoing Adviser Charges (under Provision 12.3.3), where either the amount to be deducted from your Plan in any Policy Year is increasing, or the frequency of the deductions is changing.
- immediately after a Partial Withdrawal from all Policies in force at that time.
- if and when You decide to cancel any additional Premium payment into your Plan by the completion of a Cancellation Notice, where the level of Ongoing Adviser Charge deductions has been increased following that additional Premium payment.

12.7.4 What happens if the maximum limit is exceeded?

If an Adviser Charge Instruction is received which exceeds the maximum limit We will contact your financial adviser for clarification on how to proceed.

We will process the request at the current maximum if your financial adviser instructs Us to do so.

Alternatively, We will require a further "Adviser Charge Instruction" form from You before any changes are made.

In either case We will tell You what We have done.

When an existing Ongoing Adviser Charge is subject to a new Maximum Limit Test due to an event other than the receipt of a revised "Adviser Charge Instruction" form (for example, a Partial Withdrawal), We will reduce, with immediate effect, future Ongoing Adviser Charges to the maximum amount or level that can be paid. We will tell You about this.

12.8 Insufficient Units to pay Ongoing Adviser Charge or Ad hoc Adviser Charge

If, when We come to make a deduction for an Ongoing Adviser Charge or an Ad hoc Adviser Charge, the value of Units in the Funds from which that Adviser Charge would be deducted is insufficient to meet the agreed Adviser Charge, We will not make any deduction, and any existing Ongoing Adviser Charge arrangement will cease.

13. Changes to Limits and Charges

We make various charges intended to cover the costs of administering the Plan. These are described in this Policy Provisions document. From time to time We may change the limits and charges to take account of inflation or other factors which may affect the running of Our business.

We may introduce charges for making Switches between funds under Provision 6. We may also introduce or increase charges if a charge is imposed on Us under the Financial Services

Compensation Scheme (or any other compensation scheme) as described below and in Provision 17.

We will keep any increases to charges or new charges to reasonable amounts, reflecting any increases in Our reasonable costs for operating the Prudential Investment Plan. This may happen, for example:

- › If We experience an increase in the general administrative costs that We incur in operating the Plan.
- › If there is a change to the basis upon which any company from within M&G plc is taxed.
- › If a charge is imposed on Us under the Financial Services Compensation Scheme (or any other investor compensation scheme).
- › If any external life assurance company or external fund manager or other company that performs any administrative or investment function on Our behalf increases the charges that We pay them.

We will give You Reasonable Notice in writing if We make any change to limits or charges described in this Policy Provisions document, or if We introduce any new charges. If You are unhappy with any changes You should contact Us in accordance with Provision 16.

14. Changes to the Plan and/or the Terms and Conditions in this Policy Provisions document

This Provision 14 does not apply to Our limits and charges. Our right to change Our limits and charges is set out in Provision 13.

14.1

Subject to Provision 14.2 immediately below We can make changes to the Plan and/or the terms and conditions set out in this Policy Provisions document providing We give You Reasonable Notice and obtain your consent. If, having given Reasonable Notice, We do not receive any response from You by the date specified in Our notice, We will be entitled to infer your consent to the change.

14.2

We can add to, amend, modify or set aside any of the terms and conditions in this Policy Provisions document without giving Reasonable Notice and without your consent in the following circumstances:

- › If it becomes impossible or unreasonable to follow them because of a change in legislation, regulations or otherwise.
- › If circumstances have changed in a way which could not have reasonably been predicted at the start of the Plan.
- › If there is a change to the basis upon which any company from within M&G plc is taxed and We can only change the Plan in such a way that, in Our opinion, the balance between You and Us remains as it was before the change.

- › If the addition, amendment, modification or setting aside is reasonable (for example, the change must be justifiable and either be to your advantage or have little or no adverse financial effect on your Plan).
- › If We do not have your up-to-date address, which will mean We cannot contact You to provide written notification of a proposed amendment that We would otherwise have given in accordance with the terms of this Policy Provisions document.

Except where it is impracticable to do so We will always notify You of any changes We have made under this provision. If You are unhappy with any changes You should contact Us in accordance with Provision 16.

15. Documents

15.1

Every notice or communication to Us in respect of your Plan must be in writing (unless We state otherwise elsewhere in these Policy Provisions), stating your Plan number(s).

15.2

Whenever We receive an instruction in relation to your Plan We must also be given all documents We require, which may include any of the following:

- › Your Policy Schedule(s) or other related contractual documentation;
- › The correct properly completed form(s);
- › Satisfactory proof of title;
- › Proof of death.

16. Complaints

You should raise any complaint as soon as possible. In the first instance please contact your financial adviser, as they may be able to resolve it quickly for You.

You can write to Us at:

Prudential
Customer Response Unit
Lancing
BN15 8GB

Telephone: 0845 640 1000

In the unlikely event that We are unable to resolve any problem, You can contact the Financial Ombudsman Service (FOS). The address is:

The Financial Ombudsman Service
Exchange Tower
London
E14 9SR

Telephone: 0800 023 4 567 or
0300 123 9 123

Website address:

www.financial-ombudsman.org.uk

Your legal rights will not be affected if You make a complaint.

To ensure that We can constantly improve Our service to customers We may record or monitor telephone conversations with You for staff training purposes.

17. Financial Services Compensation Scheme

If We get into financial difficulties which affect Our ability to pay your claim You may be eligible to receive compensation under the Financial Services Compensation Scheme (FSCS).

The FSCS is an independent body set up by 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 widely referred to as being 'in default'.

It is important for You to be aware that You may not always be able to make a claim under the FSCS and there are also limitations in the amount of compensation You may receive.

Any compensation available will depend on your eligibility, the type of financial product or service involved, the investment funds selected (if applicable) and the circumstances of the claim.

You can find out more information on the FSCS and examples of limits in the scope of FSCS cover for your Plan at

www.pru.co.uk/about_us/fscs

or you can call us on 0345 603 5478

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

Very Important Information

Prudential policyholders are not protected by the FSCS against the insolvency of other companies within M&G plc or of an external company or external fund manager. This means that the FSCS does not provide protection:

- for Prudential Unit-Linked Funds which are provided through another company within M&G plc.
- for Prudential Unit-Linked Funds which are invested solely in funds operated by another company within M&G plc (for example, unit trusts or open-ended investment companies operated by another company within M&G plc); or
- for Externally-Linked Funds

If another company from within M&G plc or an external company becomes insolvent and We cannot recover the full value of the units, Prudential will not be liable for the shortfall.

As reflected in Provision 5.4 if a charge is imposed on Us under the FSCS (or any investor compensation scheme) We may pay it by imposing on Our policyholders whatever additional charges are necessary and reasonable. See Provision 13.

18. General

18.1 Assignment (Transfer of ownership) of Plan

You must tell Us in writing if You assign any policies under your Plan, setting out the date of each assignment. Unless and until We receive this notice We will treat You as the policyholder and will only take instructions from You, other than where We specifically say so in Provision 12 (Adviser Charges). We are not responsible for the validity or sufficiency of any assignment.

18.2 Change of Address

Please tell Us if You change your address.

18.3 Third Party Rights

You and/or other persons entitled to benefits under the Plan have directly enforceable rights against Us in respect of those benefits. Subject to this, nothing in these Policy Provisions confers or purports to confer on any third party any benefits or any right to enforce any provision of the Plan pursuant to the Contracts (Rights of Third Parties) Act 1999.

18.4 Applicable Law

The law of England and Wales applies to these Policy Provisions and to any disputes between You and Prudential.

18.5

The benefits arising under the Prudential Investment Plan relate to a 'contract of long-term insurance' within the meaning of The Financial Services and Markets Act 2000 (Regulated Activities) Order 2001.



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