

# Suitability report paragraphs for the Prudential ISA

We appreciate that you'll have carefully considered your client's personal and financial circumstances, financial needs, priorities and risk profile when giving your clients a personal recommendation.

The information below is designed to help you prepare your suitability report for your client. It's not intended to form the full content of the suitability report. It's your responsibility to ensure that the report includes your client's demands and needs, why you consider the product to be suitable, on the basis of the information your client has provided to you and makes clear any disadvantages that the product has.

Please note that if you use this information, or similar text for any reason, you're responsible for ensuring that it's compliant. Whilst every care has been taken to ensure the accuracy of the following information, Prudential can accept no liability if you decide to use it.

Please ensure that you're using the latest version of this document available at: [pruadviser.co.uk/pdf/ISA-Key-Reasons.pdf](http://pruadviser.co.uk/pdf/ISA-Key-Reasons.pdf)

## Product Information

<p>What is the Prudential ISA?</p>	<p>It's important for your client to decide whether this product is right for them. They should read the Prudential ISA Key Information Document and the relevant Investment Option Document(s). These include important information that they will need to help make up their mind.</p> <p>The Prudential ISA is a stocks and shares ISA, providing a tax-efficient way of investing. The aim of the ISA is to grow the value of your client's investment over the long term, by this Prudential mean up to 15 years.</p> <p>The 2020/2021 ISA subscription limit is £20,000. This can be split in any proportion between Cash and Stocks and Shares ISAs. Transfers in from other ISA plans don't count towards your clients' annual limit.</p> <p><b>The Prudential ISA provides access to:</b></p> <ul style="list-style-type: none"> <li>• Prudential's Multi-Asset PruFund fund range</li> <li>• A range of Prudential LF OEIC funds provided by Link Fund Solutions Limited</li> <li>• Tax-efficient growth – no income or capital gains tax on gains from the investment, and no tax paid on withdrawals</li> <li>• Full, partial and regular withdrawals</li> <li>• Investment from as little as £50 each month</li> <li>• Freedom to transfer existing Cash/Stocks and Shares ISAs to the Prudential ISA.</li> </ul>
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This is just for UK advisers – it's not for use with clients.

<p>What ISA governance/ administration are used?</p>	<p>The ISA plan manager for the Prudential ISA is Link Financial Investments Limited, which is responsible for all regulatory and legal aspects of the ISA and provides all customer servicing. Link has two specific roles:</p> <ul style="list-style-type: none"> <li>• To ensure the ISA and underlying investments remain compliant with legislation/regulation.</li> <li>• To process applications and ongoing administration requests correctly, compliantly and within approved timescales.</li> </ul>
<p>Eligibility</p>	<p>Investment into the Prudential ISA is available for clients that:</p> <ul style="list-style-type: none"> <li>• Are aged 18 or over</li> <li>• Meet the HM Revenue and Customs UK residency rules or are a crown servant (e.g. Diplomatic/overseas civil service) or spouse/civil partner if they do not live in the UK.</li> </ul>
<p>Risks associated with the Prudential ISA</p>	<p>Investing money can be rewarding, but it's not without risk. We've highlighted some of the key risks your clients should consider before investing in this product:</p> <ul style="list-style-type: none"> <li>• The value of any investment and any income taken from it can go down as well as up so your client might get back less than they put in.</li> <li>• The funds invest in stocks, shares</li> <li>• Different funds have different levels of risk and the <b>Key Information Documents and Investment Options Documents</b> give more information on these for each PruFund Fund.</li> <li>• For the range of LF OEICs, more information is available in the Key Investor Documents.</li> <li>• If the total changes taken from your clients plan are more than any overall growth achieved, their plan will fall in value.</li> <li>• For any fund, Prudential may delay the buying, selling or switching of any investment. You will be told if this applies to your client's chosen fund.</li> <li>• In the event that the PruFund Funds might be closed to new investment, wound-up or that Link Financial Investments might cease to act as the ISA plan manager, your client may be forced to accept a cash withdrawal equal to the value of their investment in the PruFund Funds.</li> </ul>
<p>Where can my client invest their money?</p>	<p>Your client has the following choices available with the Prudential ISA:</p> <ul style="list-style-type: none"> <li>• Prudential's PruFund range of funds which invest in Prudential's With-Profits Fund.</li> <li>• LF Prudential OEIC Funds – Risk Managed Active/Passive Funds.</li> </ul>

<p>PruFund Range of Funds</p>	<p>PruFund funds aim to grow your client's money while giving them a smoothed investment experience.</p> <p>The PruFund range of funds all invest in Prudential's With – Profits Fund, which is one of the largest with-profits funds in the UK. However, there are differences across the range of PruFund funds in their objectives and mix of assets, and how PruFund delivers returns to investors when compared to other With-Profits business.</p> <p>This means the returns received by investors will vary by fund choice. As a with-profits investment, PruFund funds are designed to spread risk by investing in a range of different asset types.</p> <p>The PruFund funds have an established smoothing process which aims to provide your client with some protection from the extreme short term ups and downs of the markets.</p>
<p>Expected Growth Rates (EGRs)</p>	<p>Prudential sets EGRs; these are the annualised rates the investment would normally grow at. The EGRs reflect Prudential's view of how they think each PruFund fund will perform over the long term (up to 15 years). Each PruFund fund has its own EGR and investments into a PruFund will normally grow daily by the relevant EGR. EGRs are reviewed every 3 months where they could rise or fall.</p>
<p>Unit Price Adjustments (UPAs)</p>	<p>Although Prudential use a long term view of performance to set EGRs, Prudential also have to take into account shorter term performance. On a daily basis, if the shorter term performance differs too much from Prudential's current Expected Growth Rate, they would have to amend the value of your clients fund up or down to ensure Prudential are not returning too much or too little. These are known as Unit Price Adjustments.</p> <p>We may decide to reset the unit price of a PruFund fund to the unsmoothed price on a particular day, to protect the With – Profits Fund. There may also be occasions where we have to suspend the smoothing process for one or more of the PruFund funds for a period of consecutive days, to protect the With-Profits Fund.</p>
<p>Range of funds</p>	<p>There is a range of PruFund funds designed to suit different attitudes to risk and reward. They're designed for those wishing to invest for 5 to 10 years or more. There are five Risk Managed PruFund funds and also the PruFund Growth and Cautious funds.</p> <p>There are seven PruFund funds available in the Prudential ISA, each with a different level of risk exposure:</p> <ul style="list-style-type: none"> <li>• PruFund Cautious</li> <li>• PruFund Growth</li> <li>• PruFund Risk Managed 1 Fund</li> <li>• PruFund Risk Managed 2 Fund</li> <li>• PruFund Risk Managed 3 Fund</li> <li>• PruFund Risk Managed 4 Fund</li> <li>• PruFund Risk Managed 5 Fund</li> </ul> <p>For the range of PruFund funds, what a client will receive will depend on the value of the underlying investments, the Expected Growth Rates as set by the Prudential Directors, the charges, the smoothing process, and when money is taken out.</p>

<p>More information on the PruFund Range of funds</p>	<p>For more information about the PruFund range of funds see “Your With-Profits Plan – a guide to how we manage the Fund PruFund range of funds”, reference WPGb0031.</p> <p>Alternatively, you can refer to the guide – “PruFund – An introduction to the PruFund range of funds”, reference PFBS10000.</p> <p>For more information on the PruFund smoothing process, take a look at the “step by step guide to PruFund Smoothing Process”, reference GENM92301.</p>
<p>Switching between PruFund's</p>	<p>Your client can switch their money between PruFund's whenever they like. There is currently no charge for switching, although Prudential reserve the right to apply a charge in the future.</p> <p>The minimum amount your client can switch is £500.</p> <p>If not switching the full value of their investment, £500 must remain invested in each fund.</p> <p><b>Switches from a PruFund Fund are subject to the following rules:</b></p> <ul style="list-style-type: none"> <li>• All switches out of any PruFund Fund will be made 28 days after the ISA plan manager receives the request and uses the unit prices on the 28th day.</li> <li>• Only one switch can be made each quarter, where the quarter dates are 25 February, 25 May, 25 August and 25 November, or the next working day if the quarter date is a weekend or public holiday.</li> </ul>

OEIC Funds

A range of Open Ended Investment Company (OEIC) funds are also available as a fund choice within the Prudential ISA.

The LF OEIC funds available on Prudential ISA are multi-asset funds which have full exposure to the ups and downs of the market, but each individual fund is managed to take different levels of risk

Prudential OEIC Fund Name	Description
LF Prudential Risk Managed Active 1 Fund	<p>Our Risk Managed Active range is managed to meet an expected long-term volatility target to help target different attitudes to risk. The range gives you access to M&amp;G Treasury &amp; Investment Office (T&amp;IO), includes the team formerly known as Prudential Portfolio Management Group (PPMG) for active asset allocation, with a focused selection of underlying funds that use expert active fund management approaches. Your clients can choose between five active risk – managed portfolios which can be matched to their attitude to risk. We will manage their money to achieve the best return we can for the level of risk they are willing to take.</p>
LF Prudential Risk Managed Active 2 Fund	
LF Prudential Risk Managed Active 3 Fund	
LF Prudential Risk Managed Active 4 Fund	
LF Prudential Risk Managed Active 5 Fund	
LF Prudential Risk Managed Passive 1 Fund	<p>Our Risk Managed Passive range is managed to meet an expected long-term volatility target to help target different attitudes to risk. The range gives you access to T&amp;IO for active asset allocation, with a focused selection of underlying funds that use predominantly (at least 70%) passive fund management approaches. Your clients can choose between five risk – managed portfolios which can be matched to their attitude to risk. We will manage their money to achieve the best return we can for the level of risk they are willing to take.</p>
LF Prudential Risk Managed Passive 2 Fund	
LF Prudential Risk Managed Passive 3 Fund	
LF Prudential Risk Managed Passive 4 Fund	
LF Prudential Risk Managed Passive 5 Fund	

<p>OEIC Funds (continued)</p>	<p>The OEIC funds are operated by Link Fund Solutions Limited who is legally responsible for the funds, including all servicing and administration of the funds.</p> <p>There is no maximum investment limit into the OEIC Funds.</p> <p>For more information of the OEIC fund objectives and charges, please refer to the Key Investor Information Documents.</p> <p><b>The possible impact on your investment if you invest in the Risk Managed Active/Passive Fund Range</b></p> <ul style="list-style-type: none"> <li>• The costs of buying and selling assets are expenses that your fund pays, and will reduce the fund performance for a while after the change.</li> <li>• We estimate that this impact on fund performance will last for approximately five to nine months (the transition period), depending on the fund you're in.</li> <li>• The transition period will end when the expenses of buying and selling assets are offset by the new lower fund charge.</li> <li>• If you leave your fund before the transition period finishes you'll get a lower return than you would have if the investment objective hadn't changed</li> </ul>
<p>Minimum Investment Limits</p>	<p>For single payment the minimum amount is £500.</p> <p>For subsequent payments the minimum amount is £250.</p> <p>For regular payments the minimum amount £50 each month. Subject to annual ISA allowances.</p>
<p>Can my client transfer their existing ISA investments?</p>	<p>Your client can transfer previous tax year ISAs to the Prudential ISA without affecting the current year's subscription limits (£20,000 for tax year 2020/2021).</p> <p>There is currently no charge for transferring your clients ISA to the Prudential ISA however, their existing ISA Manager may charge them for any transfer. They may also lose out on any growth in value during the period where the transfer is taking place.</p> <p>Transferring from a cash ISA to a stocks and shares ISA means moving from a deposit based account, to a product where capital is at risk and means your client could get back less than they pay in.</p>
<p>How can my client access their investment benefits in the Life Insurance Policy?</p>	<p>Your client can take full, partial or regular withdrawals from their ISA.</p>

<p>Regular withdrawals</p>	<p>Regular withdrawals can be taken on either the 5th or 20th of the month (or next working day, if either of those days fall on a weekend/bank holiday). Payment is then received four working days after the date of each withdrawal.</p> <ul style="list-style-type: none"> <li>• A minimum of £50 must be taken on each occasion from each Fund.</li> <li>• Your client must leave at least £500 in that fund, if they're not withdrawing the full value of the investment.</li> <li>• The maximum annual limit for regular withdrawals is 7.5% of the fund value</li> </ul>
<p>Full or partial withdrawals</p>	<p>Full or partial withdrawals may be delayed for up to 14 days, once the ISA plan manager received your client's request. They will use the unit prices on the 14th day.</p> <ul style="list-style-type: none"> <li>• A minimum of £250 must be taken out on each occasion from each fund.</li> <li>• You client must leave at least £500 in that fund, if they're not withdrawing the full value of the investment.</li> </ul> <p>Please note, any money taken from your clients ISA will reduce the value of the investment.</p>
<p>Fund Charges</p>	<p>An Annual Management Charge – this is the charge we take for looking after your investment – is taken for each PruFund Fund by deducting a percentage of units of the relevant PruFund Fund each month. This is the charge your client pays to invest in a fund.</p> <p>For details of the PruFund Funds charges please refer to the Key Information Document and associated Investment Option Document.</p> <p>For details of the OEIC fund's charges, please refer to the Key Investor Information Document.</p> <p>Your client's illustration will show how charges and costs will affect their plan. Charges may vary in the future and may be higher or lower than they are now.</p>
<p>Set-up Adviser charges</p>	<p>Set-up Adviser charges (if selected) are deducted from the initial investment before it is invested in the ISA. The initial investment less any set-up adviser charge will then be the amount used to purchase units.</p> <p>The Set-up Adviser Charge can either be a percentage or a monetary amount.</p>
<p>Ongoing Adviser charges</p>	<p>Ongoing adviser payments will apply across all investments and apply to both the PruFund and OEIC Funds. The same rate will apply across the whole of the ISA account.</p> <p>The Ongoing Adviser Charge can either be a percentage or a monetary amount.</p> <p>Ad hoc Adviser Charges are not available.</p>
<p>Ad hoc Adviser Charge</p>	<p>Single Investment Set-up Adviser Charge</p>

Limits for Adviser Charging	Single Investment Set-up Adviser Charge	10% of the single payment or transfer income
	Regular investment Set-Up Adviser Charge	10% of regular investment amount if the payment period is over 12 months, 50% if the payment period is less than 12 months allocation of equity.
	Ongoing Adviser Charge	2% each year of the total holding within the ISA across all funds.

The above is based on Prudential's understanding, of current taxation, legislation and revenue practice, all of which are liable to change without notice. The impact and any tax reliefs depends on individual circumstances.

Full Terms and Conditions of the Prudential ISA are available on request.