

A guide to the Prudential International Investment Bond

Your questions answered

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› Introducing Prudential International Investment Bond

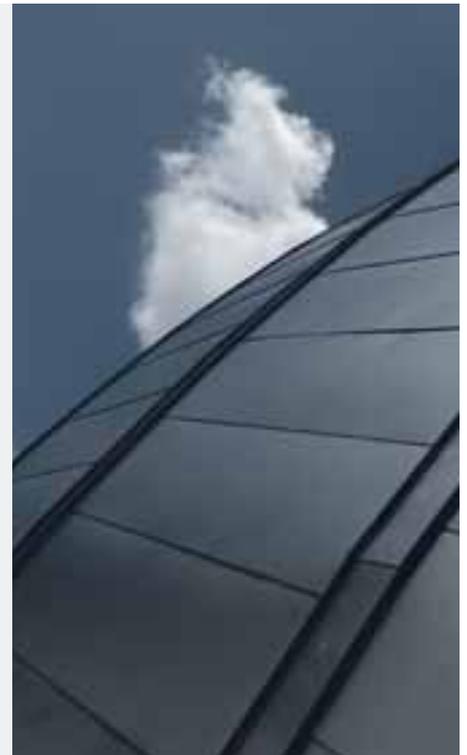
When it comes to choosing an investment, you want something that will suit your needs not just now, but into the future. Over time, your aims can change: you may become more adventurous or more cautious or you may switch your objective from capital growth to wanting an income.

At all times, though, it's essential to have the potential for good returns and the opportunity to minimise any tax liability. Prudential International Investment Bond is designed as a medium to long-term (5-10 years or more) investment that aims to meet these two objectives. It also has the flexibility for you to tailor it to your needs.

It is a tax-efficient, convenient way of accessing a number of funds, giving you the flexibility to move your money between the funds.

The value of an investment can go down as well as up, so you might get back less than you put in.

Charges will change in the future.



What Prudential International Investment Bond offers

- › Wide choice of funds: from Prudential and selected leading fund managers, covering a range of risk levels
- › Guarantee options: allowing you to pick a term to suit your circumstances
- › Annual Investment Reward: a bonus added from the first anniversary of the bond creating extra value for anyone who invests £50,000 or more
- › Cost-effective portfolio management: 20 free switches each year to help you manage your investments actively at lower cost
- › Easy access to your money: regular and one-off withdrawals, to suit your needs*
- › Tax-efficiency: your investment grows largely free of tax (other than withholding tax)
- › Choice of currencies: you can put money in and take it out in any of 10 currencies. Exchange rates can change, which may increase or decrease the value of your investment and/or withdrawals.

* Any withdrawal or adviser charge taken from your bond will reduce its value. If the withdrawals, including adviser charges, are more than any overall growth achieved the value of your bond will reduce below the level of original capital invested. If you take withdrawals from a PruFund Protected Fund, the Guaranteed Minimum Fund will be reduced proportionately. For more information on this please read "Your Guide to investing in the PruFund Range of Funds", reference IPBB10049.

› Your investment choices

Prudential International Investment Bond offers you a variety of funds, from more cautious options to more adventurous ones. You can choose up to ten at a time, to suit your needs and preferences. Just as importantly, you can change your selection, to adapt to any changes in your circumstances or lifestyle.

Multi-asset funds

At the core of your investment choices are a select range of M&G Group's "multi-asset" funds. These are funds that invest across a number of different asset types such as shares, property, fixed interest securities and cash.

The PruFund Range of Funds

The PruFund range of funds aim to grow your money over the medium to long term (5 to 10 years or more), whilst protecting you from some of the short term ups and downs of direct stockmarket investments by using a smoothing process. This means that while you won't benefit from the full upside of any potential stockmarket rises you won't suffer from the full effects of any downturns either.

PruFund funds are invested in the Prudential With-Profits Fund, which is one of the largest with-profits funds in the UK. This means we can buy a wide range of assets which may not be possible for someone to buy directly. 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, which means the returns received by investors will vary by fund choice.

PruFund funds are multi-asset funds which means you get access to a wide range of assets, across different asset types and countries. This allows you to spread the risk of investment.

This diversification aims to balance the performance of the various different assets, so your eggs aren't all in one basket. In essence this aims to offset poor performance in one asset type with good performance in another.

PruFund smoothing process

The PruFund funds have an established smoothing process which aims to provide you with some protection from the extreme short-term ups and downs of the markets.

Prudential set Expected Growth Rates (EGR); these are the annualised rates your investment would normally grow at. The EGRs reflect our view of how we 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 three months, when they could rise or fall.

Although we use a long term view of performance to set EGRs, we also have to take into account shorter term performance. On a daily basis, if the shorter term performance differs too much from our current EGR, we would have to amend the value of your fund up or down to ensure we are not returning too much or too little. We call these Unit Price Adjustments.

In certain circumstances, the smoothing process may be suspended in order to protect the With-Profits Fund and the clients invested in it. This can happen independently for each fund in the PruFund Range of funds.

For the range of PruFund funds, what you receive will depend on the value of the underlying investments, the EGRs as set by the Prudential Directors, our charges, the smoothing process, if there is a guarantee and when you take your money out.

PruFund Protected Funds

The PruFund Protected Funds are currently unavailable to new investments. There are optional guarantees which are offered on the PruFund Cautious Fund and the PruFund Growth Fund for an additional charge. These are called PruFund Protected funds. Where available, if you select a PruFund Protected fund, you will be able to choose from a range of guarantee terms. These provide a guarantee that your investment will be worth at least a minimum amount at the end of the guarantee term. New guarantees on PruFund are currently suspended as, under current market conditions, the cost of guarantees on PruFund means they would not offer value for money.

Please contact your Financial Adviser for details of the current guarantees available on Prudential International Investment Bond.

Denominated in Sterling, Euro and US Dollars

The PruFund Range of Funds are denominated in Sterling, Euro and US Dollars, so you can select the currency that best matches your circumstances. Exchange rates can change, which may increase or decrease the value of your investment and/or withdrawals. You can find more information in "Your guide to investing in the PruFund Range of Funds", reference IPBB10046, available from your Financial Adviser.

For more information on the PruFund range of funds refer to "An introduction to the PruFund range of funds", reference PFBS10000, available from your adviser.

The Risk Managed Active and Risk Managed Passive ranges

The multi-asset range includes five Risk Managed Active funds and two Risk Managed Passive funds. Each of these is a "fund of funds", which means that it invests in a collection of funds that are themselves run by some of the foremost investment managers in the country.

The Risk Managed Active range* combines the expertise of M&G Treasury & Investment Office (T&IO), which has considerable experience of asset allocation, and Morningstar who are a leading investment fund researcher. To find out more about Morningstar, please go to their website www.morningstar.co.uk.

The funds are designed to meet different investment objectives and help target different attitudes to risk.

The Risk Managed Passive range** offers access to a range of funds that use active and passive fund management approaches. These can help you plan for particular investment objectives. Please note the Risk Managed Passive funds are only denominated in Sterling. Your Financial Adviser can give you more information.

* M&G Investment Management Ltd, part of the M&G Group, are the investment managers for the Risk Managed Active range. They make the asset allocation adjustments recommended by T&IO using funds recommended by Morningstar.

** M&G Investment Management Ltd, part of the M&G Group, are the investment managers for the Risk Managed Passive range. They make the relevant adjustments to the portfolio's based on T&IO recommendations.

Additional fund choices

The Prudential multi-asset fund range is complemented by a number of other funds, from both Prudential and other leading fund managers who have been chosen for their expertise in particular investment sectors.

This means you can choose from a variety of investment styles, as well as different markets and risk profiles. You can find details of all the funds, along with their investment objectives and other detailed information, in "Your Prudential International Investment Bond and International Prudence Bond funds guide", reference INVB5260.

Managing your investments

Over time, your needs and preferences may change and you may want to alter your fund choices to match. You can do this at any time, either through your Financial Adviser or by writing to us. To help you keep your portfolio up to date without incurring great expense, Prudential International Investment Bond provides 20 free switches in any 12-month period.

There are some special rules that apply to switches in or out of the PruFund Range of Funds. You can find more information on these in "Your guide to investing in the PruFund Range Funds", reference IPBB10046, available from your Financial Adviser.

Currency choices

The investment selection includes funds denominated in Sterling, Euro and US Dollars. This gives you an opportunity to match your investments to your circumstances. For example, it may help you to reduce or even possibly avoid exchange rate differences between your investments and the currency in which you eventually take your money out. Exchange rates can change, which may increase or decrease the value of your investment and/or withdrawals.

› What else does it offer?

Prudential International Investment Bond has additional features and options to help make your investment effective for you.

Annual Investment Reward

The Prudential International Investment Bond offers an Annual Investment Reward for larger premiums. The premium is the amount invested into the bond, after any Set-up Adviser Charge has been paid.

If this applies to your bond, we will credit the Reward each year, on the anniversary of the investment. We value your investment on that day, apply the percentage appropriate to your investment and then add extra units worth that amount to your bond.

Each investment you make will be separately assessed for the Annual Investment Reward and valued on its own anniversary to determine the amount of extra units to be credited to your bond.

The Reward will continue to apply at each anniversary of an eligible investment until your bond ends. It is payable for full years only – there is no credit if your bond ends between anniversaries.

If your investment is eligible for an Annual Investment Reward, it will be shown on your personal illustration.

Currency choices

You can invest and take withdrawals in any of ten different currencies. This could be useful if you move to another country, either temporarily or permanently, as this may help with the effects of changes in exchange rates which may increase or decrease the value of your investment and/or withdrawals.

Inheritance tax planning

Prudential International has a range of trusts that can be used with Prudential International Investment Bond for inheritance tax planning: Gift Trust, Loan Trust, Discounted Gift Trust and Excluded Property Trust.

Your Financial Adviser will be able to tell you more about these and whether they would suit your circumstances.

Capital redemption option

You may choose to set up the bond using the capital redemption option, rather than writing the bond on a life assurance basis (where it would end on the death of the chosen life assured).

The capital redemption option offers you the flexibility to pay in additional premiums (known as top ups) as well as take regular and one-off withdrawals, whilst you can also cash in your bond at any time.

The sequencing of when any income or lump sums are taken from your bond, in conjunction with how the investments perform is important for its longevity.

It will pay a guaranteed maturity value at the end of the fixed term of 99 years, if it has not been cashed in before then.

The capital redemption option can be particularly attractive for trusts. It allows the trustees to choose when to cash it in or instead to keep it going through successive generations.

You should consider that the value of your bond can go down as well as up, so you might get back less than you put in.

› How can I access my money?

You can take your money out at any time, whether you want to make a one-off withdrawal or have regular payments. There may be a tax liability – please ask your Financial Adviser for more information.

Taking out lump sums

You can take a lump sum out of your bond whenever you like, just as long as:

- › you take at least £75, €112.50 or US\$112.50, and
- › you leave at least £500, €750 or US\$750 invested in each fund.

There are some special conditions that apply to withdrawals from the PruFund Range of Funds. You can find more information on these in "Your guide to investing in the PruFund Range of Funds", reference IPBB10046.

Taking regular withdrawals

At the outset, or at any time after that, you can choose to take regular withdrawals from the funds of your choice within your bond. This may be every month, three months, six months or twelve months.

The amount you take can be:

- › a fixed sum, subject to the minimum amounts shown above,
- › a percentage of your original investment, or
- › a percentage of the value of your bond.

There is a maximum amount you can take each year, which is either 7.5% of your total investment or 7.5% of the value of your bond at the time you start taking withdrawals, whichever is more. Any Ongoing Adviser Charges taken from your bond are included in this limit. You must also leave at least £500, €750 or US\$750 invested in each fund.

When taking withdrawals from your bond, you will receive a 'tax deferred allowance'. This allowance permits you to withdraw up to 5% of the amount you have invested in your bond without having an immediate tax bill. If the total you withdraw in any year is more than the 5% allowance it will create a 'chargeable event' and you will normally be liable for income tax at your highest rate on the excess amount. It may also affect entitlement to personal tax allowances and certain tax credits.

As before, there are special rules for the PruFund Range of Funds. Please refer to your Key Features document for more information.

The information above is based on our understanding of the current taxation, legislation and HM Revenue & Customs (HMRC) practice, all of which are liable to change without notice. The impact of taxation (and any tax relief) depends on individual circumstances.

Paying your Adviser from your Bond

Your Financial Adviser may agree charges with you. If you wish, you can ask us to pay some or all of these charges from your investment.

If we pay any Adviser Charges from your Bond on your behalf and you are also taking regular or one-off withdrawals from your bond, these will be added together for the purposes of the "tax deferred allowance".

You can find out more about adviser charging options in your key features document.

Adding to your investment

If you wish, you can add to your investment at any time for a minimum of £15,000/€20,000 or US\$25,000.

Additional investments can either be placed into funds you already hold (with the exception of any PruFund Protected Fund), or new selections, as long as no more than ten funds are held in total.

Special terms apply for payments made into the PruFund range of funds. Please refer to your key features document for more information.

› About Prudential International

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

Our home in Dublin

Prudential International is based in Dublin, which provides tax advantages as well as a strict legal and regulatory environment.

We are subject to European Law, having to comply with all applicable European directives and regulations and to meet European solvency margins. We are authorised by the Central Bank of Ireland.

We are subject to limited regulation by the Financial Conduct Authority. Details on the extent of our regulation by the Financial Conduct Authority are available from us on request.

Our service to you

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

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

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



Contacting us

It's easy to keep in touch once your bond has been set up. For any questions about your bond, or to request copies of literature or forms (for example, if you want to change funds), call: **+ 353 1 476 5000**.

Lines are open 9am to 5pm Monday to Friday. Please note that calls may be monitored or recorded for quality and security purposes.

You can also write to:

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



www.pru.co.uk/international

Prudential International is a marketing name of Prudential International Assurance plc. Prudential International Assurance plc, UK Branch is registered in the UK as a branch of Prudential International Assurance plc and its registered address is 3 Sheldon Square, Paddington, London W2 6PR. Registration No. BR017106. Prudential International Assurance plc is authorised and regulated by the Central Bank of Ireland, deemed authorised by the Prudential Regulation Authority and subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Details of the Temporary Permissions Regime, which allows EEA-based firms to operate in the UK for a limited period while seeking full authorisation, are available on the Financial Conduct Authority's website. Prudential International is part of the same corporate group as The Prudential Assurance Company Limited. Both The Prudential Assurance Company Limited and Prudential International are direct and indirect subsidiaries respectively of M&G plc, a company incorporated in the United Kingdom. The Prudential Assurance Company Limited is not affiliated in any manner with Prudential Financial, Inc, a company whose principal place of business is in the United States of America or Prudential plc, an international group incorporated in the United Kingdom.