

A guide to the International Prudence Bond

Your questions answered

➤ Introducing International Prudence 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. International Prudence Bond is designed as a medium to long-term investment that meets these two objectives and has the flexibility for you to tailor it to your needs.

It's 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 your investment can go down as well as up and is not guaranteed. You could get back less than you have invested. Charges will change in the future.



What International Prudence Bond offers

- Wide choice of funds: from Prudential and selected leading fund managers, covering a range of risk levels
- Guarantee options
- Annual Growth Reward: a loyalty bonus from year one, creating extra value for growth investors
- 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 UK withholding tax)
- Choice of currencies: you can put money in and take it out in any of 10 currencies. Changes in the rates of exchange between currencies may cause the value of your investment or income to go down or up.

The impact of taxation (and any reliefs) will vary depending on your individual circumstances including, but not limited to, your tax residency. Tax legislation may be subject to change. You should speak to your Financial Adviser or consult a professional tax adviser in your country of residence for more information.

* Any withdrawal taken will reduce the value of your bond. If the withdrawals are more than any overall growth achieved, the value of your bond will reduce below the level of original capital invested. One-off withdrawals may be subject to an Early Cash-in Charge. If you make withdrawals from a PruFund Guarantee Fund, the Guaranteed Minimum Fund Value will be reduced proportionately.

➤ Your investment choices

International Prudence 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 the Prudential 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 downfalls either.

PruFund funds are invested in the Prudential With-Profits Fund, which is the 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 a smoothing process which aims to provide you with some protection from the extreme short terms 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

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. 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.

For details of the current range of guarantees available, speak to your Financial Adviser.

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. You can find more information in "Your guide to investing in the PruFund Range of Funds", reference IPBB10046, which your Financial Adviser can give you.

The Dynamic Portfolios and Dynamic Focused Portfolios

The multi-asset range includes five Dynamic Portfolios and two Dynamic Focused Portfolios*. 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 Dynamic Portfolios combine the expertise of Prudential's Portfolio Management Group Ltd* (PPMG), which has considerable experience of asset allocation, and Morningstar which is a leading investment fund researcher. To find out more about Morningstar, please go to their website www.morningstar.co.uk

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

The Dynamic Focused Portfolios** offer 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 Dynamic Focused Portfolio funds are only denominated in Sterling. Your Financial Adviser can give you more information.

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 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, International Prudence 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 of Funds", reference IPBB10046.

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.

* M&G Investment Management Ltd, part of the Prudential Group, are the investment managers for the Dynamic Portfolios. They make the asset allocation adjustments recommended by PPMG using funds recommended by Morningstar.

** M&G Investment Management Ltd, part of the Prudential Group, are the investment managers for the Dynamic Focused Portfolios. They make the relevant adjustments to the portfolio's based on PPMG recommendations.

› What else does it offer?

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

Annual Growth Reward

If you are planning to leave your investment for potential growth, International Prudence Bond offers a special boost, the Annual Growth Reward. From the end of the first year onwards, we will add a bonus of 0.1% of the value of your bond in each year that you don't take any lump sum or regular withdrawals. Over the longer term, this could build up to be a significant benefit.

Eligibility for the Reward is decided on a year by year basis. So if you need to make a one-off withdrawal one year, it won't affect you qualifying for the Reward in other years where you don't take any money out.

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.

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 of 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, and any income from it, is not guaranteed and can go down as well as up. This could mean that you don't get back the full amount that you have invested.



› How can I access my money?

It's easy to access your money 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 €112.50, US\$112.50 or £75, and
- › you leave at least €750, US\$750 or £500 invested in each fund.

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

Taking regular withdrawals

At the outset, or at any time after that, you can choose to take regular withdrawals from 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 5% of your total investment or 5% of the value of your bond at the time you start taking withdrawals, whichever is more. You must also leave at least €750, US\$750 or £500 invested in each fund.

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

Adding to your investment

If you wish, you can add to your investment at any time, from a minimum of €20,000, US\$25,000 or £15,000. You can put this into the funds you already hold (with the exception of any PruFund Protected Fund) or a new selection, as long as you have no more than ten funds in total and subject to special terms for the PruFund Range of Funds. Please refer to your key Features document for more information.

➤ About Prudential International

Prudential International is part of the Prudential Group, which has over 24 million customers worldwide (as at April 2017).

Prudential is one of the most recognised names in financial services. 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 European directives and regulations and to meet European solvency margins. We are licensed by the Irish Government to operate from Dublin and are authorised by the Central Bank of Ireland.

We are also subject to limited regulation by The Financial Conduct Authority. Details on the extent of our regulation by The Financial Conduct Authority are available 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 (GMT) 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.prudential-international.com

The registered office of Prudential International is in Ireland at Montague House, Adelaide Road, Dublin 2. Prudential International is a marketing name of Prudential International Assurance plc. Registration No. 209956. Telephone number + 353 1 476 5000. If the Company should become unable to meet its liabilities, the Financial Services Compensation Scheme will protect eligible policyholders habitually resident in the UK when their contract starts, with effect from 1 December 2001. This protection does not extend to externally-linked investments. Prudential International Assurance plc is authorised by the Central Bank of Ireland and is subject to limited regulation by the Financial Conduct Authority for UK business. Details on the extent of our regulation by the Financial Conduct Authority are available from us on request.