Your guide to

Prudential International Investment Bond

A flexible, tax-efficient, international bond designed for capital growth or income

The Prudential International Investment Bond from Prudential International, is designed to provide tax-efficient investment to help you grow your money, provide an income, or both.

Prudential International is part of M&G plc, and 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.

A new business or additional investment application cannot be accepted without a Financial Adviser providing advice and submitting it on their customer’s behalf. This product is available only on an advised basis, and where the customer and adviser are not one and the same person.

The tax information in this guide is based on current rules, which can change. Any tax you may pay will also be based on your own circumstances.

We would like everyone to find it easy to deal with us. Please let us know if you need information about our plans and services in a different format.

All our literature is available in audio, large print or braille versions. If you would like one of these please contact us using the details in this document.

Contents

Risks – what you need to be aware of

- The value of your investment can go down as well as up and you may not get back the amount you put in.
- If the total charges and costs are higher than any investment growth, your investment will fall in value.
- Charges may increase in future.
- If you take more money from the bond than the amount your investment has grown by, the value of your investment will be less than you've put in.
- Each of the investment choices available for the International Portfolio Bond, has its own specific risks that will affect the value of your bond. Some may also have features which mean there are restrictions on taking money out or moving money between investments. You should discuss these with your Financial Adviser.
- There may also be exceptional circumstances that delay the buying, switching and selling of units in any fund. Please see the Contract Conditions and Important Information Booklet for more information.
- If the value of the bond assets falls below £1,000, we reserve the right to cancel the bond and pay you the value of the remaining investments less any charges due. More details can be found in the Contract Conditions and Important Information Booklet.

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 six currencies: Sterling, Euro, US Dollar, Swedish Krona, Swiss Franc and Canadian Dollar. 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 options

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

When you invest in PruFund funds, your money is pooled together with that of other investors within your chosen fund, and used to buy a large spread of different types of investments (often described as asset classes).

Investing in a variety of different asset types helps to reduce the impact on the performance of one kind of asset. This is known as diversification.

The PruFund Range of Funds aim to grow your money over the medium to long-term (5-10 years or more), while protecting you from some of the short-term highs and lows of direct stock market investments, by using an established smoothing process.

This process gives you a more stable rate of growth than you would get if you were directly exposed to the daily changes in the fund's underlying investment performance.

So while you won't benefit from the full upside of any potential stock market rises, you won't suffer the full effects of any downsides either.

Our smoothing process

The PruFund smoothing process uses Expected Growth Rates and, where required, Unit Price Adjustments, to deliver a smoothed investment journey.

For more information see **'A step-by-step guide to the PruFund smoothing process'**, reference pruf1098101, available from your adviser.

Expected Growth Rates (EGRs)

The Directors of The Prudential Assurance Company Limited (PAC) set Expected Growth Rates (EGRs) – annualised rates your investment would normally grow at – which reflect their view of how they think each PruFund fund will perform over the long-term (up to 15 years).

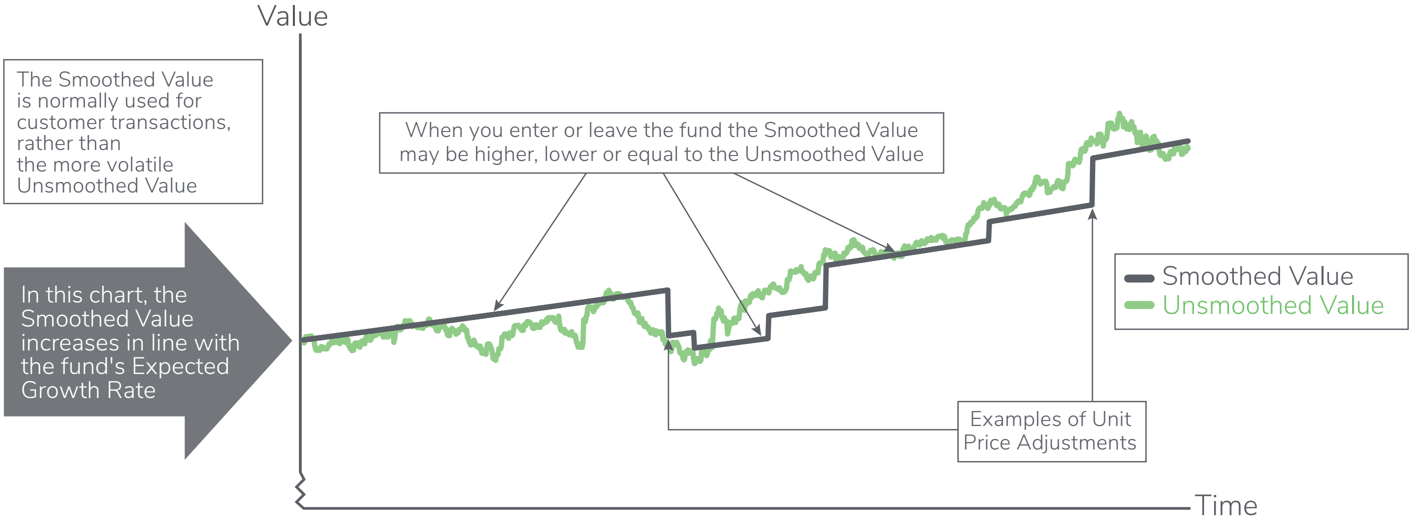
Each PruFund fund has its own Expected Growth Rate and investments into a PruFund will normally grow daily by the relevant Expected Growth Rate. Expected Growth Rates are reviewed every 3 months, and may be higher, the same, or lower than they were at the start of your investment.

Unit Price Adjustments (UPAs)

Although The Prudential Assurance Company Limited use a long term view of performance to set Expected Growth Rates, they also have to take into account shorter term performance. On a daily basis, if the shorter term performance differs too much from our current Expected Growth Rate, we'd 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.

Your Financial Adviser will be able to give you more information on our smoothing process, Expected Growth Rates and Unit Price Adjustments for our PruFund funds.

For more information on investing in the PruFund Range of Funds, and smoothing, speak to your Financial Adviser.



This is for illustrative purposes only – it's not representative of any particular time period or investment performance. Its only aim is to explain how smoothing works.

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 Life Investment Office(LIO), 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 **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 LIO 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 portfolios based on LIO 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 six 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.

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.

Costs and Charges

Charges

We charge you for looking after your plan. These charges are already taken into account when we work out its value.

Your personal illustration shows how the charges and costs will affect your bond based on the amount you invest and example growth rates. It will also show any Adviser Charges you have asked us to pay on your behalf.

The charges and costs described below could change in the future. If this happens, we will let you know.

Annual Management Charge

For With-Profits and PruFund Range of Funds, charges are deducted monthly in arrears by cancelling units from your chosen fund. For all other unit-linked funds, we deduct an Annual Management Charge from the funds and this charge is calculated and taken daily from your plan by adjusting the unit price.

The amount of charge we deduct depends on the funds you choose to invest in and the amount of your original investment. For more information, please read the Fund Guide for the Prudential International Investment Bond and International Prudence Bond.

Further costs

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 read the Fund Guide for the Prudential International Investment Bond and International Prudence Bond.

Adviser charging

You agree the fees with your adviser for any advice you receive, and you can pay them directly or ask us to pay the charges from your plan. There are limits to the amount of adviser charges we will allow you to deduct and your adviser can tell you more about these.

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.

Accessing your 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.

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

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.

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.

What about tax?

Income Tax

You may have to pay Income Tax on any withdrawals you make from your bond. Each policy year you can withdraw up to 5% of the amount you have invested in your bond without having an immediate tax bill. You may do this by taking regular withdrawals and/or one-off withdrawals by partially cashing in all the policies in your bond. If you don't use all of this 5% allowance in any policy year, you can carry the unused portion forward. The allowance comes to an end once you have withdrawn 100% of the amount you invested. If you withdraw more than the allowance in any policy year, you may have to pay Income Tax on the excess amount.

The 5% allowance also applies to any additional investment you make, starting in the policy year it's invested in the bond. Any Ongoing Adviser Charges, Ad hoc Adviser Charges, regular withdrawals and one-off withdrawals you ask us to pay by partially cashing in all the policies in your bond, will be counted against the 5% allowance. You may also have to pay Income Tax if:

- you cash in your bond or any policies in it,
- you transfer legal ownership of your bond, or
- your bond ends on the death of a life assured and the death benefit is payable, or
- your bond ends because it matures.

A gain on your bond will be added to your total taxable income for that tax year and you will normally pay tax on the gain at your highest marginal rate, although in some cases you may be able to claim "top-slicing relief". Your Financial Adviser will be able to give you more information about this. Gains from your bond may affect any entitlement to personal Income Tax allowances or certain tax credits.

If you have been non-resident in the UK for tax purposes during the period you have owned the policy, you may be entitled to a reduction in tax payable for any taxable gains made during your non-residency (time apportioned reduction). Further details can be found in the HM

Revenue & Customs helpsheet HS321 "Gains on foreign life insurance polices".

Capital Gains Tax

You won't have to pay this on your plan.

Inheritance Tax

If you still have this plan when you die, your estate might need to pay Inheritance Tax. Special tax considerations apply to plans written under trust. Your adviser can give you more information about this.

Irish Exit Tax

If you become resident in Ireland, we'll deduct Irish Exit Tax from your bond:

- every eight years;
- when any benefits are paid out; or
- when the owners of the bond change.

We pay this tax to the Irish tax authorities. If you're not resident in Ireland, you don't have to pay Irish Exit Tax provided you complete the "Declaration of residence outside Ireland" which is contained within the application form.

Tax rules for trusts

If your bond is written under trust, special tax rules apply. For more information please contact your Financial Adviser.

Tax rules for corporate investors

UK Corporate investors cannot benefit from the 5% annual tax-deferred allowance. For more information, please contact your Financial Adviser.

Tax rules can change and the impact of taxation (and any tax relief) depends on your circumstances.

Before you make a decision you might want to speak to a Financial Adviser. They can help you understand the tax rules and how they might affect you.

For more information visit **pru.co.uk/tax** or the HMRC website at **hmrc.gov.uk**.

Some terms explained

This is a high-level guide to some useful investment terms. Please speak to your Financial Adviser if you need help or want to know more about terms used around investments.

Prudential International Investment Bond – Single premium unit-linked investment contract with access to a variety of funds including PruFund as either life assured or capital redemption option.

Annual Investment Reward – A bonus added from the first anniversary of the bond, creating extra value for investments of £50,000/ €62,500 /US$75,000 or more.

Capital redemption – Capital redemption bonds mature on the 99th anniversary of the original investment date. If a bond is still in force at maturity, there is a guaranteed maturity value.

Chargeable event – a chargeable event arises on partial withdrawals across a bond which exceed the 5% per annum allowance. They can also occur:

A) on the death of the relevant life assured: and

B) on maturity or full or partial cash in of the bond.

Expected Growth Rate (EGR) – These are the annualised rates your investment would normally grow at. They are reviewed every three months, when they could rise or fall.

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

Investment Bond for IHT planning – Gift Trust, Loan Trust and Discounted Gift Trust.

Life-assured – Life assured bonds allow up to 4 applicants and 10 lives assured, on a last death basis. The life assured must be aged no older than 89 attained. For joint lives, at least one life must be aged under 90.

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

The Prudential Assurance Company (PAC) – the asset owner of M&G plc, looks after the money of Prudential Customers with a primary objective to help people manage and grow their savings and investments, responsibly.

Unit Price Adjustments (UPA) – On a daily basis, if the shorter term performance differs too much from our current Expected Growth Rate, we'd 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.

Withholding Tax – a tax deducted at source, levied on interest or dividends paid to a person resident outside that country.

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.

The advantages of being an Irish tax resident company:

The main advantage of this is tax-efficiency: investment income and gains are subject to a gross-roll up regime in Ireland which means your bond can grow largely tax-free, subject only to withholding tax on certain funds which is non-reclaimable.

This benefit is only available for non-Irish tax residents.

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: 0808 234 2200 (UK freephone) or +353 1 476 5000 (if outside the UK)

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
PO Box 13395
Chelmsford
CM99 2GH

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