

Contract Conditions and  
Important Information Booklet

International Portfolio Bond  
Lives Assured and Capital Redemption

PIA/GEN/NIPB/01/0624, or  
PIA/GEN/NIPBCRO/01/0624



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This booklet is between Prudential International Assurance plc (administrator for this bond), and you.

“**us**”, “**we**” or “**our**” and similar means Prudential International Assurance plc (trading as Prudential International)

“**you**”, “**your**” and similar means the applicant for (or the legal owner of) the bond. It can also mean your **relevant adviser**.

This booklet is written as clearly as possible. You’ll see some technical terms in **bold**. These are explained in the document itself as you move through it. The glossary at the end of the document helps you find those explanations again if you need to.

# Important Information

## Your contract and key documents

This booklet, your Contract Schedule and any Endorsements are your contract with us.

There are other explanatory documents. These include a Key Features Document, a Key Information Document, Investment Option Documents, Key Investor Information Document (provided by **fund** managers), Your With-Profits Bond – a guide to how we manage the Fund and, where applicable, your Personal Illustration. Each contains important information. You should read them carefully.

In addition, the Fund Guide contains useful information about the investment choices available to you and we encourage you to read it.

You can find these documents on our website at [www.pru.co.uk](http://www.pru.co.uk) with the exception of Key Investor Information Documents which are provided by **external fund** managers.

To help you understand the product, we have summarised some key terms for you in this Important Information section. Reading this cannot replace reading the full contract wording. While this booklet is written as clearly as possible, there may be certain terms which you do not understand. If so, please contact us or your **relevant adviser**.

In this booklet:

- Part A tells you about general terms and conditions.
- Part B tells you about **PruFunds**.
- Part C tells you about **capital guarantees (PruFunds)**.
- Part D tells you about **external funds**.
- The Glossary helps you find the meaning of bolded terms.

## Some key concepts

These will help you understand this important information and the contract conditions.

Your bond means the type of investment you've made as described below. We refer to those investments as **bond holdings**. You can choose to invest in different **bond holdings**, as available. Currently, this includes:

- two categories of '**fund**': (1) **PruFunds** and (2) **external funds**; and
- a **cash account** where you have the option of holding money. Each bond has its own **cash account**.

In some places in this booklet, we describe **external funds** and your **cash account** together, as **non-PruFunds**.

**PruFunds** are offered by The Prudential Assurance Company Limited (**PAC**) and offer the opportunity to share in the profits of the **fund's** investments and receive a **smoothed** (more stable) return.

**External funds** are other **permitted investments** that are not a **PruFund** or money invested in the **cash account**.

The **cash account** holds cash and is used for money movements within your bond. You'll find more information about this in "**Cash account**" (Condition 6 in Part A).

**Relevant adviser** refers to any professional person that you have authorised us to deal with on your behalf. Where your **relevant adviser** is a **financial adviser** they must have an agreement or terms of business in place with us and must, at all times, be appropriately authorised. This may also be required by us for other types of **relevant adviser** from time to time.

## Types of bond

We offer two types of International Portfolio Bond:

Both are 'unit-linked'. This means that the value of your bond is determined by the value (from time to time) of the units held in the investments that form part of your **bond holdings**.

- **Lives Assured** – This is a unit-linked whole of life assurance bond insuring the life of at least one individual (i.e. the life assured). It allows you to make withdrawals or 'cash in' the bond during the lifetime of the Life Assured and provides a **death benefit** if that person dies before you fully 'cash in' your bond. Where there is more than one life assured, the **death benefit** is payable on the death of the last surviving life assured.

- **Capital Redemption** – This is a unit-linked capital redemption bond which does not have any life insurance component. The bond allows you to make withdrawals or ‘cash in’ the bond during your lifetime. It provides a **maturity benefit** at the end of 99 years (we call this the maturity date) if you do not **fully cash in** your bond before then.

After your bond starts, you cannot change the type of bond chosen.

We usually issue your bond as a group of identical connected policies. You tell us how many of these policies you wish to have when you apply. If you prefer, we can issue your bond as one policy.

## What happens to your bond if you die?

### International Portfolio Bond – Lives Assured:

- If you are the only life assured (or last life assured to die), the **death benefit** will be paid, unless your bond has already been **fully cashed in**.
- If you’re not a life assured (or not the last life assured to die), your bond will continue.

### International Portfolio Bond – Capital Redemption:

- Your bond will remain in force until the maturity date, unless your bond has already been **fully cashed in**.

You’ll find more information about what happens to your bond when you die in “**Death Benefit – lives assured only**” (Condition 14 in Part A) and “**Maturity Benefit – Capital redemption only**” (Condition 15 in Part A), as appropriate to the type of bond you chose.

### How can payments into the bond be made?

Both types of bond involve an **initial payment**. This is the first payment you make (to set up your bond). We may also allow you to make subsequent payments into your bond. We call these **additional payments**.

## Selecting bond holdings

You can invest in a range of **bond holdings**. These currently include:

- **PruFunds**
- **External funds**
- **Cash account**

If you want to switch the type of **fund** investment you’ve made, we’ll sell your existing **bond holding(s)** and buy new **bond holding(s)** as you instruct. In the context of switching from guaranteed to non-guaranteed units, other conditions apply. You’ll find more information in “**Trading**” (Condition 12, Part B).

There can be a waiting period before your instructions can be actioned. For example, if trading for a particular **fund** is suspended (or where we need to wait, to protect you and other policyholders).

### What charges do you pay?

The charges applied to your bond are:

- **Product charge** – Our charge for operating your bond. You’ll find more information in “**Product Charge**” (Condition 18 in Part A).
- **Investment charges and costs** – Charges and costs associated with the **funds** you have invested in (i.e. through your **bond holdings**). For example, **fund** managers may impose **investment charges and costs** for managing the **fund**). You’ll find more information in “**Investment charges and costs**” (Condition 16 in Part A).
- **Guarantee charge** – If you choose a **capital guarantee**, when available. You’ll find more information in “**Guarantee Charge**” (Condition 17 in Part A).
- **Adviser charges** – You can also request us to pay your **relevant adviser**. You’ll find more information in “**Adviser charges**” (Condition 19 in Part A).

**Charge date** is the date when we deduct charges from your bond. Depending on the type of charge involved, charges will be calculated and deducted on different dates. You'll find more information in "**Charges**" (Conditions 17-19 in Part A).

### How do PruFunds work?

Investing in **PruFunds** allows you to share in the profits in the **PAC With-Profits Fund**. **PruFunds** are unitised with-profits **funds** which issue notional units. The units are purchased in order to participate in the **fund**. You do not own (beneficially or legally) any assets in the **fund** itself.

**PruFunds** aim to deliver a more stable investment return to dampen some of the extreme ups and downs of short-term investment performance.

A **smoothing process** is used to adjust the returns under the investment, providing a more stable return. You'll find more information about how we do this in Part B.

In some circumstances, as set out in Part B, the **unit price** can be reset to equal the **unsmoothed unit price** on that day. The **smoothing** process can also be suspended, which would mean that the price of the **PruFund units** added to your bond will be the **unsmoothed unit price**. You wouldn't receive individual notification in either of these circumstances.

A 28-day waiting period normally applies if you switch out of a **PruFund**. A similar waiting period may apply to some other transactions involving **PruFunds**. You'll find more information about this in "**28-day waiting period**" (Condition 11 in Part B).

A **capital guarantee** (or more than one **capital guarantee**) may be available in respect of a **PruFund**. The guarantee is used to protect the value of part or all of your investment into the **PruFund** at the end of the chosen guarantee term. We apply an additional charge for each **capital guarantee** you choose. We can withdraw guarantees at any time but this will not impact any **capital guarantees** you have in place at that time. You'll find more information about **capital guarantees** in Part C.

### Can you cancel your bond?

You can change your mind about setting up your bond, or about making an **additional payment** into it, within 30 days. You'll find more information about this in "**Changing your mind**" (Condition 4 in Part A).

### Can we cancel your bond?

Yes, we can cancel your bond, if:

- your payment hasn't cleared; or
- its value goes below the minimum we've set at that time.

If we cancel your bond, we'll sell any remaining investments and return their value to you less any charges that apply. You'll find more information about this in "**Our right to cancel your bond**" (Condition 20 in Part A).

# Part A: General Terms and Conditions

## Getting started

### 1. Applying for your bond

**1.1** To apply, you must complete an application and any other documents we may require.

### 2. Making payments

**2.1** To set up your bond, you make an **initial payment**. This amount, minus any initial adviser charge (i.e. that you instruct us to pay from the sum before we invest it), is your **initial investment**. Details of your **initial investment** appear in your contract schedule. We will only require **initial payment** once we have validated your application. Any money you pay beforehand will be returned if your application is not validated. Once we have accepted the **initial payment** and your application has been validated your bond starts.

**2.2** You may be able to make **additional payments** after your bond starts. These payments, minus any initial adviser charge, become **additional investments** into your bond. Details of your **additional investment** appear in an endorsement. You don't have the option of doing this in the last 19 years of a capital redemption bond.

**2.3** We can refuse an **additional investment**. For example, if our costs in maintaining the type of bond you chose are beyond our expectations.

**2.4** We usually issue your bond as a group of connected policies. We'll divide any investment made into your bond equally between the policies (allowing for rounding). Your contract schedule displays the number of policies.

**2.5** There is a minimum amount that we'll accept for any **initial investment** or **additional investment**.

**2.6** We accept various methods of payment (e.g. bank transfer and cheque). You can contact us to discuss alternative methods. Payments into your bond are made to our **administration centre** (PO BOX 5177, WORTHING, BN11 9HJ). We'll only regard payments as received once the funds are in our account. You'll receive payments out from the same place.

### 3. Taking instructions

**3.1** You need to give us instructions in writing or other medium which is acceptable to us. There may be a particular form that we require you to use. We cannot process instructions until all our requirements for the instruction have been met.

**3.2** You can nominate a **relevant adviser** to give us instructions on your behalf. We can't accept instructions from them until you've given us the documents we need to confirm their nomination.

**3.3** We won't take instructions from your **financial adviser** in relation to **adviser charges** (i.e. one-off or regular amounts you instruct us to pay to your **financial adviser**).

### 4. Changing your mind

**4.1** You can change your mind about setting up your bond within 30 days from our acceptance letter establishing it. You can also change your mind about an **additional payment** within 30 days of making it. You'll need to tell us in writing or other medium which is acceptable to us.

**4.2** If you change your mind, the value we return to you could be less than the payment you made. For example, because the **bond holdings** we purchased on your behalf fell in value (or we may have already paid **adviser charges**).

## Investments

### 5. Making investments

**5.1** There are a variety of investments you can make. These vary from time to time but currently include:

- **PruFunds**;
- **External funds**;
- **Cash account**.

**5.2** In some places, we describe **external funds** and **cash account** together as **non-PruFunds**.

- 5.3** Investment options can be added/removed at our discretion. A current list can be found at [www.pru.co.uk/funds](http://www.pru.co.uk/funds).
- 5.4** If, in our reasonable opinion, any instruction we receive is unclear, we will not make any investment decisions for you and we will tell you or your **relevant adviser**, as appropriate.
- 5.5** **Permitted investments** are **bond holdings** that mean the bond will not be a “Personal Portfolio Bond” for UK tax purposes. Those **bond holdings** must also be permitted under Irish rules. We classify your investment as a **permitted investment** by reference to certain pieces of law or regulation. A change in law/regulation could mean that a **bond holding** you’ve invested in is no longer a **permitted investment**. If so, we’ll be in touch to discuss your options.

## **6. Cash account**

- 6.1** Your bond will include a **cash account**.
- 6.2** **Regular withdrawals, adviser charges and non-PruFund product charges** are paid out of your **cash account**.
- 6.3** No minimum amount is needed in your **cash account**. If you don’t have enough money in it to meet a deduction, we will take certain steps as detailed later in this booklet.
- 6.4** We will normally adjust your **cash account** monthly in arrears on the 10th of each month for interest. There is no proportionate adjustment made to cover the period from the last interest adjustment date to the date your bond ends.
- 6.5** The current interest rate we pay is not fixed and is subject to change. The current interest rate can be requested from our **administration centre**.

## **7. Buying and selling bond holdings**

- 7.1** You can instruct us to invest in the **cash account** and/or buy or sell units within **PruFunds** or **external funds** and how the proceeds of any sale are to be invested.
- 7.2** Some specific conditions apply to buying and selling each type of **bond holding**. These are described throughout this booklet.
- 7.3** Once we receive your instruction, we will act on it. If, in our reasonable opinion, any instruction we receive is unclear, we will not make any investment decisions for you and we will contact you or your **relevant adviser**, as appropriate.
- 7.4** We cannot action your instruction until all our requirements have been met. We will let you know about these once we receive your instructions. Once we receive everything we need from you, your instruction will be processed as soon as reasonably practicable. Please contact your **relevant adviser** for this information.
- 7.5** If you instruct us to buy and sell different **bond holdings** in a single instruction, we’ll process the sell part first. The buy part is processed as soon as reasonably practicable, after we receive confirmation of the value of the last sell transaction involved.
- 7.6** You can’t instruct us to buy and sell the same **bond holdings** in a single instruction.



## 8. Exceptional circumstances

**8.1** Trading in a **bond holding** can be suspended (for example, by a **fund manager**). This will affect our ability to accept/process your instructions in relation to it. As you would expect where we describe throughout this booklet how we process instructions and make payments, that is subject to the position outlined in this clause where any relevant **bond holding** is suspended. Available **bond holdings** (where we refer to that) means those for which trading is not suspended or otherwise restricted (e.g. due to the **bond holdings** having been earmarked for another purpose, in line with your instructions).

**8.2** If trading in a **bond holding** is suspended:

### 8.2.1 Initial or additional investments

We'll refuse an investment where (at the time of your application) it relates to that **bond holding**. If this happens, we'd ask you for a revised application.

Where the suspension occurs after application but before we try to invest for you, we will pay the investment sum that cannot be invested back into your **cash account**.

### 8.2.2 Trades to buy and sell bond holdings

We'll refuse an instruction relating to that **bond holding** and we will contact you or your **relevant adviser**, as appropriate.

### 8.2.3 Regular withdrawals and adviser charges

We'll refuse a new instruction which asks for the payments to be taken from specified **bond holdings** where the suspension relates to those **bond holdings**. Where one or more **bond holdings** become suspended after an instruction has been given, we'll take the value required for a payment proportionately from other available **bond holdings** held under your bond. If there still is not enough money to meet a payment, we won't process the instruction and we will contact you or your **relevant adviser**, as appropriate.

### 8.2.4 One-off withdrawals and cashing in

We'll refuse an instruction which would require trading in the **bond holdings** which have been suspended. We will contact you or your **relevant adviser**, as appropriate.

### 8.2.5 Death benefit and maturity benefit

We will first make a payment (using proceeds received in your **cash account** from available **bond holdings**).

#### 8.2.5.1 For **death benefit** (lives assured bond only):

This first payment will include the additional sum described in "**Death Benefit**" (Condition 14.4 in this Part A). That is, 0.1% of the value of your **bond holdings**.

#### 8.2.5.2 For **maturity benefit** (capital redemption bond only):

If required, the first payment will include an adjustment to ensure the overall **maturity benefit** we pay will at least equal the **guaranteed maturity value** we describe in "**Maturity Benefit – Capital Redemption only**" (Conditions 15.2 and 15.3 of this Part A).

For example, the first payment would include an amount equal to 1% of the initial investment if:

- the value of your **bond holdings** at the maturity date, including any suspended **fund(s)**, equal the **initial investment**; and
- since the start of your bond, there have been no **additional investments** paid into it, no withdrawals taken and no **adviser charges** paid from your bond.

**8.2.5.3** For either the **death benefit** or the **maturity benefit**, we'll then sell the remaining **bond holding(s)**, once trading suspension has ended. The proceeds will be added to your **cash account**, and paid to you (less any appropriate deductions).

### 8.2.6 Deductions from the bond

When a deduction of a percentage of the value of your **bond holdings** is to be made; we calculate that percentage based on the total value of your **bond holdings** (including those under trading suspension). Depending on the type of deduction, calculations of values are made by reference to specific dates. For example, the relevant **charge date** where the deduction is for an **ongoing adviser charge** or the **product charge**.

### 8.2.7 Product Charge

For **non-PruFunds**, we deduct the **product charge** from the **cash account**. If the **cash account** is insufficient, we deduct proportionately from 'available' **external funds** (i.e. not subject to a trading suspension or other restriction which makes us unable to deduct from them).

- 8.3.** There may also be waiting periods caused by other circumstances outside our control (or we may need to postpone actions where we believe it is in the collective interest of policyholders). Examples include:

**8.3.1** where we have an unexpected number of requests to sell a **bond holding** and we're not able to meet all those instructions (or doing so would mean selling the **bond holding** significantly under value);

**8.3.2** where we are unable to cancel units in **external funds** or **PruFunds** due to restrictions imposed by the relevant **fund** managers or **PAC** respectively.

- 8.4.** Waiting periods are not usually lengthy, except in the case of **bond holdings** which can't be traded or converted into cash quickly. For example, because some or all of the underlying investments are buildings/land. We can't give guarantees on timing, but we'll always try our best to keep waiting periods to a minimum.

## Benefits from your bond

### 9. Benefits generally

- 9.1** **Benefit** refers to monies you are entitled to as described under the terms of your bond.
- 9.2** Depending on your **bond holdings**, the following options are available to you:
- **Regular withdrawals** (any regular payments that you instruct us to make from your bond); or
  - **One-off withdrawals** (any one-off payments that you instruct us to make from your bond by either: **partially cashing in** all the policies or **fully cashing in** one or more policies); or
  - **Fully cashing in** your bond.
- 9.3** We cannot make any payments until all our requirements for making the payment have been met. We will let you know about these once we receive your instructions.
- Once we receive everything we need from you, we'll process your instruction as soon as reasonably practicable. Payment of any **benefit** may require us to receive proof of ownership and meet other regulatory requirements, such as verifying identity. These may cause waiting periods or postponement in payment.
- 9.4** Your Key Features Document shows the minimum amount of each payment you can ask for.
- 9.5** Where applicable, after receiving the proceeds from **bond holdings** into your **cash account**, we'll make the requested payments from your **cash account** to the bank account you specify in your instruction as soon as reasonably practicable. This is done by bank transfer (or any other method we agree at the time).

## 10. Regular withdrawals from your bond

**10.1** If you want to set up **regular withdrawals** from your bond, you need to tell us:

- How often you want the payments. You can choose to receive payments monthly, quarterly, half-yearly, annually, or any other frequency we accept at the time, on any day from the 1st to the 28th of the month inclusive. We will use this to determine your payment dates.

The first payment date cannot be within 30 days of your bond starting. As you'd expect, payment occurs on a **working day**. "**Working day**" in relation to **PruFunds** means any day that the London Stock Exchange is open for trading and, where practicable, any day on which it would be normally open but for a temporary closure. In all other cases "**working day**" means any day that we are open for business but excludes weekends, bank holidays or any other public holidays and days which we, or a third party working on our behalf, are not open for business.

If the payment date is not a **working day**, we'll make the payment to you on the prior **working day**.

- How much you want the payments to be. You should show this as a fixed monetary amount or another basis which we agree to at the time.
- Which **bond holding(s)** and in what proportion the payments are to be taken from, in case there is insufficient money in the **cash account** to meet any payment. If you're invested in **PruFunds**, other conditions apply. You'll find more information in "**How PruFund units can be cancelled**" (Condition 13 in Part B).

**10.2** **Regular withdrawals** work in the following way:

**10.2.1 Step 1:** Up to 7 **working days** before the payment date we'll check if there is sufficient money in your **cash account**. If there is, we ring-fence the relevant amount so we can use it for payment. If there is not enough money, we move to step 2 for any balance.

**10.2.2 Step 2:** We'll sell the relevant **bond holding(s)** as instructed by you and then move the proceeds to your **cash account** for payment. We move to step 3 if your instruction can't be followed as there is not enough money in the **bond holding(s)** you instructed us to sell, or if trading in one or more **bond holdings** is suspended.

**10.2.3 Step 3:** We'll sell a proportionate amount of all of your available **bond holdings** and move the required amount of money to your **cash account** for payment.

**10.2.4 Step 4:** If there is still not enough money to meet a payment after following the above steps, we will not make the payment and a new instruction will need to be provided.

**10.3** If you're invested in **PruFunds**, other conditions apply. You'll find more information in "**28-day waiting period**" (Condition 11 in Part B) and in "**How PruFund units can be cancelled**" (Condition 13 in Part B).

**10.4** You can instruct us to start, stop or amend **regular withdrawals**. If you wish a change to be effective from your next payment date, we require at least 10 **working days'** notice in a form acceptable to us.

**10.5** Where we're paying **regular withdrawals** we can ask for proof of ownership from time to time. This is to make sure that the person receiving the **regular withdrawals** is legally entitled to receive them. We've the right to suspend **regular withdrawals** until we receive proof of ownership.

## 11. One-off withdrawals by partially cashing in all policies

- 11.1 You may choose to take a **one-off withdrawal** by **partially cashing in** all the policies in your bond.
- 11.2 You can ask for payment to be a fixed amount (or another basis which we agree to at the time).
- 11.3 Your instruction must tell us which **bond holdings** and in what proportion you want the payment to come from.
- 11.4 Once we receive a valid instruction, we'll sell the relevant **bond holdings** as instructed by you as soon as reasonably practicable and then add the proceeds to your **cash account** for payment.
- 11.5 If you're invested in **PruFunds**, other conditions apply. You'll find more information in "**28-day waiting period**" (Condition 11 in Part B) and in "**How PruFund units can be cancelled**" (Condition 13 in Part B).

## 12. One-off withdrawals by fully cashing in one or more policies

- 12.1 You may choose to take a **one-off withdrawal** by **fully cashing in** one or more policies.
- 12.2 We'll use the proportion of any money in the **cash account**. We'll also sell the proportion of other **bond holdings**, relating to each policy you instruct us to cash in. We'll then add the proceeds of your other **bond holdings** to your **cash account** (after we deduct any charges that apply) as it becomes available. Once all the proceeds are available, we'll make payment.
- 12.3 If you're invested in **PruFunds**, other conditions apply. You'll find more information in "**28-day waiting period**" (Condition 11 in Part B) and in "**How PruFund units can be cancelled**" (Condition 13 in Part B).

## 13. Fully cashing in your bond

- 13.1 You may choose to **fully cash in** your bond. Once we receive a valid instruction, we'll sell all the **bond holdings** held under your bond. We'll add the proceeds to your **cash account** and deduct any charges that may apply. The charges that will apply will depend on the choices you make in relation to your bond. The charges that might apply are described in "**Charges**" (Conditions 16 – 19 in this Part A).
- 13.2 Your bond will end when we've paid out the proceeds of all the **bond holdings** we refer to in Condition 13.1, immediately above.
- 13.3 After your bond is **fully cashed in**, we will pay you the value of any residual investment income we subsequently receive.

## 14. Death Benefit – lives assured only

- 14.1 This means the **benefit** payable when the relevant life assured dies. Where just one person is the life assured, the **death benefit** will become payable as a result of that person's death. Where there is more than one life assured, the **death benefit** is payable on the death of the last surviving life assured.
- 14.2 We call the sole life assured or the last surviving life assured the relevant life assured.
- 14.3 We must be told of the death of the relevant life assured in writing or other medium acceptable to us. When we receive this, we'll:
  - sell all of your **bond holdings** and add the sale proceeds into your **cash account** after deducting any relevant charges;
  - stop paying any **regular withdrawals**;
  - stop paying any **adviser charges**;
  - stop applying the **product charge**; and
  - stop any **guarantee** and associated **guarantee charges**.

**14.4** **Death benefit** is the total of:

- 0.1% of the value of **bond holdings** held under your bond at the date we are told of the death of the relevant life assured; and
- the value of **bond holdings** held under your bond following settlement of the final **bond holding** to be sold and the proceeds added to your **cash account** (less any charges that may apply).

**14.5** Your **cash account** will be adjusted for interest if your bond is still open on the date the interest adjustment takes place.

**14.6** The **death benefit** will only be paid after we receive the sale proceeds of all **bond holdings** in your bond and receive at our **administration centre**:

**14.6.1** Proof of death for all lives assureds listed in your Contract Schedule.

**14.6.2** Satisfactory proof of the identity of the person(s) with the legal right to claim the **death benefit**.

**14.7** We close the bond when we've paid out the proceeds of all the **bond holdings** we refer to in Condition 14.4 above.

**14.8** We'll only pay the **death benefit** as a sum of money.

**14.9** After your bond is ended, we will pay out the value of any residual investment income we subsequently receive.

## **15. Maturity Benefit – Capital redemption only**

**15.1** The **maturity benefit** is the **benefit** payable as at the maturity date if the bond is not **fully cashed in**. Your Contract Schedule shows the maturity date of your bond.

**15.2** The **maturity benefit** will be the greater of:

**15.2.1** the value of **bond holdings** held in the bond on the maturity date; and

**15.2.2** the value that was guaranteed on the **maturity date**, this is the **guaranteed maturity value**. As long as the bond has not been **fully cashed in** before the maturity date, the minimum **guaranteed maturity value** is £100.

**15.3** When your bond starts, the **guaranteed maturity value** is 101% of the **initial investment**. **Additional investments** will increase the **guaranteed maturity value** of your **bond holdings** by 101% of that **additional investment**.

**15.3.1** If you ask for certain payments to be made out of your bond, this affects its **guaranteed maturity value**:

- For **regular withdrawals**, **adviser charges** or **one-off withdrawal** by **partially cashing in** all the policies; we reduce the guarantee by (101% of) the value of the payment made.
- If **fully cashing in** one or more policies, we reduce the guarantee proportionately to reflect the number of policies you have cashed in.

**15.4** With effect from the **maturity date** we:

- sell all **bond holdings** in the bond;
- add the proceeds to the **cash account**; and
- pay out the value we calculate. If required we will pay out an extra amount so that the **maturity benefit** matches the **guaranteed maturity value**.

**15.5** We close the bond after we've paid out the **maturity benefit**.

## Charges

### 16. Investment charges and costs

**16.1 Investment charges and costs** apply for each **fund** that you are invested in. These charges are **fund** specific and include:

**16.1.1** An **annual management charge**, sometimes described as ongoing charges for **external funds**;

**16.1.2** In addition to these 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.

**16.1.3** Information on **annual management charges** and further costs for **PruFund** can be found in the **fund** fact sheets at [www.pru.co.uk/funds](http://www.pru.co.uk/funds), and information on transaction costs can be found in the Investment Option Documents at [www.pru.co.uk/investments/investment-fund-range/productlibrary/](http://www.pru.co.uk/investments/investment-fund-range/productlibrary/)

**16.1.4** Information about **investment charges and costs** for **external funds** can be found in the relevant Key Investor Information Documents on the relevant **fund** managers' website.

**16.2** The **investment charges and costs** are taken into account each time a **fund** is valued to determine its price.

**16.3** **Investment charges and costs** are levied within **funds** you invest in. They are not charges or costs imposed by us.

### 17. Guarantee Charge

**17.1** A **guarantee charge** will apply if you have a **capital guarantee**. Each **capital guarantee** you choose will have its own **guarantee charge**. The charge is applied on each **charge date** throughout the **capital guarantee term**. You can find information on the **capital guarantees** you selected for your bond, in your Contract Schedule or Endorsement.

**17.2** The **charge date** will be set by the day in the month that your bond starts. Each **guarantee charge** will be applied on the same day in each month. The first charge will be applied on the first **charge date** to fall after the start of your bond or the start of a **capital guarantee**, as applicable.

**17.3** If a **charge date** for a **guarantee charge** falls on a date that does not exist (e.g. the 31st of a month), the first day of the following month will be used for that month's **charge date**. We calculate the **guarantee charge** using the value of the relevant **guarantee units** on the **working day** immediately preceding the **charge date**.

**17.4** For more details on **guarantee charges**, see "Guarantee Charge" (Condition 3 in Part C).

## 18. Product Charge

- 18.1** The **product charge** is a percentage of the total value of your **bond holdings** and is applied on each **charge date**. We calculate the **product charge** using the total value of your **bond holdings** on the **working day** immediately preceding the **charge date**.
- 18.2** The percentage applied for the **product charge** may vary depending on the total value of your **bond holdings**. We show percentages that apply to the **product charge** in your Contract Schedule.
- 18.3** The way we take the **product charge** also varies depending on the types of **bond holdings** involved:
- 18.3.1** For **non-PruFunds** the **product charge** is paid from the **cash account**. If there is not enough money in the **cash account** for this, we'll take the balance proportionately from all **external funds**.
- 18.3.2** For **PruFunds**, the **product charge** is not taken from the **cash account**. You'll find more information in "**Product Charge for PruFunds**" (Condition 10 in Part B).
- 18.4** The **charge date** will be set by the day in the month that your bond starts. Each **product charge** will be applied on the same day in each month. The first charge will be applied on the first **charge date** to fall after the start of your bond.
- 18.5** If a **charge date** for a **product charge** falls on a date that does not exist (e.g. the 31st of a month), the first day of the following month will be used for that month's **charge date**.

## 19. Adviser charges

- 19.1** These are the one-off or regular amounts that you instruct us to deduct from your bond and pay to your **financial adviser**. Regular payments to your **financial adviser** are known as **ongoing adviser charges** and a single payment is known as an **ad hoc adviser charge**.
- 19.2** **Adviser charges** are payments that you instruct us to make from your bond and are not charges imposed by us.
- 19.3** We'll only facilitate the payment of **adviser charges** to one **financial adviser** at any point in time (unless otherwise agreed with us in writing).
- 19.4** You must agree with your **financial adviser** how they are to be paid (if at all). That (including any disputes relating to it) is between you and your **financial adviser**. Subject to our current limits at the time, we will pay them what you tell us to. Please refer to your **financial adviser** for details of our limits. If you're invested in **PruFunds**, other conditions apply. You'll find more information in "**PruFunds**" (Part B).
- 19.5** An instruction must tell us all of the following:
- 19.5.1** if we are to pay **ongoing adviser charges** or an **ad hoc adviser charge**;
- 19.5.2** if **ongoing adviser charges** have been selected, how often to make the payments. The choice is monthly, quarterly, half-yearly, annually or any other frequency we agree to at the time;
- 19.5.3** the amount of payment(s).
- For **ongoing adviser charges**, this should be shown as:
    - a fixed monetary amount; or
    - a percentage of the value of your **bond holdings**. We calculate and deduct as determined by the relevant **charge date**.

- For an **ad hoc adviser charge**, this must be shown as a fixed monetary amount.

**19.5.4** Which **bond holdings** and in what proportion the payments are to be taken from, in case there is insufficient money in the **cash account** to meet any payment. If you're invested in **PruFunds** different conditions apply. You'll find out more information in "**PruFunds**" (Part B).

**19.6** For **ongoing adviser charges**, the **charge date** will be set by the day in the month that your bond starts and the payment frequency you have instructed. All payments will be made on the same day. The first payment will be made on the first **charge date** to fall after the start of your bond or after we process a later instruction, as applicable.

**19.7** If a **charge date** for an **ongoing adviser charge** falls on a date that does not exist (e.g. the 31st of a month), the first day of the following month will be used for that **charge date**. If a **charge date** falls the first day of the following month, it will become the **charge date** on that occasion. Where the amount of each payment is to be based on a percentage of the value of your **bond holdings**, we calculate this as at the day immediately preceding the **charge date**.

**19.8** **Ongoing adviser charges** and an **ad hoc adviser charge** work in the following way:

**19.8.1 Step 1:** we'll check if there is sufficient money in your **cash account**. If there's enough money, it will be paid to your **financial adviser**. If there is not enough money, we move to step 2 for any balance.

**19.8.2 Step 2:** We'll sell the relevant **bond holdings** as instructed by you and then move the proceeds to your **cash account** for payment. We move to step 3 if your instruction can't be followed as there is not enough money in the **bond holdings** you instructed us to sell, or if trading in one or more **bond holdings** is suspended.

**19.8.3 Step 3:** We'll sell a proportionate amount of all of your available **bond holdings** and move the required amount of money to your **cash account** for payment.

**19.8.4 Step 4:** If there is still not enough money to meet a payment after following the above steps, we will not make payment and a new instruction will need to be provided.

**19.9** If you're invested in **PruFunds** other conditions apply. You'll find more information on these conditions in "**PruFunds**" (Part B).

**19.10** Once we've received all the necessary information, we'll process the request to pay **ongoing adviser charges** or pay an **ad hoc adviser charge** as soon as reasonably practicable.

**19.11** We'll stop paying **adviser charges** as soon as reasonably practicable including after:

**19.11.1** you tell us to;

**19.11.2** we become aware that your **financial adviser** (or other **financial adviser** who is obliged to be authorised for their activities) is no longer authorised to give financial advice;

**19.11.3** your **financial adviser** (or other **financial adviser** who is obliged to be authorised for their activities) has been taken over and you do not have an agreement in place for ongoing advice; or

**19.11.4** we're notified of the death of the relevant life assured (Lives Assured bond only). We may reclaim any **adviser charges** which have been paid after the death of the relevant life assured, from your **financial adviser**.

**19.12** If you tell us that you've changed **financial adviser** and now want a new **financial adviser** to be paid from your bond, we'll stop paying your current **financial adviser** and start paying your new **financial adviser** as set out in your new instruction.



**19.13** We may be given an instruction to start, stop or amend **ongoing adviser charges** at any point. Once we receive all we need from you, we'll process the request as soon as reasonably practicable. We'll confirm changes made to **ongoing adviser charge** payments. **Ongoing adviser charge** payments we make will continue to be subject to the rules we describe in this Condition 19, as appropriate.

**19.14** We'll stop paying **adviser charges** when your bond reaches its maturity date (capital redemption only) if you have not **fully cashed in** the bond before then.

## **20. Our right to cancel your bond**

**20.1** We reserve the right to cancel your bond if:

**20.1.1** the value of all **bond holdings** in your bond is lower than the minimum value which you will find in your Key Features Document, or

**20.1.2** we're no longer able to continue providing the bond due to a change in applicable law or regulation.

**20.2** If we cancel the bond, we'll pay you the cash in value that you would have received had you **fully cashed in** the bond. You'll find more information in "**Fully cashing in your bond**" (Condition 13 in Part A).

## **General**

### **21. Currencies under the bond**

#### **21.1 Payments into the bond**

You will be able to take out a bond in Sterling or such currency as we may make available at that time. Once your bond has started, you will not be able to change this (and must make payments in that currency).

#### **21.2 Currency of funds**

The price of each **fund** will be quoted in the currency appropriate to that **fund**.

#### **21.3 Payments out of the bond**

We'll make all payments out of your bond in Sterling, or such other currency as we may allow at the time (at the conversion rate provided by our banking partner at the time).

#### **21.4 Bond Valuation, Charges and Limit Currency**

When you start a bond under Condition 21.1 above, we will apply charges and limits to your bond in the same currency (except **guarantee charges**). We will also use this currency to value your bond. **Guarantee charges** will be applied in the relevant currency of the **PruFund**.

## 22. Changes to the Contract Conditions

**22.1** In certain circumstances we're able to make changes to these Contract Conditions at any time. These are:

**22.1.1** if it becomes impossible or unreasonable to follow the Contract Conditions because of a change in legislation, regulation or other circumstances beyond our control;

**22.1.2** if legal or regulatory requirements applying to us or your bond change;

**22.1.3** if we need to apply any new industry standards or take account of any recommendation, requirement or decision of any court, government body, ombudsman, regulator or similar body;

**22.1.4** if the tax treatment applying to us, your bond, or the **benefits** payable changes or will change in a way that would affect your bond;

**22.1.5** if there is an increase in our costs associated with providing your bond, if those costs are reasonably incurred including but not limited to introducing a charge for buying and selling;

**22.1.6** to make these Contract Conditions clearer or more favourable to you;

**22.1.7** to reflect refinements to our service due to changes in technology, service or our proposition; or

**22.1.8** if a change is not to your disadvantage, including correcting errors or inaccuracies.

**22.2** Any changes which have a neutral impact on you will be limited to those reasonably necessary to make your bond operate in a way consistent with the aims of this product.

**22.3** If we need to make changes to your Contract Conditions we'll normally provide you with advance notice. The amount of notice we give you will depend on the circumstances and reasons for the change we're making – for example if it is an urgent change or something outside of our control. The only time we would not normally give you advance notice is where we're required by law to make these changes and we don't have time to give advance notice.

**22.4** If the change is to your advantage or has little/no effect on you, we may give notice after the change has been made.

**22.5** Notice may be given by providing a revised set of Contract Conditions or just the amended terms or by directing you to our website. We'll explain the reason for the change and the date on which the change became or becomes effective.

## 23. Irish Residency – compliance provisions

**23.1** A tax charge may arise under Irish tax regulations if a **policyholder** is "**resident**" or "**ordinarily resident**" (as defined in Section 819 and Section 820 of the Taxes Consolidation Act 1997) in Ireland when a "**chargeable event**" transaction, as defined in Section 730C of the Taxes Consolidation Act 1997, occurs. Please see the Declaration of residence as described at Condition 23.1.1 immediately below for the meanings of **resident** and **ordinarily resident**.

### 23.1.1 Declaration of residence

We'll need to receive a written declaration (in the form we provide) confirming your residence if a **chargeable event** occurs. If you have already provided us with a declaration of this type as part of your original application (or as part of an earlier **chargeable event** process under your bond), we may not need this.

### 23.1.2 Notification of residence in Ireland

Any policyholder must tell us if they become **resident** or **ordinarily resident** in Ireland while the bond is in force.

### 23.1.3 Deducting tax

We're required to deduct tax and pay it to the Irish Revenue Commissioners when a **chargeable event** occurs and the policyholder is **resident/ordinarily resident** in Ireland.

That deduction is made as follows:

- (a) If it is a transaction where we're paying out a **benefit** or an **adviser charge**, we deduct the tax from the value of the payment being made.
- (b) If it is a change of ownership by way of an assignment, we deduct the tax from the value of your **bond holdings**.
- (c) We also deduct tax from the value of your **bond holdings** on each 8 year anniversary of the **initial investment**.

In short, the tax due when a chargeable event occurs is based on any gain in the value of your **bond holdings**.

Note that assignments such as by way of security for a debt with a financial institution or an assignment between a husband and wife may not be considered chargeable events in certain circumstances.

## 24. Policy ownership in case of death

### 24.1 Joint ownership – death of a policyholder

Where a policy belongs to two or more policyholders, we act on the basis that, if one dies, the policy then belongs to the surviving policyholder(s).

### 24.2 One policyholder – the deceased policyholder's **personal representatives** (this is the executor or administrator of the estate of a deceased policyholder).

If a policy belongs to just one policyholder and that policyholder dies, we act on the basis that the policy then vests in the deceased policyholder's **personal representatives**. We will deal with the **personal representatives** in order to pay the deceased policyholder's beneficiaries.

We are incorporated in Ireland. This means that a policy with us will be an asset situated in Ireland. If there are no Irish **personal representatives** for the deceased policyholder, we've the discretion to act on the basis that the policy vests in persons who have

the authority to deal with the deceased policyholder's estate under the law of another relevant country.

We'll need satisfactory documentary proof that the persons claiming to be **personal representatives** have the authority to deal with the deceased policyholder's estate under the law of Ireland or another relevant country.

We reserve the right to demand that the **personal representatives**, claiming rights to the policy, obtain an Irish Grant of representation (i.e. a power granted by the Irish courts to exercise such rights).

### 24.3 Asking for benefit payments and bond transactions

The deceased policyholder's **personal representatives** will have the right to ask for and authorise:

- 24.3.1 **benefit** payments from the bond; or
- 24.3.2 transactions regarding the bond.

## 25. Change of ownership

### 25.1 We recommend that you consult with your **relevant adviser** (e.g. your tax and legal advisers) before a change of ownership.

### 25.2 Any change of ownership should be made by a deed of assignment. We may have draft assignment deeds available for some situations, however it is up to you to obtain appropriate legal advice and/or discuss with your **relevant adviser** to ensure they are appropriate. The deed of assignment must be fully completed and signed by the current policyholder(s) and the new policyholder(s). A legally certified copy of a deed of assignment should be sent to us.

### 25.3 If we only receive a notice of assignment (instead of a copy of the actual deed of assignment) we still have the right to see a legally certified copy of the deed of assignment before we:

- 25.3.1 pay any **benefit**; or
- 25.3.2 formally register the current change of ownership or any further change of ownership.

- 25.4** We'll stop paying any **regular withdrawals** and/ or any **ongoing adviser charges** to your **relevant adviser** if all of the policies are assigned into new ownership(s). The new owner(s) may complete new instructions.
- 25.5** In some cases, there may be "Split Ownership," which means a situation where all the policies in the bond do not belong to the same policyholder. One policyholder may assign his share in the rights of the bond to an existing or new policyholder. Split ownership may be effected by completion of a formal deed of assignment, which you will need to obtain from your legal or tax adviser, or as a result of a court order.
- 25.6** We'll only allow split ownership to take place on your bond once we've received all necessary instructions, including a court order or a legally certified copy of a deed of assignment at our **administration centre**.
- 25.7** Where split ownership occurs, we've the right to apply the following rules, all of which are for administrative purposes only:
- We'll re-number each group of policies assigned into new ownership(s), so that each ownership will have a separately numbered group of policies. We'll administer each group of policies separately in all respects.
  - We'll stop paying any **regular withdrawals** and/ or any regular payments to your **relevant adviser** (such as **ongoing adviser charges**) where any policy is assigned into new ownership(s). This will allow us to check if you wish to change the relevant instruction(s) for your remaining policies. The new owner(s) may complete new instructions for their policies.

- We'll add the relevant proportion of value of each **bond holding** held under the bond at the time of the change of ownership, to each group of policies.
- All our charges and limits will apply separately to each group of policies at our full standard rates. Please refer to your Contract Schedule, any Endorsements and other explanatory documents for details.

## 26. Contacting us

- 26.1** If you need to contact us for any reason you should use the details below.

Write to:

**Prudential International**  
**PO BOX 5177**  
**WORTHING**  
**BN11 9HJ**

Phone us: **0345 600 0614**

Or **+44(0) 131 608 1767** if calling from abroad.

## 27. 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.

To make a complaint, you can write to us at:

**Prudential International**  
**PO BOX 5177**  
**WORTHING**  
**BN11 9HJ**

If you would rather phone, you can call us on:

**0345 600 0614,**

or

**+44(0) 131 608 1767** if calling from abroad.

In the unlikely event that we are unable to resolve any problem, you can contact the Financial Services & Pensions Ombudsman, in Ireland. The address is:

**Financial Services & Pensions Ombudsman**  
**Lincoln House**  
**Lincoln Place**  
**Dublin 2**  
**Ireland**  
**D02 VH29**

Telephone: **+353 1 567 7000**

Website address: **www.fspo.ie**

If you are resident in the UK, you can contact the Financial Ombudsman Service (FOS). The address is:

**Financial Ombudsman Service**  
**Exchange Tower**  
**London**  
**E14 9SR**

Telephone: **0800 0234 567**

Website address:  
**www.financial-ombudsman.org.uk**

If you are resident in Jersey, you can contact the Channel Islands Financial Ombudsman (CIFO).

The address is:

**Channel Islands Financial Ombudsman (CIFO)**  
**P O Box 114**  
**Jersey**  
**Channel Islands**  
**JE4 9QS**

Telephone: **+44 1534 748610**

Website address: **www.ci-fo.org**

Your right to take legal action will not be affected by making a complaint to the Financial Services & Pensions Ombudsman, the Financial Ombudsman Service or the Channel Islands Financial Ombudsman, as appropriate.

## 28. Compensation

### 28.1 Compensation

Prudential International exceeds its capital requirements and is financially strong. However, in the unlikely event that Prudential International, the **fund** manager, Prudential in the UK or the custodian of **fund** assets should fail to meet their financial obligations, you may face financial loss. Prudential International products will not be covered by a government-backed financial guarantee scheme, including the Financial Services Compensation Scheme in the UK.

## 29. Personal Data

**29.1** In the application for your bond we set out, within the Privacy Notice:

- details regarding how and why we use your personal information (including sensitive personal information);
- who we may share it with; and
- your rights around personal information.

**29.2** For a copy of our latest Privacy Notice, please visit **www.pru.co.uk/pdf/GENM489701.pdf**

**29.3** If you require further information you can write to our Data Protection Officer at:

**Customer Service Centre**  
**Prudential**  
**Lancing**  
**BN15 8GB**

Or call us on **0800 000 000**

### 30. Other important information

- 30.1** If any condition of this booklet is held by any competent authority or Court to be invalid or unenforceable in whole or part, the validity of the other provisions and the remainder of the provision in question shall not be affected thereby.
- 30.2** Any failure or delay by us or you to exercise or enforce rights or obligations under this booklet is not a waiver of those rights and will not prevent subsequent enforcement of those obligations.
- 30.3** Headings in this booklet are to aid understanding and have no legal effect.
- 30.4** Only you or we can enforce the rights under this contract. Nothing in this booklet allows any third party any **benefits** or the right to enforce any term or condition under the Contracts (Rights of Third Parties) Act 1999.
- 30.5** You and your **relevant adviser** have an obligation to provide us with correct and complete information as part of your application. If certain information provided by you or your **relevant adviser** is no longer accurate, you must provide us with updated information where requested.

### 31. Governing Law

The policies and these contract conditions will be governed and interpreted in accordance with the law of England and Wales unless otherwise agreed by us in writing. The Courts of England will have exclusive jurisdiction to hear any disputes which result from or are about the policies and these contract conditions.

### 32. Applicable Law or Regulation

For any transaction in this booklet, where we refer to our requirements from you or your **relevant adviser**, this includes requirements under applicable law or regulation.

### 33. Contract of long-term insurance

The benefits arising under the International Portfolio Bond – Lives Assured or the International Portfolio Bond – Capital Redemption relate to a 'contract of long-term insurance' within the meaning of The Financial Services and Markets Act 2000 (Regulated Activities) Order 2001.

# Part B: PruFunds

## 1. What are PruFunds?

- 1.1** This part of the conditions covering **PruFunds**, contains some technical terms. If you have any questions about those terms which are not answered or clear to you from the below, please contact us or your **relevant adviser** to clarify.
- 1.2** You can choose to use your bond to invest in the **PruFunds** offered by The Prudential Assurance Company Limited (**PAC**). These **funds** offer you the opportunity to share in the profits of the **fund's** investments and receive a **smoothed** return. This means that we adjust returns under the investment to provide a more stable return (to remove some of the extreme ups and downs of short-term investment performance).
- 1.3** **PruFunds** make up part of the **PAC With-Profits Fund**. This is a fund into which **PAC's** with-profits business is written and where the premiums from a number of different types of policies are paid. Each **PruFund** is a unitised with-profits **fund** that operates under special rules relating to the sharing of profits and the smoothing of investment returns.
- 1.4** **PruFunds** are divided equally into **PruFund units** for the purpose of measuring **benefits** that are due to you. You do not “own” **PruFund units**. **PruFund units** are just a record of the **benefits** due to you in respect of the relevant **PruFund** your bond is invested in. Where we refer to **PruFund units**, this includes any **holding account units** except where we say otherwise. **PruFund units** are invested (by way of a reinsurance contract) into a sub-fund of the **PAC With-Profits Fund** called the **defined charge participating sub-fund**, owned by **PAC**. We call these linkages ‘fund links’ (to describe the way that your investment ‘links into’ the **PAC** fund and sub-fund mentioned).
- 1.5** **PAC** owns the **defined charge participating sub-fund** and **PruFunds** in its own right and not as trustees for policyholders. **PAC** is also responsible for the valuation of all investments in the sub-funds of the **PAC With-Profits Fund**. This means that **PAC** is fully responsible for all **benefits** provided through the fund links: – both in respect of the level of those **benefits** and their provision.

- 1.6** Each **PruFund unit** participates in the profits of the **defined charge participating sub-fund** in the manner described in **PAC's** Principles and Practices of Financial Management. This may be changed from time to time in accordance with regulatory requirements and can be found at [www.pru.co.uk/funds/ppfm](http://www.pru.co.uk/funds/ppfm) or requested from our **administration centre**.
- 1.7** We will pass on to you the entire **benefit** that **PAC** provides to us in relation to **PruFunds**. In the event that **PAC** is unable to pay to us all (or any part of) the **benefit**, we will not be liable to cover those **benefits** and you will face financial loss. Similarly, we are not liable for effects of **PAC's** activities as provider of **PruFunds** (e.g. in relation to the **smoothing** process).
- 1.8** **What's an inherited estate?**  
As a **fund** managed by a long established life assurance company, the **PAC With-Profits Fund** contains an amount of money in excess of the amount that **PAC** expects to pay out to existing with-profits policyholders and other investors within the **fund**. This is known as the inherited estate. It has built up over many years from a number of sources and it provides working capital, to support current and future business, including business written in the **defined charge participating sub-fund**.
- How we use the inherited estate**  
This capital lets you benefit from **smoothing** and guarantees and allows **PAC** greater flexibility to invest in a wide range of assets. **PAC** is also required by regulation to hold a substantial amount of capital in the **PAC With-Profits Fund**. This allows **PAC** to demonstrate, at all times, that the **fund** is solvent and able to meet its obligations to all with-profits policyholders and other investors in the **fund**. The inherited estate provides most of this solvency capital.
- Policyholders invested in the **defined charge participating sub-fund** are not entitled to any distribution of the **PAC With-Profits Fund's** inherited estate.

## 2. How do PruFunds work?

**2.1** PruFunds invest in various **assets** and receive a **smoothed** investment return which is called the **expected growth rate**. The directors of PAC set the **expected growth rate** for each PruFund separately. The **expected growth rate** can be found at [www.pru.co.uk/investments/investment-fund-range/prufund-range](http://www.pru.co.uk/investments/investment-fund-range/prufund-range).

**2.2** When you invest in PruFunds some things work differently until you reach the first **investment date**. This is explained below.

**2.3** If you have a **capital guarantee**, further conditions may apply. You can find further details in “PruFund Capital Guarantees” (Part C).

## 3. Buying PruFund Units

**3.1** When you invest in PruFunds, **holding account units** are added to your bond until you reach the first **investment date** after you invest in the **holding account** (this is the 25th of each calendar month or the following **working day** if the date is not a **working day**). **Holding account units** are where amounts to be invested are held until the first **investment date**. On this date, the **holding account units** are automatically sold and the proceeds used to buy **PruFund units** in the matching PruFund. If you invest on an **investment date**, this process takes place on that day.

**3.2** We calculate the number of **holding account units** that we add to your bond by dividing the investment you make into the PruFund by the relevant **holding account unit price** on the day of the transaction.

**3.3** The current **unit prices** for PruFunds and **holding accounts** can be found at [www.pru.co.uk/funds](http://www.pru.co.uk/funds).

**3.4** While you're invested in the **holding account**, the **unit price** will only be calculated in line with the “Daily Calculation of Unit Price” (Condition 4, immediately below).

## 4. Daily Calculation of Unit Price

**4.1** Unless the **smoothing** process has been suspended, we will adjust the **unit price** of each of the PruFunds by the **expected growth rate** applicable to that PruFund each **working day**. Further adjustments may be made if Conditions 5, 6 or 7 apply.

**4.2** The **unsmoothed unit price** means the actual **fund** value of the relevant **fund** in the PruFunds divided by the total number of **PruFund units** for all policies invested in that **fund**. Daily **smoothing** limit and monthly **smoothing** limit mean a specified limit, expressed as a percentage of the **unit price** that PAC may choose to vary from time to time and that may differ across PruFunds.

**4.3** The **unit price** is reduced daily to reflect the **annual management charge**.

**4.4** PAC reviews the **expected growth rate** on 25 February, 25 May, 25 August and 25 November or the following **working day** if this date is not a **working day**.

## 5. Monthly Assessment of Unit Price

**5.1** On each **investment date**, PAC calculates the **unit price** for each PruFund as follows (unless **smoothing** is suspended):

**5.1.1** PAC compares the **unsmoothed unit price** to the daily calculated **unit price**, and:

**5.1.1.1** if the difference is less than the monthly **smoothing** limit, PAC will not adjust the **unit price**;

**5.1.1.2** if the difference is equal to, or more than, the monthly **smoothing** limit, then PAC will set the **unit price** to be the average of the **unsmoothed unit price** and the daily calculated **unit price** (please see Your With-Profits Bond – a guide to how we manage the Fund for further information);

**5.1.1.3** this process will be repeated until the difference between the **unsmoothed unit price** and the new **unit price** as calculated in the previous calculation each time is less than the monthly **smoothing** limit;



**5.2** You will not receive individual notification of a change in the **unit price** resulting from the process described in 5.1 above.

**5.3** In addition to the process described above, the **unit price** for a **PruFund** may also be reset by way of daily adjustment of **unit price**. Where a daily adjustment of unit price takes place on an **investment date**, there will be no adjustment on the basis of a monthly assessment.

**5.4** In addition to the process described above, the **unit price** for a **PruFund** may also be reset using the process under “**Unit Price Reset**” (Condition 7).

## **6. Daily Adjustments of Unit Price**

**6.1** Unless **smoothing** is suspended, on each **working day** PAC calculates:

**6.1.1** the **unsmoothed unit price** for each **PruFund**; and

**6.1.2** the average **unsmoothed unit price** for each **PruFund** over the 5 **working days** ending with the **working day** on which PAC carries out the calculation.

**6.2** If the **unsmoothed unit price** and the average **unsmoothed unit price** are both above the **unit price** by the daily **smoothing** limit or more, the **unit price** will be increased so that it is below the **unsmoothed unit price** by the gap after adjustment on that **working day**.

**6.3** If the **unsmoothed unit price** and the average **unsmoothed unit price** are both below the **unit price** by the daily **smoothing** limit or more, the **unit price** will be decreased so that it is above the **unsmoothed unit price** by the gap after adjustment on that **working day**.

The gap after adjustment is the specified gap, expressed as a percentage of the **unsmoothed unit price**, between the **unit price** and the **unsmoothed unit price** immediately after the **unit price** has been adjusted as a result of the daily **smoothing** limit being met or exceeded.

**6.4** You will not receive individual notification of any daily adjustments to **unit prices**.

**6.5** If the **unit price** for a **PruFund** is adjusted in line with this condition on an **investment date**, then no changes will be made to the **unit price** as a result of the calculation in Condition 5 immediately above (“**Monthly Assessment of Unit Price**”).

**6.6** In addition to the process described above, the **unit price** for a **PruFund** may also be reset using the process under Condition 7 immediately below (“**Unit Price Reset**”).

## **7. Unit Price Reset**

**7.1** In certain circumstances, PAC may decide to reset the **unit price** for a **PruFund** to protect the **PAC With-Profits Fund**, and therefore the interests of all its With-Profits policyholders.

This is likely to be when there is a large volume of money entering or leaving that **PruFund**. If PAC decides to reset, the **unit price** would be adjusted to be the same value as the **unsmoothed unit price** on that **working day**. That adjusted **unit price** will then continue to grow in line with the **expected growth rate** (subject to daily calculations, monthly and daily assessment, further **Unit Price Resets** and the suspension of **smoothing**) from the **working day** after this **Unit Price Resets**.

The consideration of the criteria which may lead to a **Unit Price Resets** applies separately to each **PruFund** in its entirety, encompassing all of the products under which units are held in each **fund**, not just the International Portfolio Bond – Lives Assured and International Portfolio Bond – Capital Redemption.

**7.2** You will not receive individual notification of a **Unit Price Resets**.

## 8. Suspension of the smoothing process

- 8.1 If **smoothing** is suspended, the **unit price** for a **PruFund** will be the **unsmoothed unit price**.
- 8.2 PAC can suspend **smoothing** for a period of consecutive days on any **PruFund** to protect the with-profits fund and, therefore, the interests of all its with-profits policyholders.
- 8.3 You will not receive individual notification of a suspension of **smoothing**.
- 8.4 PAC will review the suspension of **smoothing** at least once every 30 days, and will reinstate **smoothing** when it considers it appropriate to do so.
- 8.5 When the **smoothing** process is reinstated the **unit price** will start at the previous day's **unit price**. The full process as outlined at Conditions 4 – 7 immediately above will then apply. If a date as detailed in Condition 4.4 ("**Daily Calculation of Unit Price**") above has passed while **smoothing** has been suspended, PAC has the right to change the **expected growth rate** when reinstating **smoothing**.

## 9. Annual Management Charge

- 9.1 There is an **annual management charge** for each **PruFund**. This is allowed for in the unit pricing and no **PruFund units** are deducted to pay this.

## 10. Product Charge for PruFunds

- 10.1 The part of the **product charge** which relates to **PruFunds** is deducted by cancelling **PruFund units** monthly in arrears on your **charge date**. The way we do this is different for **non-PruFunds** held under your bond as described in '**Product Charge**' (Condition 18.3.1 in Part A).
- 10.2 The total value of your **bond holdings**, as described in '**Product Charge**' (Condition 18 in Part A) includes the value of units held in any **holding accounts** and the matching **PruFund**. For information about what happens when trading in any fund is suspended see "**Exceptional circumstances**" (Condition 8 in Part A).

## 11. 28-day waiting period

- 11.1 When **PruFund units** are cancelled, there may be a 28-day waiting period before the cancellation takes place. This is to protect the with-profits sub-fund and, therefore, the interests of all with-profits policyholders in the **defined charge participating sub-fund**.
- 11.2 The 28-day waiting period automatically applies when you switch out of **PruFunds** unless a **capital guarantee** payment has been made on that **PruFund** in the previous 28-days.
- 11.3 At the discretion of PAC, a waiting period of up to 28-days may also apply to **PruFund units** held if you:
  - 11.3.1 set up or amend **regular withdrawals**;
  - 11.3.2 take a **one-off withdrawal** from your bond; or
  - 11.3.3 **fully cash in** one or more policies in your bond.If the 28-day waiting period applies to any of the scenarios in Condition 11.3 then we will tell you, or your **relevant adviser**, as appropriate, at the time you give us your instruction.
- 11.4 Where a waiting period applies, the **unit price** used is that at the end of the waiting period.

## 12. Trading

- 12.1 You may only make a trading request involving any **PruFunds** once in every 3 month period. Once we receive your instruction to make a trade, we will act on it as soon as reasonably practicable.
- 12.2 When you make a trading request you must specify the amount to be sold out of each **PruFund** and/or **external funds** as a monetary amount or a percentage (these are called the "exit proportions"). You can also specify the percentage to be switched into the **PruFund** and/or **external fund** (these are called "target proportions"). **Guarantee units** and non-guarantee units are treated separately when calculating exit and target proportions. We'll convert any monetary amounts to be switched out of the **PruFunds** into a percentage when we receive the trading request.

12.2.1 When the trading takes place, it will happen in the following order:

12.2.1.1 any requested removal of a guarantee from **guarantee units** or the addition of a guarantee to non-guarantee units will be carried out; then

12.2.1.2 the target and exit proportions will be adjusted to allow for the addition or removal of guarantees on **PruFund units** in 12.2.1.1 above; then

12.2.1.3 any sale trades of **non-PruFunds** are carried out as described in “**Buying and selling bond holdings**” (Condition 7 in Part A). Proceeds from these trades are dealt with in the target proportions calculated in 12.2.1.2 above; then

12.2.1.4 where a sale trade is to be made out of **PruFunds**, at the end of the waiting period, the exit proportions calculated in 12.2.1.2 are applied to the relevant **PruFund**; then

12.2.1.5 **PruFund units** in 12.2.1.4 are then sold at the **unit price** at the end of the waiting period, with the sale proceeds allocated in the target proportions calculated in 12.2.1.2.

12.3 We reserve the right to refuse, restrict or delay any buying trades into any or all **PruFunds** if we consider that the frequency of such trades is excessive and intended to avoid **smoothing** adjustments while still benefiting from the **expected growth rate**.

12.4 The money to buy **PruFunds** will be taken from your **cash account** and the proceeds from a sale will be paid into your **cash account**. Note that we will refuse an instruction to buy from cash if the amount required is not available in your **cash account**. If you're switching **funds** then this is treated as a sale then a purchase.

## 13. How PruFund units can be cancelled

13.1 If you are cancelling **PruFund units** for one of the following transactions:

13.1.1 **regular withdrawals**;

13.1.2 **ongoing** or **ad hoc adviser charges**; you may select the **PruFund(s)** from which you wish to cancel **PruFund units**. Where **capital guarantees** are available, you must also tell us whether you wish to cancel **guarantee units**.

13.2 For the transactions listed in 13.1, if you asked that only non-guarantee units are cancelled but there are not enough non-guarantee units left then **guarantee units** will be included as part of the deduction of **PruFund units** in accordance with “**Regular withdrawals from your bond**” (Condition 10.2.3 in Part A) and “**Adviser charges**” (Condition 19.8.3. in Part A).

13.3 For a **one-off withdrawal** by **partially cashing in** all policies, if you have both **guarantee units** and non-guarantee units in a **PruFund**, you can specify whether the **guarantee units** or non-guarantee units, or both, are cancelled. If you wish to cancel **guarantee units** you can specify which **guarantee units** are cancelled.

13.4 If you do not give us an instruction about which **PruFund units** to cancel or if the transaction is listed in 13.1 above, we will cancel non-guarantee units first. If there are not enough non-guarantee units, we will cancel **guarantee units** starting with the youngest **guarantee units** and moving in age order to the oldest.

## 14. Availability of PruFunds

**14.1** PAC can withdraw, merge, close or wind-up any **PruFunds** at any time, including where **PruFund** customers already hold units in a **PruFund**. PAC may do so if, for example, any of the **PruFunds** become too small for them to be cost-effective for PAC to operate or for other reasons. We'll notify you if PAC does this and you hold units in the affected **PruFund**.

**14.2** If PAC decides to wind up a **PruFund**, we will give you notice of your options as far in advance as is reasonably practicable. If you hold units in the **PruFund** that PAC is winding up, we'll ask you how you would like us to invest the proceeds from the sale of your **PruFund** units. If we do not receive any instruction from you during the notice period, we'll sell the relevant units and move the proceeds to the **cash account**. This provision is subject to any delay which may be required under Condition 8.2 in Part A ("**Exceptional circumstances**").

**14.3** PAC can change the name of any **PruFund** at any time. If you've units in the affected **PruFund**, we'll notify you when PAC does this.

**14.4** PAC may make new **PruFunds** available from time to time.

**14.5** If PAC takes any of the actions in this Condition, PAC will act fairly and reasonably in the way that this right is used, having regard to PAC's duty to protect your interests, our interests and the interests of other with-profits policyholders.

**14.6** We reserve the right to withdraw availability to invest or trade into one or more **PruFunds** offered by PAC at any time. We will only do so for commercial reasons (for example if a **PruFund** becomes too small for it to be cost effective for us to operate that **fund** or other reasons) and it will apply to the International Portfolio Bond – Lives Assured and International Portfolio Bond – Capital Redemption.

Changes in UK tax legislation may also affect our assessment of whether:

- you are eligible to invest in **PruFunds** at the start of your bond;
- you are eligible to switch into **PruFunds** (if entering those **funds** for the first time); and
- any changes in circumstances may affect your ability to remain in **PruFunds**.

If we assess that your continued investment in a **PruFund** will bring about adverse tax results for that **fund**, we will switch the value of any units held under your bond in that **PruFund** to your **cash account**. We will then contact you or your **relevant adviser** and give details of your options at the time.

The purpose of transferring the value of these units to your **cash account** is to protect their value as far as possible whilst you decide what course of action to take.

# Part C: PruFund Capital Guarantees

## 1. Guarantees available

- 1.1 **Capital guarantees** may be available from time to time and, where available, your bond may benefit from more than one **capital guarantee**.
- 1.2 A **capital guarantee** is a guarantee as to the value of all or part of your investments within a **PruFund**. We call the value guaranteed the **guaranteed minimum fund** and the date on which it will be available according to the term of the **capital guarantee** you have chosen, the **guarantee date**. If you're not invested in a **capital guarantee**, you may set one up as part of a trade. **Guarantee units** are **PruFund units** which are subject to a **capital guarantee** and the **guaranteed minimum fund** is the minimum amount that any particular set of **guarantee units**, relating to the same **capital guarantee**, will be worth at their **guarantee date**.
- 1.3 **Capital guarantees** chosen in your application start after your bond is set up. Your contract schedule will contain the details. We will also publish details regarding **capital guarantees** from time to time (please contact your **relevant adviser**). **Capital guarantees** selected after the start date of your bond will be reflected in an Endorsement.
- 1.4 When **capital guarantees** are available, we will publish details on our website of how they operate on the relevant **PruFund(s)**.
- 1.5 We won't change how guarantees operate except in cases described in "**Changes to the Contract Conditions**" (Condition 22 in Part A).
- 1.6 If you pay an **additional investment** into your bond, you may invest some or all of that sum into a **PruFund** and create a new **capital guarantee**. It is possible to hold more than one **capital guarantee** at the same time.

## 2. Capital Guarantee

- 2.1 Each **capital guarantee** has a **guaranteed minimum fund** associated with it.
- 2.2 For a particular **capital guarantee**, if the **guarantee units** are worth less than the **guaranteed minimum fund** at the end of the guarantee term, we will add additional non-guarantee units to your bond, after any **guarantee charge** has been taken, so that the value of the **PruFund units** associated with a guarantee are equal to the **guaranteed minimum fund**.
- 2.3 Once you reach the end of the **capital guarantee term**, units become non-guaranteed. Your bond will continue to hold those non-guaranteed units in the same **PruFund**. You can choose to leave them, switch them to other **funds** or cancel them by making a **one-off withdrawal**.

## 3. Guarantee Charge

- 3.1 There is a **guarantee charge** for each **capital guarantee**. This is the charge deducted to pay for a guarantee on a **fund** within the **PruFund**. The level of **guarantee charge** you pay is set at the time you invest in the guarantee and it cannot be changed. If you invest in a new **capital guarantee**, a new charge may apply.
- 3.2 The **guarantee charge** only applies to the **guarantee units** benefitting from that particular **capital guarantee**.
- 3.3 **Guarantee charges** are taken monthly in arrears on the **guarantee charge date** by deducting units.  
  
The **charge date** will be set by the day in the month that your bond starts. Each **guarantee charge** will be applied on the same day in each month. The first charge will be applied on the first **charge date** to fall after the start of your bond or the start of a **capital guarantee**, as applicable.

- 3.4** If a **charge date** for a **guarantee charge** falls on a date that does not exist (e.g. the 31st of a month), the first day of the following month will be used for that month's **charge date**. We calculate the **guarantee charge** using the value of the **guarantee units** on the **working day** immediately preceding the **charge date**.
- 3.5** If the first **charge date** for a **capital guarantee** is not a full month after the start of the **capital guarantee**, the first charge will be a proportionate amount (for the number of days since the start of the **capital guarantee**).
- 3.6** The **guarantee charge** will stop at the end of the **capital guarantee** term.
- 3.7** If the **capital guarantee** term ends on a different date to the **charge date**, a proportionate amount will be taken (for the days between the last **charge date** and the end of the **capital guarantee** term).
- 4. Stopping or adding a guarantee**
- 4.1** A **capital guarantee** will stop:
- 4.1.1** at the end of the **capital guarantee term**;
  - 4.1.2** if you exercise your cancellation rights;
  - 4.1.3** if all **PruFund units** which have a **capital guarantee** attached have been exhausted. For example, following deduction of the **product charge**;
  - 4.1.4** if you instruct us to cancel all units relating to a **capital guarantee**, or you instruct us to remove the guarantee from all units relating to a **capital guarantee**; or
  - 4.1.5** if you **fully cash in** your bond.
- 4.2** You will not be liable for a **guarantee charge** from the date that the **capital guarantee** ends.
- 4.3** For the Lives Assured bonds, **capital guarantees** will automatically end on the death of the relevant life assured.
- 4.4** If a **capital guarantee** ends for a reason in 4.1.4 or if all units relating to a particular **capital guarantee**, are cancelled as a result of a withdrawal, a switch out, or an instruction to **sell to cash**, you cannot purchase another guarantee for 12 months, unless it relates to an **additional investment** into your bond or you apply for a new bond.
- 4.5** In relation to adding **capital guarantees**:
- 4.5.1** If you have a **capital guarantee** at the time you make an **additional investment** into your bond, you cannot use that **additional investment** to add units into that **capital guarantee**. Instead, a new **capital guarantee** is set up.
  - 4.5.2** If you have a **capital guarantee** at the time you make a trade into a **PruFund** and you choose a guarantee, you cannot use that trade to add units into that existing **capital guarantee**. Instead, a new **capital guarantee** is set up.
- 5. Increase to the guaranteed minimum fund**
- 5.1** Once set at the start of a **capital guarantee**, your **guaranteed minimum fund** can't be increased except as follows:
- 5.2** If you set up a guarantee as part of a trade and this trade results in purchases of **guarantee units** both at the start and at the end of the 28-day waiting period then these will be treated as the same **capital guarantee**, effective from the earlier date. This will increase the **guaranteed minimum fund**. Where a switch has been requested that involves **PruFunds** and **external funds** (either with or without an additional purchase of **guarantee units** using money from the **cash account**) and results in an increase in **guaranteed units**, the **guaranteed minimum fund** set up as part of that switch will increase by the value of the switch into the **PruFund** at the end of the 28-day waiting period.

## 6. Reduction to the guaranteed minimum fund

**6.1** A **guaranteed minimum fund** will reduce if any of the **guaranteed units** are cancelled for any of the following reasons:

6.1.1 an instructed trade to sell (this includes a **sell to cash**);

6.1.2 a **one-off withdrawal**, by way of cashing in individual policies or **partially cashing in** all policies;

6.1.3 **regular withdrawals**;

6.1.4 for paying **ongoing adviser charges** and/or **ad hoc adviser charges**;

6.1.5 removal of the **guarantee units**.

The reduction will be in the same proportion as the reduction in **guarantee units**. For example, if 10% of the units relating to a **capital guarantee** are cancelled, then the **guaranteed minimum fund** will be reduced by 10%.

**6.2** If a **guaranteed minimum fund** is reduced for one of the reasons shown in 6.1 immediately above (other than to pay an **adviser charge**) then you cannot purchase another guarantee for 12 months, unless it relates to an **additional investment** into your bond or you apply for a new bond.

**6.3** A **guaranteed minimum fund** will not reduce when we take the **product charge** or the **guarantee charge**.

# Part D: Investment in External Funds

## External funds

### 1. How external funds are operated

- 1.1 **External funds** are bought, held and sold subject to the terms and conditions in the **external fund's** prospectus.
- 1.2 The prospectus will explain what the manager of the **external fund** is allowed to do, including what investment decisions they are allowed to make, any restrictions there might be and when waiting periods or suspensions to the **external fund** might take place. It will also explain why the **external fund** can be closed or wound up. You can obtain the prospectus from the **external fund** manager.
- 1.3 From time to time, changes can occur on **external funds** you invest in – for example, changes to charges, **fund** mergers or changes in objectives. These are called “corporate actions”.
- 1.4 If you suffer a loss as a result of any action, or inaction, of the manager of an **external fund** we won't make good that loss, but we, or the nominee acting on our behalf, may have recourse to the relevant **fund** manager.
- 1.5 More information on the investments available can be found at [www.pru.co.uk/funds](http://www.pru.co.uk/funds).

### 2. Buying and selling external funds

- 2.1 Each **external fund** is divided into units.
- 2.2 You or your **relevant adviser** will instruct us to buy and sell all or part of an **external fund** held under your bond. **External funds** are divided equally into units for the purpose of measuring **benefits** that are due to you. You do not “own” units in an **external fund** and those units are just a record of the **benefits** due to you in respect of the relevant **external fund** your bond is invested in.
- 2.3 The price of the units is based on values of the underlying assets in that **external fund**.

- 2.4 The manager of the **external fund** will calculate the price at a certain point in time which will be explained in the prospectus. This price will be used at the time of a buy or sell.
- 2.5 You will receive a contract note detailing the transaction.
- 2.6 We do not set a minimum amount you can invest in **external funds**. However, the manager of the **external fund** may have a minimum value of units that can be bought, sold or left in the **external fund** after a sale.
- 2.7 The money to buy **external funds** will be taken from your **cash account** and the proceeds from a sale will be paid into your **cash account**. Note that we will refuse an instruction to buy from cash if the amount required is not available in your **cash account**. If you're switching **funds** then this is treated as a sale then a purchase.

### 3. Types of external funds

- 3.1 The types of **external funds** which can be bought and sold through your bond include, but are not limited to open-ended investment companies, also known as ‘OEICs’.
- 3.2 These mean investment **funds** which are split into ‘units’ that are bought and sold by investors. For OEICs, these investment **funds** take the form of a company and the shares in that company are bought and sold by investors.
- 3.3 We'll operate your bond under Irish Regulatory Requirements. In addition we'll only allow **bond holdings** to be held in the bond which ensure that the bond is not a Personal Portfolio Bond for UK tax purposes. The **bond holdings** will consist of **permitted investments** in the form of a **cash account** and units held in **PruFunds and/or external funds**. We'll not allow any other types of **bond holdings** to be held under your bond.
- 3.4 The types of **external funds** offered may change from time to time.



## 4. Trading

- 4.1 You or your **relevant adviser** must provide the relevant instruction to us to place a trade to buy or sell **external funds**.
- 4.2 An instruction to **sell to cash** will result in the sale proceeds of the relevant **external funds** being added to your **cash account**.
- 4.3 Where trading in any **external fund** is suspended, see “**Exceptional circumstances**” (Condition 8 in Part A) for more information.

## General

### 5. Permitted Investments

- 5.1 You can invest in a wide range of **external funds**. However, some investments can render a bond subject to additional income tax charges and you should seek advice on this. **External funds** must also meet our requirements to enable us to administer your bond.
- 5.2 If a **fund** ceases to be regarded as a **permitted investment** due to a change in UK or Irish tax legislation or UK or Irish Regulatory Requirements, units held within the relevant **fund** will have to be sold. The value may be transferred to the cash account and/or used to buy another **permitted investment**, as appropriate, as soon as reasonably practicable.
- 5.3 Your **relevant adviser** must inform us if units in a **fund** need to be sold for this reason, and must instruct us as to which **permitted investment** the value realised must be switched into.
- 5.4 If we become aware that a **fund** has ceased to be a **permitted investment**, we'll tell you, or where applicable your **relevant adviser**, what the options are.
- 5.5 Where you do not have a **relevant adviser**, we'll tell you what your options are.

# Glossary

“**additional payment**” & “**additional investment**” are described under “**How can payments into the bond be made?**” in the “**Important Information**” section and in “**Making payments**” (Condition 2.2 in Part A).

“**ad hoc adviser charges**” and “**adviser charges**” are described in “**Adviser charges**” (Condition 19 in Part A).

“**administration centre**” is described in “**Making payments**” (Condition 2.6 in Part A).

“**annual management charge**” is described in “**annual management charge**” (Condition 9 in Part B).

“**benefit**” is described in “**Benefits generally**” (Condition 9 in Part A).

“**bond holding**” is described in “**Some key concepts**” in the “**Important Information**” section.

“**capital guarantee**” is described in “**Guarantees available**” (Condition 1.2 in Part C).

“**cash account**” is described in “**Some key concepts**” in the “**Important Information**” section.

“**charge date**” is described in “**What charges do you pay?**” in the “**Important Information**” section.

“**death benefit**” is described in “**Death Benefit – lives assured only**” (Condition 14 in Part A).

“**defined charge participating sub-fund**” is described in “**What are PruFunds?**” (Condition 1.4 in Part B).

“**expected growth rate**” is described in “**How do PruFunds work?**” (Condition 2 in Part B).

“**external funds**” are described in “**Some key concepts**” in the “**Important Information**” section.

“**financial adviser**” is described in “**Some key concepts**” in the “**Important Information**” section.

“**fully cashing in**” is described in “**Fully cashing in your bond**” (Condition 13 in Part A).

“**fund**” is described in “**Some key concepts**” in the “**Important Information**” section.

“**guarantee charge**”, “**guarantee date**” & “**guarantee units**” are described in “**PruFund Capital Guarantees**” (Part C).

“**guaranteed maturity value**”, is described in “**Maturity Benefit – Capital redemption only**” (Condition 15 in Part A).

“**guaranteed minimum fund**”, is described in “**PruFund Capital Guarantees**” (Part C).

“**holding account**” and “**holding account units**” are described in “**Buying PruFund Units**” (Condition 3.1 in Part B).

“**initial investment**” & “**initial payment**” are described in “**Making payments**” (Condition 2 in Part A).

“**investment charges and costs**” is described in “**What charges do you pay?**” in the “**Important Information**” section and in “**Investment charges and costs**” (Condition 16 in Part A).

“**investment date**” is described in “**Buying PruFund Units**” (Condition 3.1 in Part B).

“**maturity benefit**” is described in “**Maturity Benefit – Capital redemption only**” (Condition 15 in Part A).

“**non-PruFunds**” are described in “**Some key concepts**” in the “**Important Information**” section.

“**one-off withdrawal**” is described in “**Benefits generally**” (Condition 9 in Part A).

“**ongoing adviser charges**” are described in “**Adviser charges**” (Condition 19 in Part A).

“**PAC**” means The Prudential Assurance Company Limited and is described in “**What are PruFunds?**” (Condition 1.2 in Part B).

“**PAC With-Profits Fund**” is described in “**What are PruFunds?**” (Condition 1.3 in Part B).

“**partially cashing in**” means the partial cashing in of all the Policies as described in “**One-off withdrawals by partially cashing in all policies**” (Condition 11 in Part A).

“**permitted investments**” are described in “**Making investments**” (Condition 5.5 in Part A).

“**personal representatives**” are described in “**Policy ownership in case of death**” (Condition 24.2 in Part A).

“**product charge**” is described in “**Product Charge**” (Condition 18 in Part A).

“**PruFund**” is described in “**Some key concepts**” in the “**Important Information**” section.

“**PruFund unit**” is described in “**What are PruFunds?**” (Condition 1 in Part B).

“**regular withdrawals**” are described in “**Benefits generally**” (Condition 9 in Part A).

“**relevant adviser**” is described in “**Some key concepts**” in the “**Important Information**” section.

“**sell to cash**” is described in “**Trading**” (Condition 4 in Part D).

“**smoothed**” or “**smoothing**” is described in “**How do PruFunds work?**” in the “**Important Information**” section.

“**unit price**” is described in “**Daily Calculation of Unit Price**” (Condition 4 in Part B).

“**unsmoothed unit price**” is described in “**Daily Calculation of Unit Price**” (Condition 4 in Part B).

“**working day**” is described in “**Regular withdrawals from your bond**” (Condition 10 in Part A).

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