

Your guide to

# International Prudence Bond

Your questions answered



# Contents

Introducing International Prudence Bond	3
Your investment choices	5
What else does it offer?	7
How can I access my money?	9
About Prudential International	10

## Risks – what you need to be aware of

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

# Introducing International Prudence Bond

When it comes to choosing an investment, you want something that will suit your needs not just now, but into the future.

Over time, your aims can change: you may become more adventurous or more cautious or you may switch your objective from capital growth to wanting an income.

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

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

The value of any investment, and any income taken from it, can go down as well as up so you might not get back the amount you put in.



## What International Prudence Bond offers

- Wide choice of funds: from Prudential and selected leading fund managers, covering a range of risk levels
- Guarantee options. New guarantees are currently suspended as, under current market conditions, the cost of guarantees means they would not offer value for money.
- Annual Growth Reward: a loyalty bonus from year one, creating extra value for growth investors
- Cost-effective portfolio management: 20 free switches each year to help you manage your investments actively at lower cost
- Easy access to your money: regular and one-off withdrawals, to suit your needs
- Tax-efficiency: your investment grows largely free of tax (other than UK withholding tax)
- Choice of currencies: you can put money in and take it out in any of six currencies: Sterling, Euro, US Dollar, Swedish Krona, Swiss Franc and Canadian Dollar. Changes in the rates of exchange between currencies may cause the value of your investment or income to go down or up.

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

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

# Your investment choices

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

## Multi-asset funds

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

### The PruFund Range of Funds

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

PruFund funds are invested in the Prudential With-Profits Fund, which is the one of the largest with-profits funds in the UK. This means we can buy a wide range of assets which may not be possible for someone to buy directly. However, there are differences across the range of PruFund funds in their objectives and mix of assets, and how PruFund delivers returns to investors when compared to other With-Profits business, which means the returns received by investors will vary by fund choice.

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

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

### PruFund smoothing process

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

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

### Expected Growth Rates (EGRs)

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

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

### Unit Price Adjustments (UPAs)

Although The Prudential Assurance Company Limited use a long term view of performance to set Expected Growth Rates, they also have to take into account shorter term performance. On a daily basis, if the shorter term performance differs too much from our current Expected Growth Rate, we'd have to amend the value of your fund up or down to ensure we are not returning too much or too little. We call these Unit Price Adjustments.

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

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

## Denominated in Sterling, Euro and US Dollars

The PruFund Range of Funds are denominated in Sterling, Euro and US Dollars, so you can select the currency that best matches your circumstances\*. You can find more information in “Your guide to investing in the PruFund Range of Funds”, reference IPBB10046, which your Financial Adviser can give you.

## The Risk Managed Active and Risk Managed Passive ranges

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

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

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

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

Your Financial Adviser can give you more information.

## Additional fund choices

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

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

## Managing your investments

Over time, your needs and preferences may change and you may want to alter your fund choices to match. You can do this at any time, either through your Financial Adviser or by writing to us.

To help you keep your portfolio up to date without incurring great expense, International Prudence Bond provides 20 free switches in any 12-month period.

There are some special rules that apply to switches in or out of the PruFund Range of Funds. You can find more information on these in “Your guide to investing in the PruFund Range of Funds”, reference IPBB10046.

## Currency choices

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

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

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

# What else does it offer?

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

## Annual Growth Reward

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

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

## Currency choices

You can invest and take withdrawals in any of six different currencies: Sterling, Euro, US Dollar, Swedish Krona, Swiss Franc and Canadian Dollar. This could be useful if you move to another country, either temporarily or permanently, as this may help with the effects of changes in exchange rates which may increase or decrease the value of your investment and/or withdrawals.

## Capital redemption option

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

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

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

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

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

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

## Charges

We charge you for setting up, managing and administering your bond.

The charges and costs may change in future and they may be higher than they are now. Further information can be found in the Contract Conditions. All monetary charges may increase annually in line with the Irish Consumer Price Index and movements in relevant exchange rates.

## Establishment Charge

For each investment you make into the bond, we will take an establishment charge for the first five years following the investment. In each case, this is 0.3% taken quarterly in advance and based on the value of the relevant investment at the time we take each charge.

## Fund charges and costs

All of the funds have an Annual Management Charge. In addition to our charges, there may be further costs incurred, which can vary over time. Where these are applicable, they are paid for by the relevant fund and will impact on its overall performance.

The Annual Management Charges and the current expected level of these further costs are set out in the current "Statement of Charges" for this product but they may vary over time

## Switch Charge

You can switch money between funds without charge up to 20 times in any 12-month period. After that, we will charge you.

For more details on this charge, please read the **Statement of Charges**.

## Early Cash-in Charge

If you cash in all or part of your bond within five years of making an investment we will deduct an Early Cash-in Charge.

For more details on this charge, please read the Statement of Charges.

## PruFund Protected Funds – Guarantee Charge

The PruFund Protected Funds have an additional annual charge for the guarantee.

We take this charge monthly in arrears by cancelling units.

For more information on this charge, please refer to "The PruFund Range of Funds: Guarantee options".



# How can I access my money?

It's easy to access your money at any time, whether you want to make a one-off withdrawal or have regular payments. There may be a tax liability – please ask your Financial Adviser for more information.

## Taking out lump sums

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

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

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

## Taking regular withdrawals

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

The amount you take can be:

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

There is a maximum amount you can take each year, which is either 5% of your total investment or 5% of the value of your bond at the time you start taking withdrawals, whichever is more. You must also leave at least €750, US\$750 or £500 invested in each fund.

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

## Adding to your investment

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

# About Prudential International

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

## Our home in Dublin

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

We are subject to European Law, having to comply with all European directives and regulations and to meet European solvency margins. We're an Irish registered company authorised by the Central Bank of Ireland.

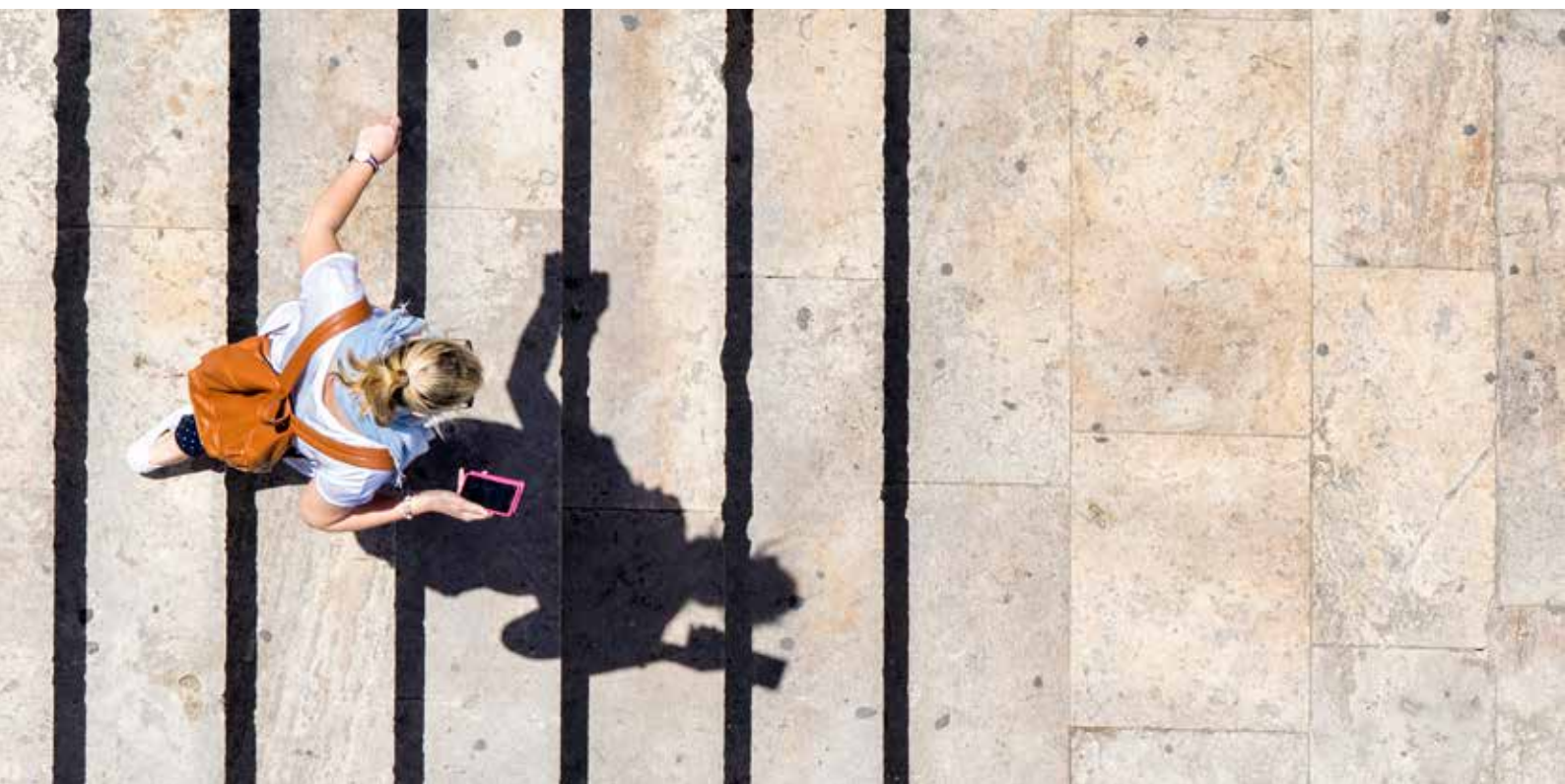
We are also subject to limited regulation by The Financial Conduct Authority. Details on the extent of our regulation by The Financial Conduct Authority are available on request.

## Our service to you

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

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

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



## Some terms explained

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

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

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

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

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

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

**Unit Price Adjustments (UPA)** – On a daily basis, if the shorter term performance differs too much from our current Expected Growth Rate, we'd have to amend the value of your fund up or down to ensure we are not returning too much or too little. We call these Unit Price Adjustments.

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

## Contacting us

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

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

You can also write to:

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

[www.pru.co.uk/international](http://www.pru.co.uk/international)

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