

# Contract Conditions

Prudential International Investment Portfolio – PIA/UK/PIIP/07/0522



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# Part 1: Introduction

## 1.1 Definitions

Where appropriate, words in the singular include the plural and words in the masculine gender includes the feminine or neuter gender and vice versa.

“**Acceptable Instruction**” means a written instruction specific to the type of:

- Cash In Benefit required. See Part 4;

or

- Adviser Charge(s) to be paid from the Bond. See Part 5.

The instruction must be correctly completed and sent to Our Administration Centre in Ireland together with any additional documentation We may require at the time.

“**Actual Amount Used To Buy Assets**” means Your Payment less the total of the following:

- any Set-up Adviser Charge You ask Us to deduct from Your Payment and pay the appropriate amount to Your Financial Adviser; and
- any applicable Initial Charge We may take.

We credit the Actual Amount Used To Buy Assets to the Bond Fund in the chosen Asset(s). We show this amount:

- in the Contract Schedule for the Initial Investment; and
- in the Endorsement relating to an Additional Investment.

“**Actuary**” means the Actuary appointed by the Company in accordance with the terms of Section 34 of the Insurance Act 1989 (Ireland).

“**Ad hoc Adviser Charge**” means a one-off Adviser Charge You instruct Us to deduct from Your Bond and pay to Your Financial Adviser. See Part 5, Condition 5.3.

“**Additional Investment**” means the amount of any Additional Payment after any Set-up Adviser Charge is deducted. We will show the amount of Additional Investment on the relevant Endorsement.

“**Additional Investment Date**” means the date the Additional Investment was credited to the Policies, as shown on the relevant Endorsement.

“**Additional Payment**” means any payment You make into the Bond other than the Initial Payment.

“**Administration Centre**” means Our administration office in Ireland at Montague House, Adelaide Road, Dublin 2.

“**Administration Charges**” means charges We apply whilst Your Bond remains in force, if shown in Your Contract Schedule or Related Documents. See Part 7, Condition 7.7.

“**Adviser Charge**” or “**Adviser Charges**” means any type of withdrawal You ask Us to make from Your Bond and pay the equivalent amount to Your Financial Adviser or Your Investment Adviser, as appropriate, except where We state these expressions relate to one or more specific types of such withdrawal. See Part 5, which covers all types of Adviser Charge You can pay by deductions from Your Bond. This specifically excludes any Set-up Adviser Charge as We facilitate this as a deduction from Your Payment before We put Your Bond into force.

“**Adviser Charge Instruction Form**” means the form completed by You in which You instruct Us to deduct Adviser Charges from Your Bond. This form is one of a number of Acceptable Instructions for Adviser Charges. See Part 5, Condition 5.1 for further details.

“**Agreement**” means the agreement between You and Us that governs the Bond, as set out in these Contract Conditions and any other Policy Documents, as further described in Condition 1.4.

“**Annual Management Charges**” or “**AMC**” means charges We take for maintaining Internal Unit-Linked Funds that Your Bond is linked to, where applicable or similar charges taken by the management organisation of each External Fund that Your Bond is linked to. See Part 7, Condition 7.1.

“**Applicable Law or Regulation**” means any laws, regulations, guidance, voluntary codes or statements that apply from time to time in relation to the activities performed by Us or by a Discretionary Asset Manager for Us under the Investment Management Agreement in place between Us and the Discretionary Asset Manager.

“**Application Form**” means the form on which You applied for, and gave Us information to base, the Bond or any Additional Investment, as appropriate.

“**Asset**” regarding the Bond Fund means a Holding in a Permitted Investment including any Investments managed by a Discretionary Asset Manager and “**Bond Fund Assets**” shall be construed accordingly.

“**Basic Minimum Value**” means the figure shown in the Statement of Charges, as amended from time to time.

“**Benefit**” means the monies due to You from the Bond arising from either a claim for payment of the Death Benefit or Cash In Benefits.

“**Benefit Payment Date**” means the date We pay the Death Benefit – see Condition 6.3 and 6.4.

“**Bond**” means Your Prudential International Investment Portfolio.

“**Bond Fund**” means the Investment fund We set up for Your Bond. Your Bond is the only Bond which is linked to the Bond Fund. Each Prudential International Investment Portfolio We set up has its own Investment fund so no other Bonds can be linked to Your Bond Fund. The cash in value of the Bond depends on the Bond Fund Value.

“**Bond Fund Valuation Dates**” means the dates set out in Part 3, Condition 3.8.

“**Bond Fund Value**” means the Value of the Bond Fund as a whole at any given date.

“**Cash In Benefits**” means Benefit payments made available from the Policies by:

- (a) Partially Cashing In; or
- (b) Fully Cashing In.

“**Central Bank of Ireland**” means the Central Bank of Ireland and any successor or replacement organisations responsible for financial regulation in Ireland.

The “**Channel Islands Financial Ombudsman**” means that organisation whose details are given in Part 8, Condition 8.18 and any successor or replacement scheme or organisation responsible for the investigation, mediation and adjudication of complaints made by customers about the conduct of a regulated financial service provider, in accordance with the Financial Services Ombudsman (Jersey) Law 2014.

“**Chargeable Event**” means the transactions set out in Part 8, Condition 8.10.

“**Charging Option**” means the range of charges chosen at the start of the Bond. The name of the Charging Option chosen for the Bond is shown on the Contract Schedule and any Related Documents. Details of the Charging Option chosen for the Bond are shown on the Personal Illustration as given to You by Your Financial Adviser.

“**Commencement Date**” shown in the Contract Schedule will be the same as the Investment Date of the Initial Investment unless We are asked to show a different Commencement Date.

“**Company**” means Prudential International Assurance plc which markets under the name “Prudential International” in the UK and certain other territories. “**We**” means the Company (and “**Our**” and “**Us**” should be read as referring to the Company).

“**Contract Conditions Booklet**” means this document.

“**Contract Schedule**” means the document We describe in Condition 1.4.

“**Current**” and “**Currently**” for such a charge or limit should be read as referring to the amount of the charge or limit as published by Us at the time We deduct the charge or apply the limit.

“**Custodian**” means the organisation in whose name all Assets in the Bond Fund may be held and (where appropriate) registered on Our behalf. All dealings must be made in Our name (or that of the Custodian or Nominee).

“**Custodian Settlement Fees**” means the fees levied by a Custodian that We incur – see Part 3, Condition 3.5.4.

“**Date of Receipt**” means the date We describe in Part 2, Condition 2.2, Part 3, Condition 3.5 and Part 4, Conditions 4.2.2 and 4.4.1.

“**Date Ownership is Proved**” means the date We are satisfied that the person claiming the Benefit payment has the legal right to that payment.

“**Dealing Charges**” means the charges We take for certain Purchase Transactions or Sale Transactions.

**“Death Benefit”** means the Benefit which is payable when the Life Assured dies. Where more than one person is covered see Condition 6.2 as to when the Death Benefit is payable.

**“Deposit Account”** means investment in the Sterling Cash Deposit Fund.

**“Deposit Fund”** means an internal deposit based fund established by Us.

**“Delegated Management Charges”** means charges We apply whilst Your Bond remains in force, if shown in Your Contract Schedule or Related Documents. See Part 7, Condition 7.5. This charge only applies where there are Assets in Your Bond that are managed by a Discretionary Asset Manager.

**“Discretionary Asset Manager”** or **“DAM”** means an entity regulated by the appropriate financial services authority to provide investment management and advice. The Discretionary Asset Manager will be appointed by Us at the express request of the Policyholder or appointed directly by the Policyholder as appropriate.

**“Discretionary Asset Manager Nomination Form”** means the form completed by You in which You will nominate a DAM and provide information to Us in relation to Your investment preferences which will be subject to the investment restrictions as set out in the Investment Management Agreement.

**“Early Cash In Charge”** means a charge We apply, if shown in Your Contract Schedule or Related Documents, and You either Fully Cash In all the Policies, or the Death Benefit becomes payable, within 5 years of an Investment into the Bond. See Part 7, Condition 7.8.

**“Effective Date of Change”** means the date that a change to Ongoing Adviser Charges or Ongoing Investment Adviser Charges, as appropriate, becomes effective following receipt of a new Acceptable Instruction. See Part 5, Condition 5.2.2.7.

**“Effective Date of Cover”** means the date that We receive all that We require at Our Administration Centre to put the Policies into force or to credit an Additional Investment to the Bond, as appropriate. We show the Effective Date of Cover in Your Contract Schedule or Endorsement, as appropriate.

**“Effective Start Date of Ongoing Adviser Charges/ Ongoing Investment Adviser Charges”** means the date that Ongoing Adviser Charges and/or Ongoing Investment Adviser Charges, if selected, start to apply to the Bond. See Part 5, Condition 5.2.2.1.

**“Effective Start Date of Regular Withdrawals”** means the date that Regular Withdrawals, if selected, start to apply to the Bond unless You specify a first payment date. See Part 4, Condition 4.1.3.

**“Endorsement”** or **“Special Provisions”** means a document issued by Us after the Bond has started, as described in Part 1, Condition 1.4.

**“Establishment Charges”** means charges We apply to each Investment for a 5 year period (the “Establishment Charge Period”) if shown in Your Contract Schedule or Related Documents. See Part 7, Condition 7.3.

**“External Expenses”** means external costs We incur in relation to the Bond Fund (for example when carrying out a Sale Transaction). See Part 7, Condition 7.1.3.

**“External Fund”** means a Permitted Investment established by some other investment organisation of which We allow Units to be credited to the Bond Fund.

**“Financial Adviser”** means an individual financial adviser or financial adviser firm who, according to Our records, is acting as Your agent to provide You with financial advice and such other services in relation to Your Bond as agreed between You and Your Financial Adviser. The Financial Adviser must have an agreement or terms of business with M&G plc and must, at all times, be appropriately authorised. Where Your Financial Adviser is based outside the UK, they must be authorised under the relevant overseas legislation governing their activities to provide financial advice and other regulated services. At any one point in time, We will only facilitate the payment of Adviser Charges to one Financial Adviser in relation to Your Bond. This specifically excludes Ongoing Investment Adviser Charges – for further details see Part 5, Condition 5.1.

**“Financial Conduct Authority”** or **“FCA”** means the Financial Conduct Authority and any successor or replacement organisation responsible for the time being for the regulation of the financial services and/or insurance industry in the United Kingdom.

**“Financial Ombudsman Service”** means that organisation whose details are given in Part 8, Condition 8.18 and any successor or replacement scheme or organisation responsible for the investigation, mediation and adjudication of complaints made by customers about the conduct of a regulated financial service provider, in accordance with the Financial Services and Markets Act 2000 as amended from time to time.

**“Financial Services Compensation Scheme”** or **“FSCS”** means the United Kingdom financial services compensation scheme administered in accordance with the Financial Services and Markets Act 2000 and any successor or replacement scheme or organisation responsible for the time being for the compensation of customers of FCA authorised financial services firms in the United Kingdom.

**“The Financial Services & Pensions Ombudsman”** means that organisation whose details are given in Part 8, Condition 8.18 and any successor or replacement scheme or organisation responsible for the investigation, mediation and adjudication of complaints made by customers about the conduct of a regulated financial service provider, in accordance with the Central Bank and Financial Services Authority of Ireland Act 2004 as amended from time to time.

**“Fully Cashing In”, “Fully Cash In”** and **“Fully Cashed In”** means the full cashing in of one or more Policies or all the Policies. See Part 4, Conditions 4.2.2(b) and 4.4.

A **“Holding”** includes Assets held in the Bond Fund in the form of External Funds and/or Our Internal Unit-Linked Funds.

**“Index”** means the Consumer Price Index (CPI), which measures the changes in prices for consumer goods and services and is published by the Irish Government agency known as the Central Statistics Office. If this index is no longer published or if, in Our reasonable opinion, it becomes no longer suitable, Index will mean such other appropriate index which measures inflation as We shall specify and notify to You.

**“Initial Charge”** means a charge We apply to each Investment if shown in Your Contract Schedule or Related Documents. See Part 7, Condition 7.2.

**“Initial Investment”** means the amount of any Initial Payment after any Set-up Adviser Charge is deducted.

**“Initial Payment”** means the first payment You make into the Bond.

**“Internal Unit-Linked Funds”** means a Permitted Investment that We or another Company within M&G plc have established and maintain within Our life assurance business fund. We show the Internal Unit-Linked Funds available to the Bond in Our Statement of Charges, as amended from time to time. We allow Units of such Internal Unit-Linked Funds to be credited to the Bond Fund.

**“Investment”** means the amount We will credit to each Policy in the Bond. We divide each Investment equally between the Policies.

**“Investment Adviser”** means an individual adviser or adviser firm that You have specified in writing to the Company as Your agent to provide You with investment advice in relation to Your Bond, as agreed between You and Your Investment Adviser. The Investment Adviser must, at all times, be appropriately authorised. Where Your Investment Adviser is based outside the UK, they must be authorised under the relevant overseas legislation governing their activities to provide such investment advice. At any one point in time, You may only specify one Investment Adviser in relation to Your Bond.

**“Investment Adviser Appointment Form”** means the form completed by You to notify Us that You are appointing an Investment Adviser to act on Your behalf in relation to Your Bond and to instruct Us to deduct Ongoing Investment Adviser Charges from Your Bond. This form is one of a number of Acceptable Instructions for Adviser Charges. See Part 5, Condition 5.1 for further details.

**“Investment Date”** means the date the Initial Investment was credited to the Policies, as shown in the Contract Schedule.

**“Investment Management Agreement”** means the agreement that We enter into with the Discretionary Asset Manager which sets out the terms under which the Discretionary Asset Manager provides investment management services.

**“Irish Regulatory Requirements”** means those regulatory requirements currently imposed by the Central Bank of Ireland and such changes which may occur from time to time which are applicable to the Company.

**“Key Features Document”** means a document describing the key features of the Bond. You will receive a Key Features Document before You make Your Initial Payment.

**“Life Assured”** means an individual on whose death the Death Benefit will become payable if the Bond has not been Fully Cashed In before then. See Part 6.

**“Market Timing”** means the circumstance where the pricing of Assets may allow for a small window in which a major market impact has not yet been reflected in the revaluation of the Asset.

**“M&G plc”** means any company and any subsidiary of them or their holding company which has M&G plc as its ultimate holding company, as such terms are defined in the UK Companies Act 2006, as amended.

**“Negative Balance”** means a debt within the Deposit Account where there are insufficient funds within the Deposit Account to meet Our charges, External Expenses, Withdrawals and Adviser Charge deductions as they fall due. See Part 3, Condition 3.2.5 for further details.

**“Negative Balance Charges”** means charges We apply if the Deposit Account has no funds or insufficient funds at the time We make deductions for Our charges, External Expenses, Regular Withdrawals or Adviser Charges, as described in Part 3, Condition 3.2.5. We will apply a Negative Balance Charge daily on the Negative Balance, plus any previously accumulated Negative Balance Charges, using the basis shown in the Statement of Charges, as amended from time to time.

**“Nominee”** means the organisation in whose name all Assets in the Bond Fund may be held and (where appropriate) registered on Our behalf. All dealings must be made in Our name (or that of the Custodian or Nominee).

**“One-off Withdrawal”** means a single cash in payment as described in Part 4, Condition 4.2.

**“Ongoing Adviser Charges”** means an Adviser Charge You instruct Us to deduct from Your Bond Fund and pay

to Your Financial Adviser at regular intervals. See Part 5, Condition 5.2.

**“Ongoing Investment Adviser Charges”** means an Adviser Charge You instruct Us to deduct from Your Bond Fund and pay to Your Investment Adviser at regular intervals. See Part 5, Condition 5.2.

**“Ongoing Portfolio Charges”** means charges We apply whilst Your Bond remains in force, if shown in Your Contract Schedule or Related Documents. See Part 7, Condition 7.4.

**“Partially Cashing In”** and **“Partially Cash In”** means the partial cashing in of all of the Policies as explained in Part 4, Condition 4.2.

**“Permitted Investments”** means Assets falling within provisions regarding Personal Portfolio Bonds within Part 4, Chapter 9 of the UK Income Tax (Trading and Other Income) Act 2005, as amended or replaced from time to time, so that the Bond is not a Personal Portfolio Bond for tax purposes. In addition such Assets must also be permitted under Irish tax and Irish Regulatory Requirements.

**“Personal Illustration”** means the illustration of projected Bond Fund Values payable from Your Policies.

**“Personal Portfolio Bond”** means a personal portfolio bond as defined in the provisions regarding Personal Portfolio Bonds within Part 4, Chapter 9 of the UK Income Tax (Trading and Other Income) Act 2005, as amended or replaced from time to time.

**“Personal Representatives”** means the person (or persons) who have legal authority to deal with, administer and dispose of the assets which belonged to the deceased individual at the time of death.

**“Policy”** or **“Policies”** means the policy or policies that make up Your Prudential International Investment Portfolio. We use these terms interchangeably.

**“Policy Anniversary”** means any anniversary of the Commencement Date shown in the Contract Schedule or Related Documents.

**“Policy Documents”** means the documents described in Part 1, Condition 1.4.



**“Policy Year”** means the 12 month period starting on the Commencement Date (for the first Policy Year), and any 12 month period starting on the Policy Anniversary.

**“Policyholder”** means the applicant for, or the legal owner(s) of, the Bond, as appropriate.

**“Policyholder Agreement”** means the Agreement by which a Policyholder appoints a DAM.

**“Price”** means the price at which Holdings in Internal Unit-Linked Funds and External Funds are purchased or sold.

**“Process”** or **“Processing”** means to put through the steps of a prescribed procedure.

**“Purchase Transaction”** means a transaction where We or, if applicable, the Discretionary Asset Manager are buying an Asset for the Bond Fund.

**“Regular Cancellation Date”** means the Working Day in each month, 3 month, 4 month, 6 month or 12 month period, as appropriate to the chosen frequency, on which Regular Withdrawals are deducted from Your Bond.

**“Regular Withdrawals”** means a series of cash in payments at regular intervals as described in Part 4, Condition 4.1.

**“Related Document”** means any document shown in the section headed “Related Documents” in the Contract Schedule and any Endorsement or Special Provisions or other document We issue regarding the Bond.

**“Safe Custodian Charge”** means a charge We apply for the safe keeping of Assets, excluding Our Internal Unit-Linked Funds, Term Deposit Investments, structured deposits or Assets managed by a DAM. Details of this charge are found in the Statement of Charges.

**“Sale Transaction”** means a transaction where We or, if applicable, the Discretionary Asset Manager are selling an Asset in the Bond Fund. This includes cancelling Units of an Internal Unit-Linked Fund held within the Bond Fund to meet cash outgoings (that is, Our charges, Withdrawals, External Expenses or other Benefit payments, including Adviser Charges), to reinvest into other funds, or to clear any Negative Balance and any accumulated Negative Balance Charges.

**“Set-up Adviser Charge”** means the amount You ask Us, as part of Your Initial Investment or Additional Investment application, to deduct from Your Payment to pay to Your Financial Adviser on Your behalf before We invest the balance into Your Bond as the Initial Investment or Additional Investment, as appropriate. As the Set-up Adviser Charge is deducted from Your Payment before Your Bond is put into force or Additional Investment is accepted, as appropriate, We do not refer to the Set-up Adviser Charge in Part 5 of this Contract Conditions Booklet which sets out details of Adviser Charges You can pay to Your Financial Adviser by way of deductions from Your Bond.

**“Statement of Charges”** means the statement We describe in Part 1, Condition 1.4.

**“System(s)”** means the computer system or systems We use as part of Our Processing.

**“Telegraphic Transfer Charge”** means a charge We apply if You cash in part or all of Your Bond and ask Us to pay the proceeds by telegraphic transfer. See Part 7, Condition 7.10.

**“Term Deposit Investment”** means an investment in a deposit account of a fixed duration.

**“Units”** means the notional parts of equal value into which each Internal Unit-Linked Fund and each External Fund is separately divided. These notional parts are called Units. We credit Units to the Bond Fund to represent Your Holding in an Internal Unit-Linked Fund or an External Fund, as appropriate. You do not own these Units; We use them to calculate the Bond Fund Value. Unless otherwise stated, Units mean either Units of an Internal Unit-Linked Fund or an External Fund.

**“Unit Price”** means the price at which Units of an Internal Unit-Linked Fund or an External Fund are credited to or cancelled from the Bond Fund, as appropriate.

**“Value”** means the following, as appropriate:

- the monetary amount of any Asset in Your Bond Fund at any given time, or
- the monetary amount in Your Bond Fund at any given time, including any Negative Balance and any accumulated Negative Balance Charges.

“**Withdrawal**” or “**Withdrawals**” means Benefit payments made available from the Policies by either (a) Partially Cashing In all the Policies, or (b) Fully Cashing In one or more of the Policies.

“**Working Day**” means any normal business day that the Company would be ordinarily open for business which will exclude public holidays in Ireland. Public holidays in Ireland may fall on different days to those in the United Kingdom and elsewhere. Where the effective date of a transaction or valuation falls on a non-Working Day, We will use the following Working Day as the effective date.

“**You**” and “**Your**” means the Policyholder.

“**Your Payment**” means Your Additional Payment or Initial Payment, as appropriate.

## 1.2 General description

A “**Prudential International Investment Portfolio**” is a whole of life assurance arrangement set up with an initial single Investment. It is designed to provide lifetime benefits (“**Cash In Benefits**”) and a single payment benefit (“**the Death Benefit**”) when the Life Assured dies if it has not been Fully Cashed In before then.

Unless You ask Us otherwise, We issue a Prudential International Investment Portfolio as a group of 20 identical Unit-linked whole life Policies. We word these Contract Conditions on the basis that the Bond will consist of a group of Policies. However, We will issue the Bond as just one Policy if You specifically ask Us to do so, in which case You should read the word “Policies” as if it said “Policy”.

We will operate Your Bond under Irish Regulatory Requirements. In addition We will only allow Assets to be held in the Bond Fund which ensure that the Bond is not a Personal Portfolio Bond for UK tax purposes. The Bond Fund will consist of Holdings in Permitted Investments. We will not allow any other types of Assets in the Bond Fund.

If You want to take out a Bond, Your Financial Adviser must send Us an application on Your behalf. Your Financial Adviser should have explained this Agreement to You before the Commencement Date and before You make an Additional Investment and/or change to Your Investment.

We will not advise You about the suitability of Your Bond. We will not be responsible for any advice given to You by Your Financial Adviser or for any investment decisions which You make.

## 1.3 The Contract Conditions

These “**Contract Conditions**” together with any other Policy Documents as described in Condition 1.4, set out the Agreement between You and Us that governs Your Prudential International Investment Portfolio and the Policies that make up the Bond.

## 1.4 Policy Documents

When a Bond starts We issue the following Policy Documents to confirm the Agreement, based on the information given to Us by the Applicant(s) as part of the application for the Bond:

- (a) the Contract Conditions Booklet (this document);
- (b) a Contract Schedule which sets out the details of each Policy in the Bond;
- (c) in this document where We mention Statement of Charges We mean the Statement of Charges referred to in the Contract Schedule and any Endorsements. The Statement of Charges sets out details of certain charges, costs and limits at the Commencement Date of Your Bond; and
- (d) any non-standard conditions, arrangements or supplementary information will be set out in the document(s) identified in the Related Documents section in the Contract Schedule or subsequent confirmation letter.

These Policy Documents together form the contractual conditions of the Bond. If there are any significant changes to the Bond after it has started, We will normally issue an Endorsement or Special Provisions document giving details of the change(s). You should read the expressions Policy Documents and Related Documents as including any Endorsements or Special Provisions document issued after the Bond has started.

Although Your Financial Adviser should have explained this Agreement to You before the Commencement Date or an Additional Investment, as appropriate, if You are not comfortable with any terms and conditions of this Agreement You can exercise Your right to cancel Your Bond or an Additional Investment into Your Bond, as appropriate, within 30 days from the date You receive Your right to cancel notice as more fully described in Condition 1.5.

## 1.5 Cancellation

If You change Your mind You can cancel Your Bond within 30 days of receiving Your right to cancel notice.

You can also cancel an Additional Investment within 30 days of receiving Your right to cancel notice in relation to that Additional Investment.

To cancel, You must give notice to Us in writing at Our Administration Centre or by such other means as detailed in the Key Features Document from time to time.

On cancellation, We will repay to You the amount of the relevant Investment(s), reduced for:

- (a) downward market movements in the Bond Fund Value;
- (b) any Withdrawals We have paid to You; and
- (c) any Adviser Charges We have deducted;

since that Investment was credited to the Bond.

We cannot repay You any Set-up Adviser Charge or Adviser Charge deducted from Your Bond as these will have already been paid on Your behalf to Your Financial Adviser. This means that You will need to claim these from Your Financial Adviser if You are entitled to do so.

Some Holdings could have redemption penalties (for example Term Deposit Investments). This means that cancelling Your Initial or Additional Investment, as appropriate, within the 30-day cancellation period can result in charges being applied by the external entity managing the relevant Holding(s). Redemption penalties on Holdings will adversely affect the value of Your Investment and could result in substantial loss.

## 1.6 Termination

If You tell Us You wish to terminate Your Bond after the 30 day period referred to at 1.5, the cancellation will be treated as a request to Fully Cash In the Bond – see Part 4, Condition 4.4 for further details.

We reserve the right to terminate the Bond if the Bond Fund Value is lower than Our Minimum Value – see Part 4, Condition 4.3.1 and Part 5, Condition 5.4.2.

If We terminate the Bond, We will pay You the Cash In Value that You would have received had You Fully Cash In the Bond – see Part 4, Condition 4.4 for further details.

# Part 2: Your Payments (Your Investments into Your Bond)

## 2.1 Investments

All Investments into the Bond (Initial or Additional) must be in the form of a sum of money. We do not accept transfers of Assets that have not been sold and converted into cash proceeds.

### 2.1.1 The Initial Investment

We will divide the Initial Investment into the Bond equally between the Policies (allowing for any necessary rounding). The Contract Schedule shows the Initial Investment for each of the Policies and the date it is credited to start the Bond, the Investment Date.

### 2.1.2 Additional Investments

An Additional Investment may be made at any time whilst Your Bond is in force. However, We have the right to refuse an Additional Investment into the Bond.

We will divide any Additional Investment into the Bond equally between the Policies then in force (allowing for any necessary rounding).

We issue an Endorsement for any Additional Investment paid into the Bond confirming the amount and the date it is credited to the Policies (in other words the "Additional Investment Date" of the Additional Investment).

The Charging Option applying to the Initial Investment will also apply to any Additional Investment.

Additional Investments must be used to buy Assets. Those monies may then be used to clear any Negative Balance in the Deposit Account, any Negative Balance Charge or any accumulated Negative Balance Charges, as appropriate – for further details see Part 3, Conditions 3.2.5, 3.2.6 and 3.2.7.

## 2.2 Date of Receipt

The Date of Receipt will be the Working Day that We receive all that We require to put Your Bond into force or to credit an Additional Investment to Your Bond, as appropriate, at Our Administration Centre in Ireland.

Where We receive the last item We require for an Investment on or before 12 noon on a Working Day, that day will be the Date of Receipt. If We receive the last item We require for an Investment after 12 noon on a Working Day or it is received on a non-Working Day then the Date of Receipt will be deemed to be the next Working Day.

Once Your Bond or Additional Investment is ready to go in force, the deals will be placed:

- on the next dealing day, for any Internal Unit-Linked Fund or any External Fund that We have previously approved;
- by close of business on the next available dealing day after We approve an External Fund.

Subject to the above, where an External Fund trades other than daily, We will use the next trading day available.

## 2.3 Investment into the Bond Fund

### 2.3.1 Crediting the Initial Investment

The Contract Schedule shows the Actual Amount Used To Buy Assets. We will credit the resulting amount to the Bond to set up the Bond Fund.

### 2.3.2 Crediting Additional Investments

An Endorsement in relation to an Additional Investment shows the Actual Amount Used To Buy Assets. We will credit the resulting amount to the Bond Fund.

## 2.4 Bond Fund Units

### 2.4.1 Identical Policies

Where all the Policies remain identical, the number of allocated Bond Fund Units in each of the Policies will be the same (allowing for any necessary rounding).

### 2.4.2 Non-identical Policies

If the Policies cease to be identical to the other Policies We or, if applicable, a DAM will adjust the number of allocated Bond Fund Units in each Policy to take account of the differences between the Policies.

# Part 3: The Bond Fund

## 3.1 General

We set up the Bond Fund when the Bond starts. The Policies will be linked to the Bond Fund. No other policies will be linked to the Bond Fund. The cash in value of the Bond will depend on the Bond Fund Value. The Bond Fund will form a separate account within Our life assurance fund. The only purpose of the Bond Fund is to work out the value of Benefits under the Bond.

## 3.2 Bond Fund Assets

### 3.2.1 Investment recommendations

If there is no DAM in place, We will generally act on the investment recommendations We receive from Your Financial Adviser or Investment Adviser, as appropriate, or from You or the individual You nominated in Your Application Form to provide investment instructions on Your behalf, but We have the right to refuse to implement recommendations at Our absolute discretion. We require that all the Assets in the Bond Fund must be Permitted Investments.

If a DAM is in place, please see Part 8, Condition 8.13 for further details.

### 3.2.2 Transferring Bond Fund Assets

Bond Fund Assets that are not managed by a DAM cannot be transferred directly from Us to a DAM without being realised for cash. The cash will then be passed to a DAM to invest in accordance with the Investment Management Agreement between Us and the DAM.

Similarly, Assets held by a DAM cannot be transferred to Us or to another DAM in the case of a change in discretionary managers without first being realised for cash.

In either case, any outstanding DAM charges will be taken from the realised cash before being passed to Us for reinvestment with a new DAM.

In either case there may be a delay between the date that You request Assets to be sold whether managed by a DAM or not, and the date that the sale of the Assets is completed. This may result in the value of the realised cash from the sale of the Assets being either higher or lower than on the date that You requested their sale

because of a fall or rise in the Asset value on the date of sale. The length of the delay will depend on how quickly Assets can be sold. Any realised cash passed by Us to a DAM for reinvestment may decrease in value due to any additional cost incurred or imposed by a DAM or the fund manager of the Assets that the DAM purchases. See Part 8, Condition 8.7 for details of transaction delays.

If You ask Us to sell Bond Assets including Term Deposit Investments, Your request will be actioned immediately. This means that You may incur cash in penalties on some types of Asset. The sum realised as cash to Us from the DAM will be net of any charges and penalties.

### 3.2.3 If a fund ceases to be a Permitted Investment

If the Bond Fund is invested in a Holding which ceases to be regarded as a Permitted Investment due to a change in UK or Irish tax legislation or UK or Irish Regulatory Requirements, the Holding will have to be switched into a Permitted Investment. Your Financial Adviser or Investment Adviser, as appropriate, must inform Us if a Holding needs to be switched and must instruct Us as to which Permitted Investment the Holding must be switched into. If a DAM is appointed in relation to a Bond Holding that has ceased to be a Permitted Investment, they must inform Us that the Holding needs to be switched.

If We become aware that a Holding has ceased to be a Permitted Investment before We receive such notice from:

- Your Financial Adviser or Investment Adviser in relation to Your Bond, We will notify Your Financial Adviser or Investment Adviser of the need to switch the Holding and request their instruction. Where such instruction is not received by the relevant date specified in the notification, We will select a Permitted Investment for the switch (normally one of the cash Deposit Funds on Our list of Internal Unit-Linked Funds) and inform You of the switch and which Permitted Investment We have selected. You may provide alternative investment recommendations subject to Condition 3.2.1.
- a DAM appointed in relation to a Bond Holding that has ceased to be a Permitted Investment, We will instruct the DAM to switch the Holding to a Permitted Investment We have selected. We will inform You of the switch and the selected Permitted Investment.

Where You do not have a Financial Adviser, Investment Adviser or DAM in relation to the Bond, We will select a Permitted Investment for the switch (normally one of the cash Deposit Funds on Our list of Internal Unit-Linked Funds) and inform You of the switch and which Permitted Investment We have selected.

Where We notify You that a switch has been or will be made to a Holding, You may provide alternative investment recommendations subject to Condition 3.2.1.

We do not take any Dealing Charges for switches required because a Holding ceases to be regarded as a Permitted Investment.

### 3.2.4 Changes to funds

If We decide for administrative reasons that We no longer wish to make an External Fund available, We reserve the right to ask You to switch Your Holding. This might happen, for example, where the investment organisation of an External Fund changes their dealing arrangements in such a way that We cannot continue to deal in those Units. Deals required to bring about such a switch would not count towards Your free transactions allowance. See Condition 3.6.2 for details of Your free transactions allowance.

We reserve the right to introduce further Internal Unit-Linked Funds or to subdivide, close, merge, wind-up or withdraw an existing Internal Unit-Linked Fund. Units of any such a fund within Your Bond Fund may be consolidated or subdivided by Us at any time, however if We do so We will ensure that the effect on Your Bond Fund Value will be neutral. Within an Internal Unit-Linked Fund, or any subdivision thereof, Units of any particular type will each be of equal value. We will contact You if this occurs.

If We close, merge, wind-up or withdraw an Internal Unit-Linked Fund in which You have invested We will give You notice of Your options as far in advance of a fund closure as is reasonably practicable. We will switch Units of the relevant Internal Unit-Linked Fund to Units of the Internal Unit-Linked Fund that We consider to have the closest investment objectives and asset allocation to the closed, merged or wound-up or withdrawn Internal Unit-Linked Fund. You will be given the opportunity to provide alternative instructions prior to the closure, merger

or wind-up or withdrawal of the fund. You may, of course, provide alternative investment recommendations subject to Conditions 3.2.1, 3.2.2 and Part 8, Condition 8.7, as appropriate.

The assets of the Internal Unit-Linked Funds will be invested in line with the objectives of each fund.

Where the investment organisation of an External Fund decides to close or merge any of their funds, You will be contacted to switch to alternative Holdings. Deals required to bring about such a switch would not count towards Your free transactions allowance. See Condition 3.6.2.

### 3.2.5 The Deposit Account in the Bond Fund

Part of Your Bond Fund will consist of an internal deposit based fund known as the Deposit Account. The Deposit Account is used to meet deductions out of the Bond Fund in respect of all of the following:

- Our charges;
- expenses;
- Regular Withdrawals – see Part 4; and
- Adviser Charges – see Part 5.

If Your Holding in the Deposit Account is insufficient to meet any charges, expenses, Regular Withdrawals or Adviser Charges deducted out of Your Bond Fund from Assets not managed by a DAM, the Deposit Account will accumulate a debt (a “Negative Balance”). We will apply a Negative Balance Charge on the amount of the Negative Balance daily, as detailed in the Statement of Charges, as amended from time to time. For further details see Part 7, Condition 7.9.

For Withdrawals and Adviser Charge deductions from the Deposit Account, see Parts 4 and 5 respectively for further details.

Where all or only part of Your Bond Fund Assets are managed by a DAM there cannot be a Negative Balance in the Deposit Account for transactions associated with the DAM Assets. The exception to this is where there may be from time to time a small transitory Negative Balance to facilitate any balancing transactions by a DAM. A Negative Balance Charge will not be applied in this event.

The Deposit Account is an Internal Unit-Linked Fund and as such monies held in this Fund are represented by a Unit holding in the Bond Fund. As an Internal Unit-Linked Fund it attracts an Annual Management Charge the level of which may exceed the return from the underlying assets of the fund. In the event that this is the case the Unit Price of the Deposit Account may go down and any positive balance may reduce in value.

### **3.2.6 Selling Bond Fund Assets to clear a Negative Balance and any accumulated Negative Balance Charges**

#### **(a) Where the total of the Negative Balance and any accumulated Negative Balance Charges is less than or equal to 10% of the Bond Fund Value**

If on the Bond Fund Valuation Dates in March or September in any year the Negative Balance and any accumulated Negative Balance Charges does not exceed 10% of the Bond Fund Value but exceeds the figure shown in the Statement of Charges, as amended from time to time, We reserve the right to sell a sufficient amount of the Bond Fund Assets to enable Us to clear the Negative Balance and any accumulated Negative Balance Charges in time for the next Bond Fund Valuation Date.

We will sell the Bond Fund Assets in order of Value, beginning with the Asset of highest Value. If Assets are of equal Value, We will sell an equal amount of each such Asset. For the purposes of this rule, We will exclude any Term Deposit Investments held in the Bond Fund.

If there are insufficient Assets in the Bond Fund, excluding Term Deposit Investments, to clear the total of the Negative Balance and any accumulated Negative Balance Charges, We will reduce the Negative Balance and any accumulated Negative Balance Charges as much as possible by selling all available Assets in the Bond Fund excluding Term Deposit Investments. Any remaining Negative Balance and accumulated Negative Balance Charges will accumulate a Negative Balance Charge daily until the earlier of (a) or (b) applying at a subsequent Bond Fund Valuation Date, as appropriate.

#### **(b) Where the total of the Negative Balance and any accumulated Negative Balance Charges is greater than 10% of the Bond Fund Value**

If the Negative Balance and any accumulated Negative Balance Charges on any Bond Fund Valuation Date, exceeds 10% of the Bond Fund Value at the same date, We reserve the right to sell a sufficient amount of any Bond Fund Assets (including Term Deposit Investments) in order of Value, beginning with the Asset of highest Value to clear the Negative Balance and any accumulated Negative Balance Charges on that Bond Fund Valuation Date. If Assets are of equal Value, We will sell an equal amount of each such Asset. For the purposes of this rule, We will include any Term Deposit Investments held in the Bond Fund.

### **3.2.7 General information on the Negative Balance**

You can clear a Negative Balance and any accumulated Negative Balance Charges by selling Bond Fund Assets and crediting these proceeds into the Deposit Account.

Any Additional Investment paid into the Bond must first buy Assets, the Value of which can then be used to clear any Negative Balance and accumulated Negative Balance Charges. See Part 2, Condition 2.1.2.

A Negative Balance Charge will continue to be made daily on the Negative Balance and any previously accumulated Negative Balance Charges during any delay in selling Bond Fund Assets in the circumstances detailed in Part 8, Condition 8.7. This applies whether You clear a Negative Balance and any accumulated Negative Balance Charges by selling Bond Fund Assets, as described above, or We are clearing/reducing a Negative Balance and any accumulated Negative Balance Charges by selling Assets as described in Condition 3.2.6 (a) or (b).

We will deduct all penalties and expenses incurred in respect of a sale of Bond Fund Assets to clear a Negative Balance and any accumulated Negative Balance Charges. Where We sell Bond Fund Assets to clear a Negative Balance and any accumulated Negative Balance Charges, these Sale Transactions will not count towards the number of free transactions You are allowed each year. See Condition 3.6.2 for further details.

We will notify You whenever We have exercised Our right to sell Bond Fund Assets and will provide details of the Bond Fund Assets sold.

For the avoidance of doubt, where the amount of the Bond Fund Assets sold exceeds the Negative Balance and any accumulated Negative Balance Charges, such excess will be credited to the Deposit Account.

Unless We say otherwise, the Bond Fund Value takes into account any Negative Balance and any accumulated Negative Balance Charges.

Where Bond Fund Assets need to be sold to clear any Negative Balance and any accumulated Negative Balance Charges, only those Assets not managed by a DAM will be used, except where all the Bond Fund Assets not managed by a DAM are exhausted. In such a situation, We may ask that the Negative Balance and any accumulated Negative Balance Charges is cleared from the sale of Assets managed by a DAM.

Where Your existing Investments are to be changed from being either not managed or only partly managed under a discretionary management arrangement, any Negative Balance in the Deposit Account will be cleared with the net cash from the realised Assets before being passed to a DAM.

### **3.2.8 Fund income**

All investment income from Assets in the Bond Fund will be added to the Bond Fund. Where there is no DAM in place, We will normally invest income as it arises in the Deposit Account. But, where available, You may exercise an option under an investment Holding to increase the size of the Holding by reinvesting income from that Holding. This option will not apply where there is a Negative Balance, any Negative Balance Charge or any accumulated Negative Balance Charges.

## **3.3 Deductions from the Bond Fund**

### **3.3.1 Taxes, expenses, levies, interest**

We will make the following deductions from the Bond Fund:

- any External Expenses or charges We incur in acquiring, managing, maintaining, valuing and disposing of Bond Fund Assets;

- any taxes or duties incurred in respect of the Bond Fund or attributable to the Bond Fund;
- any taxes or other charges on the income from the Bond Fund Assets in the Fund or on any capital gains made from the Assets;
- any tax, levy or other charge on the Company, such as a levy under any legislation introduced for the purposes of raising levies for Funds to be held for the protection of the interests of policyholders, which affects the costs of operating the Bond and which is reasonable in amount and reasonably incurred. Any such tax, levy or other charge will be imposed in a way which is proportionate to the increased cost of operating the Bond;
- any interest due on money borrowed on account of the Bond Fund;
- any costs incurred by the Company in recovering withholding tax will be deducted from any withholding tax recovered before it is credited to the Bond Fund;
- any other expenses, taxes, duties, levies or charges incurred in connection with the Bond Fund and not taken into account in the above list of items.

Under current tax rules (at the date of this edition of this Contract Conditions Booklet), We are not liable to pay any tax in Ireland (or any other country) regarding Our Bond Funds or in Our life assurance investment funds generally. However, certain types of income We receive in Our funds from fund investments attract withholding tax at source. Any withholding tax We recover in respect of a Holding in the Bond Fund will be credited to the Bond Fund.

### **3.3.2 Our charges in respect of the Bond and the Bond Fund**

- We will make the charges detailed in Part 7 by deducting them from the Bond Fund as they occur or on the next Bond Fund Valuation Date (except where the charge is taken into account by deducting it from the amount of a Benefit payment from the Policies) – see Condition 3.8.
- We will make a Dealing Charge when purchasing an External Fund Holding for the Bond Fund and when selling an External Fund Holding in the Bond Fund – see Condition 3.6.2. The Statement of Charges (as amended from time



to time) shows Our charges for Purchase Transactions and Sale Transactions. As explained in Part 7, Condition 7.1.4, the level of this charge may change every year.

- We will make a charge for providing a valuation statement You request on a date other than a Bond Fund Valuation Date – see Condition 3.8. The Statement of Charges (as amended from time to time) shows Our charge for providing valuation statements on a date other than a Bond Fund Valuation Date. As explained in Part 7, Condition 7.1.4, the level of this charge may change every year. Where an ad-hoc Unit valuation statement is required from a DAM then any charge for this statement will be detailed in the Investment Management Agreement. Details on DAM related charges from the Investment Management Agreement are available from Our Administration Centre in Ireland.
- We will make a charge to cover any costs incurred by Us for Annual Management Charges levied on Us by a DAM. Details of these charges are available from Our Administration Centre in Ireland.

### 3.3.3 Benefit payments

Any Cash In Benefit or Adviser Charge paid from the Policies will be deducted from the Bond Fund.

## 3.4 Stockbrokers

If We wish or need to use a stockbroker to handle dealings in External Funds We will normally use Our own stockbroker. Neither You nor Your Financial Adviser or Investment Adviser can insist on Us using a stockbroker selected by You or Your adviser but We may do so if We wish (and if the Investment Adviser is also a stockbroker We may use the Investment Adviser as Our stockbroker if We wish).

## 3.5 Dealings

Dealings will be made either:

- by Us, for Assets not managed by a DAM, following receipt of an investment recommendation from You, the individual You nominated in Your Application Form to provide investment instructions on Your behalf, Your Financial Adviser or Your Investment Adviser; or

- by a DAM, for Assets managed by that DAM.

The dealing day used will depend on the Date of Receipt of investment recommendations which must be in writing and addressed to the Operations Department at Our Administration Centre in Ireland (fax will be acceptable). The fax number of Our Administration Centre, for dealing instructions only, is +353 1 476 5100.

### 3.5.1 Internal Unit-Linked Funds and External Funds We have already approved

If We receive a written instruction at Our Administration Centre in Ireland:

- by 12 noon on a Working Day, that day will be the Date of Receipt. We will endeavour to place deals prior to close of business on that Working Day or as soon as possible thereafter.
- after 12 noon on a Working Day or on a non-Working Day, then the Date of Receipt will be the next Working Day. We will place deals on the next dealing day.

For External Funds that are not priced daily, We will place the deals on the next available dealing day following the Date of Receipt. However, in determining when We will place any deal, We reserve the right to change the time of day stated in this Condition if the investment organisation of an External Fund uses a different deadline.

### 3.5.2 External Funds We have not previously approved

Following the Date of Receipt, We will place a deal by close of business on the next available dealing day after the Fund is approved.

### 3.5.3 All instructions

If an instruction does not clearly identify the External Fund(s) to be bought or sold, then dealing may be delayed until We obtain clarity.

The Price at which a Holding in an External Fund is purchased or sold will be as shown in the contract note or confirmation issued by the vendor or stockbroker. We will keep a copy of all contract notes or confirmations that We receive.

We will do Our best to ensure that any dealing is at the best possible Price for the Bond Fund but We are not liable in any way where it transpires that the deal could have been effected at a better Price. All Assets in the Bond Fund will belong to Us and will be held and (where appropriate) registered in Our name or in the name of a Custodian or a Nominee. All dealings must be made in Our name (or that of the Custodian or Nominee). In certain circumstances the DAM may also be the Custodian.

All contract notes or confirmations must be in Our name (or that of the Custodian – including a DAM – or Nominee).

You are not permitted to make instructions for Sale or Purchase Transactions to take advantage of Market Timing. You authorise Us to discuss suspected Market Timing activity with relevant third parties (such as fund managers and stockbrokers). Fund managers are sensitive to Market Timing activities and may apply adjustments to the trade underlying Your transaction to account for major market movements.

#### **3.5.4 Custodian charges**

For Assets not managed by a DAM We will deduct from the Bond Fund Value an amount equal to:

- any Custodian Settlement Fees that We incur for each Purchase or Sale Transaction; and
- an ongoing Safe Custodian Charge based on the Bond Fund Value.

For Assets managed by a DAM We will deduct an amount equal to any charge levied by a DAM for third party custodian services where the DAM does not perform these services.

We will make the deductions evenly across all Policies then in force with effect from:

- the next Bond Fund Valuation Date, in the case of the Custodian Settlement Fees; or
- each relevant Bond Fund Valuation Date in the case of the Safe Custodian Charge; or
- as soon as practicable following the receipt of any third party custodian charges from a DAM; or
- on the date that the Bond ends.

The Current levels of Custodian Charges on Assets not managed by a DAM are as shown in the Statement of Charges (as amended from time to time). We will only take Custodian Charges on Bond Assets that are not managed by a DAM. As explained in Part 7, Condition 7.1.4, the level of this charge may change every year.

## **3.6 Our Dealing Charges**

### **3.6.1 No Dealing Charges for Internal Unit-Linked Fund transactions**

We do not take Dealing Charges for purchases or sales of Holdings in Our Internal Unit-Linked Funds.

The conditions at Condition 3.6.2 only apply to purchases or sales of Holdings in External Funds.

You should be aware that a DAM may make separate charges for Purchase Transactions or Sale Transactions and such charges, together with any other Dealing Charges, may be deducted from Your Bond Fund. You will be informed about the deduction of such charges from Your Bond Fund. The current levels of these charges, which may vary between DAMs, are available upon request from each of Your nominated DAMs.

### **3.6.2 Our Dealing Charges for External Fund transactions – free transactions allowance**

Purchases or sales of Holdings in External Funds may incur Dealing Charges. The Statement of Charges, as amended from time to time, shows Our charges for Purchase Transactions and Sale Transactions. As explained in Part 7, Condition 7.1.4, the level of this charge may change every year.

Dealing Charges will apply unless the number of deals in the External Funds is within the following limits:

- (a) 20 free transactions within the first year. You may make up to 20 Purchase Transactions or Sale Transactions in External Funds free of Dealing Charges within the first Policy Year. Where a DAM has been appointed, this Condition does not apply to that part of the Bond Fund Assets managed by a DAM.

(b) 10 free transactions in each subsequent Policy Year.

You may make up to 10 Purchase Transactions or Sale Transactions in External Funds free of Dealing Charges in each Policy Year. Where a DAM has been appointed, this Condition does not apply to that part of the Bond Fund Assets managed by a DAM.

Transactions in Our Internal Unit-Linked Funds do not use up or count towards either of the allowances for free transactions in External Funds. If any free external transactions are not used in a Policy Year, those transactions will not be added to the number of free external transactions in any subsequent Policy Year.

If any Custodian Settlement Fees are incurred for any Purchase Transactions or Sale Transactions, including the free transactions stated above, an amount equal to those fees will be deducted from the Bond Fund as shown in Condition 3.5.4. The Current levels of Custodian Settlement Fees for Assets not managed by a DAM are as shown in the Statement of Charges (as amended from time to time). As explained in Part 7, Condition 7.1.4, the level of this charge may change every year.

### 3.7 Further costs incurred by the funds

In addition to the Annual Management Charges, there may be further costs incurred, which can vary over time. Where these are applicable, they are paid for by the relevant fund and will impact on its overall performance. For more information on these further costs, please look at the current Statement of Charges for this product.

Where applicable, the initial level of these costs will be shown in Your Personal Illustration.

### 3.8 Fund valuations

We Value the Bond Fund with effective dates of 31 March, 30 June, 30 September and 31 December each year (the "Bond Fund Valuation Dates").

We also Value the Bond Fund if:

- any Policies are being Fully Cashed In; or
- the Death Benefit is payable; or

- We close the Bond Fund for any other reason.

A statement will be sent to You showing the Bond Fund Value as soon as possible after each Bond Fund Valuation Date. There is currently no separate charge for providing these valuation statements.

In the event that You request a valuation statement at any other time We will apply a charge for providing the valuation statement. The charges for providing such valuation statements are shown in the Statement of Charges as amended from time to time. As explained in Part 7, Condition 7.1.4, the level of this charge may change every year.

Where any of Your Bond Fund Assets are managed by a DAM, the DAM may also provide a statement for those Assets in accordance with the Investment Management Agreement. Where You request a valuation statement from the DAM at any time other than in accordance with the Investment Management Agreement, a DAM may impose a charge as detailed in the Investment Management Agreement. Details of DAM related charges from the Investment Management Agreement are available from Our Administration Centre in Ireland.

### 3.9 Ownership

The Bond Fund and the Bond Fund Assets belong to the Company. They do not belong to the Policyholder.

You own the Policies which are linked to the Bond Fund. The value of those Policies is determined by the Bond Fund Value.

You (or any other person entitled to the Policies or an interest in the Policies) do not have any legal or beneficial interest in or rights to the Bond Fund, the Bond Fund Assets in the Bond Fund or the Units in the Bond Fund.

# Part 4: Cash In Benefits

Before We pay any Cash In Benefit from Your Bond, We require an Acceptable Instruction specific to the type of cash in transaction required. Specific cash in forms are available on request from Our Administration Centre in Ireland. Your Acceptable Instruction must be sent to Our Administration Centre in Ireland.

## 4.1 Regular Withdrawal

### 4.1.1 Availability

You can ask for Regular Withdrawals from Your Bond at any time. Forms to request a Regular Withdrawal are available on request from Our Administration Centre in Ireland.

### 4.1.2 Administration

You may choose to have an amount paid every:

- month;
- 3 months;
- 4 months;
- 6 months; or
- 12 months.

Each Regular Withdrawal will be spread evenly across all the Policies and will be taken from the Deposit Account. The cash in value of each Policy will be reduced by an equal amount (allowing for any necessary rounding) every time a Withdrawal is paid.

Any Custodian Settlement Fees incurred will be charged against Your Bond Fund and deducted from the Bond Fund with effect from the Bond Fund Valuation Dates. See Part 3, Condition 3.8.

### 4.1.3 Effective Start Date of Regular Withdrawals

You may specify a date for the first Regular Withdrawal to be deducted from Your Bond.

If You do not specify a date for the first Regular Withdrawal, the Effective Start Date of Regular Withdrawals will determine when the first Regular Withdrawal will be deducted from Your Bond. The “Effective Start Date of Regular Withdrawals” set up:

- as part of the initial Bond application or an Additional Investment application, will be the Investment Date or Additional Investment Date, as appropriate.

- subsequently, using an Acceptable Instruction, will be the Working Day We receive Your instruction at Our Administration Centre in Ireland.

The date You specify for the first Regular Withdrawal or the Effective Start Date of Regular Withdrawals, as appropriate, will determine their Regular Cancellation Date.

### 4.1.4 Regular Withdrawals – DAMs

If Your Bond is partly managed by a DAM and Regular Withdrawals are to be funded from both the Assets managed by a DAM and those not managed by a DAM, You must tell Us how much as a fixed amount is to be paid from:

- (a) the Assets not managed by a DAM; and/or
- (b) the Assets managed by a DAM.

The Regular Withdrawal contribution funded by a DAM will be paid initially from the Deposit Account on each Regular Cancellation Date. The Deposit Account will then be reimbursed by the DAM. If there is more than one DAM managing Your Bond Fund Assets, You must tell Us which of Your nominated DAMs are to fund the payments and also how much as a fixed amount each DAM is to provide towards the total. The DAM(s) will decide which Asset(s) to sell to provide the sum reimbursed into the Deposit Account.

In the event that a DAM no longer manages Your Bond Fund Assets and Regular Withdrawals were being funded from the Assets managed by that DAM, unless You tell Us that the funding is to be drawn from another DAM nominated by You, future payments will continue to be made in full but funded from the Deposit Account and will fall into the Process for dealing with Negative Balances in the Deposit Account as detailed in Part 3, Condition 3.2.5 for Assets not managed by a DAM. **Please note:** This will mean that You may incur a Negative Balance Charge.

We will only allow a Regular Withdrawal payment if the rules in Condition 4.3 are met.

## 4.2 One-off Withdrawals

### 4.2.1 Availability

You may ask to make a One-off Withdrawal at any time in the form of a specific amount or a percentage of Your Bond Fund Value.

#### 4.2.2 Administration

For a One-off Withdrawal You need to tell Us which Assets within Your Bond Fund (including those managed by a DAM) You wish to sell to meet Your request. We will only allow a One-off Withdrawal if the Bond Fund Assets You have nominated to be sold are of sufficient Value to meet the payment and the rules in Condition 4.3 are met. We can provide a One-off Withdrawal by:

- (a) Partially Cashing In all the Policies (on this basis the cash in value of each Policy will be reduced by a similar or identical amount allowing for any necessary rounding);
- or
- (b) Fully Cashing In one or more of the Policies (this will result in the number of Policies in the Bond being reduced).

If neither (a) nor (b) alone will meet Your requirements for a One-off Withdrawal, You must provide Us with two separate instructions. In this situation We will carry out instruction (b) first and then, with effect from the next available dealing Price after that, We will carry out instruction (a) for the balance of the Withdrawal required.

In the case of (a), (b) or a combination of the two, any Custodian Settlement Fees incurred will be deducted from the Bond Fund with effect from the Bond Fund Valuation Dates. See Part 3, Condition 3.8.

When We receive an Acceptable Instruction for a One-off Withdrawal, at Our Administration Centre, We will place the deal(s) on the next dealing day following the Date of Receipt, except where a DAM is in place with respect to the relevant Asset(s), in which case We will ask the DAM to place the deal(s) on the next dealing day following the Date of Receipt.

If We receive an Acceptable Instruction at Our Administration Centre on or before 12 noon on a Working Day, that day will be the Date of Receipt. If We receive an Acceptable Instruction after 12 noon on a Working Day or it is received on a non-Working Day, the Date of Receipt will be deemed to be the next Working Day. The Date of Receipt will determine the Bond Fund Value in respect of that Acceptable Instruction but see Condition 4.2.5 regarding Our right to delay payment.

The effective date of the One-off Withdrawal will be the Working Day after We have received the final sale proceeds required for payment of the One-off Withdrawal.

#### 4.2.3 Which basis?

We will carry-out a One-off Withdrawal in the manner shown in 4.2.2(a) if You do not tell Us which method to use when You ask for a One-off Withdrawal.

Our Partial or full cash in form will allow You to specify which of the options in 4.2.2 You prefer.

Any Policy which is Fully Cashed in for a One-off Withdrawal will end on the date it is Fully Cashed in (and no other Benefits or Adviser Charges will be payable under that Policy). Any Death Benefit under that Policy will end.

If You wish to Fully Cash In Your Bond, please complete Our Partial or full cash in form which is available from Our Administration Centre in Ireland.

#### 4.2.4 Effect of One-off Withdrawals on Adviser Charges

If You take a One-off Withdrawal from Your Bond:

- this may reduce the value of deductions for Ongoing Adviser Charges/Ongoing Investment Adviser Charges. For further details see Part 5, Condition 5.2.2.9;
- We will test the level of Adviser Charge deductions from Your Bond against the limit We describe in Part 5, Condition 5.4.1.

#### 4.2.5 Transaction delays

Payment of the Cash In Benefit under this Condition is subject to any delay that may be required under Part 8, Condition 8.7.

#### 4.2.6 The cash in value of a Policy in the Bond Identical Policies

If all the Policies have remained identical (subject to any rounding), the cash in value of each Policy will be identical and can be calculated by dividing the cash in value of the Bond Fund by the number of Policies.

#### Non-Identical Policies

If the Bond includes any non-identical Policies, the cash in values of the Policies will be determined by referring to the number and cash in value of the Units in each Policy.

We reduce the number of Units by cancelling an appropriate number of Units from the Policies whenever We apply a charge in respect of the Policies and whenever a Withdrawal is taken from the Policies.

Normally transactions are carried out in a manner which would result in the Bond only including identical Policies.

#### **4.2.7 Sale Transactions to provide cash for a Withdrawal**

Where Holdings in External Funds are to be sold to provide the money for the Withdrawal, We will take a Dealing Charge for each Sale Transaction (unless the transactions are within the number of free transactions allowed in each Policy Year, as explained in Part 3, Condition 3.6).

We may also deduct any Custodian Settlement Fees, as explained in Part 3, Condition 3.5.4.

### **4.3 Limits for Withdrawals**

Each Regular Withdrawal and any One-off Withdrawal must not be less than Our Current minimum limits in force at the time of payment.

The Statement of Charges (as amended from time to time) shows Our minimum limits at the start of Your Bond.

As explained in Part 7, Condition 7.1.4, the level of limits expressed as monetary amounts may change every year.

#### **4.3.1 Minimum Fund Value rules for Withdrawals**

We only allow Withdrawals to be taken from the Bond if the Bond Fund Value meets the two minimum Bond Fund Value rules set out in 4.3.1.1 and 4.3.1.2. If the Bond Fund falls below the Basic Minimum Value (as defined below) We will write to You and ask You to make an Additional Investment. If You do not do so within one calendar month, We reserve the right to cancel the Bond and pay to You the cash in value (after deducting any relevant charges).

##### **4.3.1.1 The Basic Minimum Value rule**

The Bond Fund Value must be above Our "Basic Minimum Value" before and after any Withdrawal and/or Adviser Charge deduction.

The Statement of Charges (as amended from time to time) shows Our Basic Minimum Value figure. As explained in Part 7, Condition 7.1.4, the level of this limit may change every year.

##### **4.3.1.2 15% Minimum value rule**

The Bond Fund Value (before and after a Withdrawal or an Adviser Charge deduction) must also always be more

than 15% of the Investment(s) paid into the Bond in the 5 years up to the date of the Withdrawal or Adviser Charge deduction. This 15% rule only applies if there has been an Investment into the Bond during the 5 years up to the date of the proposed Withdrawal or Adviser Charge. Where this 15% minimum value rule does not apply, the Bond Fund value only needs to be more than the rule in 4.3.1.1.

##### **4.3.1.3 If the two rules overlap**

During any period where the rules in 4.3.1.1 and 4.3.1.2 overlap, We apply the higher of the Current Basic Minimum Value figure or the 15% figure.

The minimum Fund Value rules also apply to Adviser Charges. Please see Part 5, Condition 5.4 for further details.

### **4.4 Fully Cashing In the Bond**

#### **4.4.1 General**

On Fully Cashing In all of the Policies:

- The Death Benefit provided by the Policies will cease.
- We will close the Bond Fund.
- We will pay out the cash in value of the Policies, either as a sum of money or at Our absolute discretion, by transferring Assets from the Bond Fund to the Policyholder.

We will not transfer any Holdings in Our Internal Unit-Linked Funds to the Policyholder in any circumstances. Holdings in Internal Unit-Linked Funds will only be sold and converted into a sum of money.

- No other Benefits will then be payable under the Bond.
- If You wish to Fully Cash In Your Bond, please complete Our Partial or full cash in form which is available from Our Administration Centre in Ireland.

If We receive an Acceptable Instruction at Our Administration Centre on or before 12 noon on a Working Day, that day will be the Date of Receipt. If We receive an Acceptable Instruction after 12 noon on a Working Day or it is received on a non-Working Day, the Date of Receipt will be deemed to be the next Working Day.

When We receive an Acceptable Instruction to Fully Cash In the Bond, at Our Administration Centre:

- We will place the deals to sell each External Fund Holding on the dealing day following the Date of Receipt of Your instruction. Where a DAM is in place We will ask the DAM to place the deal(s) on the next dealing day following the Date of Receipt. The investment organisation for each External Fund Holding determines the deadline for receiving dealing instructions for that Holding. Where a deal for an External Fund Holding is placed with the investment organisation before the dealing deadline, the Value of that External Fund Holding will be determined on that trading day. Where a deal to sell an External Fund Holding is placed after the dealing deadline on a trading day, the value of that Holding will be determined at the pricing point on the next available trading day. This includes where an External Fund Holding trades other than daily; and
- We will cancel Units in each Internal Unit-Linked Fund Holding on the next Working Day following the Date of Receipt of Your instruction.

Your Bond Fund Value will include the following, as appropriate:

- the sale proceeds We receive from each External Fund Holding; and
- the Value of Units cancelled from Internal Unit-Linked Funds (including those held in the Deposit Account) as described above; and
- any cash balance held within Your Deposit Account on the Working Day after We receive the final sale proceeds from the External Fund Holdings.

The effective date of the Full Cash In transaction will be the Working Day after We receive the final sale proceeds.

The sale of any Holding may be delayed as described in Condition 4.4.4.

#### 4.4.2 Full Cash In Value of the Bond

On the effective date of the Full Cash In transaction, the cash in value of the Bond will be the Bond Fund Value as described in 4.4.1, less the following deductions:

- (a) an Early Cash In Charge may be applied regarding any Investment made into the Bond in the preceding 5 years – see Condition 4.4.3;

- (b) an Establishment Charge may be applied – see Part 7, Condition 7.3;
- (c) an Ongoing Portfolio Charge may be applied – see Part 7, Condition 7.4;
- (d) a Delegated Management Charge may be applied – see Part 7, Condition 7.5;
- (e) any Discretionary Asset Managers' Annual Management Charges – see Part 7, Condition 7.6;
- (f) an Administration Charge may be applied – see Part 7, Condition 7.7;
- (g) a Dealing Charge for each External Fund Holding We sell to provide money for payment of the cash in value (We do not take Dealing Charges for converting Holdings in Our Internal Unit-Linked Funds);
- (h) a Dealing Charge for each External Fund Holding We transfer to the Policyholder;
- (i) any costs We incur in closing the Bond Fund, transferring the Bond Fund Assets to the Policyholder or selling Bond Fund Assets;
- (j) any Custodian Settlement Fees incurred as a result of the cash in – see Part 3, Condition 3.5; and
- (k) any Negative Balance and any accumulated Negative Balance Charges – see Part 3, Condition 3.2.5;

Our Dealing Charges at (g) and (h) are applied where the number of free transactions allowed in a Policy Year has been exceeded – see Part 3, Condition 3.6.

If You cash in Your Bond between Bond Fund Valuation Dates We will not make any part payment of Ongoing Adviser Charges or Ongoing Investment Adviser Charges. See Part 5 for further details of these charges.

#### 4.4.3 Early Cash In Charge

If the Early Cash In Charge applies to the Bond, this will be shown in Your Contract Schedule or Related Documents. If applicable, the Early Cash In Charge will be deducted if the Bond is Fully Cashed In, or if the Death Benefit is paid, within 5 years of an Investment being paid into the Bond. See Part 7, Condition 7.8.

#### 4.4.4 Transaction delays

Payment of the Cash In Benefit under this Condition is subject to any delay that may be required under Part 8, Condition 8.7.

# Part 5: Paying Adviser Charges from Your Bond

## 5.1 Adviser Charges

Any payments You agree to make to Your Financial Adviser and/or Your Investment Adviser can be funded from the Bond through one or more deductions known as Adviser Charges.

We will only deduct Adviser Charges from Your Bond and make payment to Your Financial Adviser and/or Your Investment Adviser if You instruct Us to do so.

To pay the agreed amount of Adviser Charge, We deduct the appropriate value from the Bond Fund and pay the corresponding amount to Your Financial Adviser and/or Your Investment Adviser.

There are three types of Adviser Charge that You can pay from Your Bond:

- Ongoing Adviser Charges – see Condition 5.2; and
- Ongoing Investment Adviser Charges – see Condition 5.2; and
- Ad hoc Adviser Charges – see Condition 5.3.

You can only instruct Us to set up Adviser Charges from Your Bond:

- as part of the Bond application; or
- as part of an Additional Investment application; or
- under a subsequent Adviser Charge Instruction Form; or
- in relation to an Investment Adviser, using an Investment Adviser Appointment Form.

For Adviser Charges, these are known as “Acceptable Instructions” – see Part 1, Condition 1.1.

**Note:** These forms include important information.

The Adviser Charge Instruction Form and the Investment Adviser Appointment Form are available from Our Administration Centre in Ireland, or as appropriate, from Your Financial Adviser or Your Investment Adviser.

At any one point in time You may only specify the following in relation to Your Bond:

- one Financial Adviser in relation to an Ongoing Adviser Charge; and/or
- one Investment Adviser in relation to an Ongoing Investment Adviser Charge.

See Condition 5.2.2.5 which explains what happens to Ongoing Adviser Charges/Ongoing Investment Adviser Charges if You appoint a new Financial Adviser or Investment Adviser or if there is a change in either type of adviser as described in Condition 5.2.2.6.

Your Acceptable Instruction must be sent to Our Administration Centre in Ireland.

## 5.2 Ongoing Adviser Charges and Ongoing Investment Adviser Charges

### 5.2.1 Availability

You can ask Us at any time to start Ongoing Adviser Charges and/or Ongoing Investment Adviser Charges. An Ongoing Adviser Charge is an Adviser Charge deducted from the Bond and payable to Your Financial Adviser at regular intervals throughout the duration of the Bond. Ongoing Investment Adviser Charges are deducted in the same manner but are payable to Your Investment Adviser.

We will only accept a new or revised instruction for the deduction of an Ongoing Adviser Charge or an Ongoing Investment Adviser Charge if all of the rules in Condition 5.4 are met.

### 5.2.2 Administration of Ongoing Adviser Charges and Ongoing Investment Adviser Charges

You may ask for the value of Ongoing Adviser Charge and/or Ongoing Investment Adviser Charge deductions to be based on:

- (a) a specified monetary amount; or
- (b) a percentage of Your Initial Investment and any Additional Investments paid into the Bond; or
- (c) a percentage of the Bond Fund Value.

Ongoing Adviser Charges and/or Ongoing Investment Adviser Charges will be spread evenly across all the Policies and will initially be taken from the Deposit Account. The cash in value of each Policy will be reduced by an equal amount (allowing for any necessary rounding) every time We deduct an Ongoing Adviser Charge and/or an Ongoing Investment Adviser Charge. For further details see Condition 5.2.3.

We will deduct Ongoing Adviser Charges/Ongoing Investment Adviser Charges from the Deposit Account in arrears on each Bond Fund Valuation Date.



We will make the first deduction based on the number of days the Bond is in force between the Effective Start Date of the Adviser Charge and the first Bond Fund Valuation Date following the Effective Start Date.

We will confirm to You in writing as soon as reasonably practicable when Your request to set up Ongoing Adviser Charges and/or Ongoing Investment Adviser Charges has been completed. You may at any time ask for information regarding Your request from Our Administration Centre in Ireland.

#### **5.2.2.1 Effective Start Date of Ongoing Adviser Charges/Ongoing Investment Adviser Charges**

If Ongoing Adviser Charge deductions are first set up as part of the initial Bond application, You may:

- specify the number of months You wish to delay the start of Ongoing Adviser Charge deductions from Your Bond.

Such a delay may be up to a maximum of 60 months, from the Investment Date. The “Effective Start Date of Ongoing Adviser Charges” will be the day immediately following the end of the period of delay. We pay Ongoing Adviser Charges in arrears starting from the first Bond Fund Valuation date to fall on or after Effective Start Date of Ongoing Adviser Charges.

For example, if You ask Us to delay Ongoing Adviser Charge deductions for 24 months when You applied for Your Bond and Your Bond Investment Date is 15 January 2022, We will make the first deduction on the first Bond Fund Valuation Date to fall on or after the Effective Start Date of Ongoing Adviser Charges, of 15 January 2024. This means the first deduction will be made with effect from 31 March 2024.

- choose not to specify a period of delay for the start of Ongoing Adviser Charge deductions from Your Bond. The first Ongoing Adviser Charge deduction will be made in arrears starting on the first Bond Fund Valuation date to fall on or after the Effective Start Date of Ongoing Adviser Charges. The “Effective Start Date of Ongoing Adviser Charges” will be the Investment Date.

If Ongoing Adviser Charge/ Ongoing Investment Adviser Charge deductions are first set up using a subsequent Acceptable Instruction, the “Effective Start Date of Ongoing Adviser Charges/Ongoing Investment Adviser Charges” will be within 5 Working Days of receipt of Your Acceptable Instruction at Our Administration Centre in Ireland. We will make the first Ongoing Adviser Charge/ Ongoing Investment Adviser Charge deduction in arrears starting on the first Bond Fund Valuation date to fall on or after the Effective Start Date of Ongoing Adviser Charges/Ongoing Investment Adviser Charges.

See Condition 5.2.2.7 for the Effective Date of Change to Adviser Charges.

#### **5.2.2.2 Date when Ongoing Adviser Charges/Ongoing Investment Adviser Charges stop**

Ongoing Adviser Charges and/or Ongoing Investment Adviser Charges continue to be deducted and paid to Your Financial Adviser and/or Investment Adviser, as appropriate, until the earlier of the following:

- (a) the date that the Value of the Bond Fund Assets is insufficient to meet an Adviser Charge deduction. See Condition 5.5;
- (b) the date that You, Your Financial Adviser or Your Investment Adviser instruct Us to stop deducting Ongoing Adviser Charges/Ongoing Investment Adviser Charges under Conditions 5.2.2.3 or 5.2.2.6, as appropriate;
- (c) the date that We are notified that You have assigned the ownership of one or more Policies into new ownership(s). For further detail see Part 8, Conditions 8.2 and 8.3;
- (d) the date that You Fully Cash In Your Bond – see Part 4, Condition 4.4.1;
- (e) the date that We are notified of the death of a Life Assured for which the Death Benefit will then become payable. See Part 6 for more details;
- (f) the date that We are notified by the UK Financial Conduct Authority (“FCA”) or other equivalent or succeeding regulatory authority or We become aware and are satisfied that Your Financial Adviser

or Investment Adviser, as appropriate, has ceased to be authorised under the UK Financial Services and Markets Act 2000, as amended from time to time or, where Your Financial Adviser or Investment Adviser, as appropriate, is based outside the UK, the date We are notified by the equivalent overseas regulatory authority or We become aware and are satisfied that Your Financial Adviser or Investment Adviser, as appropriate, has ceased to be authorised under the relevant overseas legislation governing their activities;

- (g) the date We are notified or become aware and are satisfied that Your Financial Adviser/Investment Adviser has ceased trading.

The last deduction We make is on the Bond Fund Valuation date immediately before the earliest of the above events.

### 5.2.2.3 Changes to Ongoing Adviser Charges and/or Ongoing Investment Adviser Charges

- (a) You must tell Us in writing if You wish to carry out the following and You must specify whether Your instruction relates to Ongoing Adviser Charges and/or Ongoing Investment Adviser Charges:
- stop paying such an Adviser Charge;
  - change the monetary amount or the percentage level of such an Adviser Charge, subject to the limits in Condition 5.4; and/or
  - change the basis of such an Adviser Charge from a monetary amount to percentage level, or vice versa.
- (b) You can instruct Us in writing to change the Financial Adviser and/or Investment Adviser, as appropriate, to whom the relevant Adviser Charges are payable – see Condition 5.2.2.5.

As stated in Condition 5.1 You may only specify one Financial Adviser and/or one Investment Adviser for Your Bond at any one point in time.

- (c) As appropriate to the type of charge, Your Financial Adviser or Investment Adviser can also instruct Us to stop or reduce Ongoing Adviser Charges/Ongoing Investment Adviser Charges, as appropriate, without providing an Acceptable Instruction from You. Where We act upon such an instruction from Your Financial

Adviser or Your Investment Adviser it will not be Our responsibility to tell You about the changes made. This responsibility lies with Your Financial Adviser or Investment Adviser, as appropriate.

**Note:** Except where Condition 5.2.2.4 applies, only You can instruct Us to increase the Adviser Charges from Your Bond. In addition, only You can instruct Us to:

- deduct and pay additional Adviser Charges; and/or
- change the basis of Adviser Charges;

from Your Bond.

- (d) When You apply to make an Additional Investment into Your Bond:

- (i) any existing instruction to pay Ongoing Adviser Charges and/or Ongoing Investment Adviser Charges will remain in effect unless We receive a revised Acceptable Instruction from You. This means that where You make an Additional Investment without a new Adviser Charge instruction, the value of deductions for Ongoing Adviser Charges and/or Ongoing Investment Adviser Charges under an existing instruction on the basis of Condition:
  - 5.2.2(a) will remain the same;
  - 5.2.2(b) and (c) will increase proportionately.
- (ii) You may amend an existing Adviser Charge instruction to pay Ongoing Adviser Charges/Ongoing Investment Adviser Charges as stated in 5.2.2.3(a). Where You do so, Your new instruction will apply to the whole of Your Bond, not just the Additional Investment.

The Effective Date of Change for changes requested under this Condition is determined as detailed in Condition 5.2.2.7.

### 5.2.2.4 Change to Value Added Tax

The payments You agree to make to Your Financial Adviser and/or Your Investment Adviser, as appropriate, may be subject to UK Value Added Tax (“VAT”), for which Your Financial Adviser or Investment Adviser must account to the UK HM Revenue and Customs.

You will have given Your consent in the Application Form in relation to Your Bond or in relation to an Additional Investment into Your Bond, in an Investment Adviser Appointment Form or in a subsequent Adviser Charge Instruction Form, that Ongoing Adviser Charges and Ongoing Investment Adviser Charges, as appropriate, can be changed where there is a change in the rate of VAT, without the need for Us to obtain Your further consent or instruction.

It should be noted that in this particular circumstance, Your Financial Adviser or Investment Adviser, as appropriate, can instruct Us to make an increase as well as a reduction to the Ongoing Adviser Charges/Ongoing Investment Adviser Charges. Your Financial Adviser or Investment Adviser should ensure that such an instruction is only given where the agreement between You and Your Financial Adviser/Investment Adviser states that the agreed level of Ongoing Adviser Charges/Ongoing Investment Adviser Charges will change in line with changes in the level of VAT. We are not able to check the terms of the agreement between You and Your Financial Adviser or between You and Your Investment Adviser. If Your Financial Adviser/Investment Adviser gives an instruction under this Condition We are entitled to assume that he is authorised to do so.

We will only make such a change if so instructed by Your Financial Adviser or Investment Adviser, as appropriate, in writing. We must receive such an instruction at Our Administration Centre in Ireland within timescales that will be agreed between Us and Your Financial Adviser/Investment Adviser.

On receipt of the instruction, We will tell Your Financial Adviser/Investment Adviser how long We will take to make the change.

Where We act upon an instruction from Your Financial Adviser/Investment Adviser under this Condition, it will not be Our responsibility to tell You about the changes made. This responsibility lies with Your Financial Adviser/Investment Adviser.

This Condition does not apply where Ongoing Adviser Charges or Ongoing Investment Adviser Charges are payable on the basis of Condition 5.2.2(b) or 5.2.2(c).

#### **5.2.2.5 Change to Financial Adviser and/or Investment Adviser – notification from You**

You must give Us a new Acceptable Instruction if You change Your Financial Adviser/Investment Adviser and require future Ongoing Adviser Charges/Ongoing Investment Adviser Charges to be payable to Your new Financial Adviser/Investment Adviser as appropriate.

If You do not tell Us that You wish future Ongoing Adviser Charges/Ongoing Investment Adviser Charges to be payable to Your new Financial Adviser/Investment Adviser, as appropriate, We will stop such deductions.

The Effective Date of Change made under this Condition is determined in the way described in Condition 5.2.2.7.

**Note:** As stated in Part 1, Condition 1.1 and in Part 5, Condition 5.1 You can only specify one Financial Adviser and/or one Investment Adviser at any one point in time in relation to each Prudential International Investment Portfolio.

Once a change to a Financial Adviser or Investment Adviser has been effected, all future Ongoing Adviser Charges/Ongoing Investment Adviser Charges will be payable to that Financial Adviser or Investment Adviser, as appropriate. No further payments will be made to the previous Financial Adviser or Investment Adviser.

#### **5.2.2.6 Change to Financial Adviser – notification from Financial Adviser of a transfer of business**

Your Financial Adviser may sell all or part of its business interests to another Financial Adviser.

Where Your Financial Adviser has arranged for the services that You have agreed with them to be provided by Your new Financial Adviser the change of Financial Adviser may be notified to Us in writing by Your Financial Adviser and We may act on that instruction without Your specific agreement. You have given consent in Your Application Form for Us to continue to pay Ongoing Adviser Charges to Your new Financial Adviser at the existing agreed level, where We have an in force instruction from You to deduct Ongoing Adviser Charges from Your Bond at the date We receive the instruction from Your Financial Adviser under this Condition, without Your specific agreement.

Where We act upon an instruction from Your Financial Adviser under this Condition, it will not be Our responsibility to tell You about the changes made. This responsibility lies with Your Financial Adviser.

**Note:** For a change of Investment Adviser You must complete and send an Acceptable Instruction to Our Administration Centre in Ireland – see Condition 5.1.

Except where Condition 5.2.2.4 applies, Your new Financial Adviser/Investment Adviser can only instruct Us to stop or reduce Ongoing Adviser Charges/Ongoing Investment Adviser Charges, as appropriate, as stated in Condition 5.2.2.3(c). You must instruct Us if any other changes are to be made to such Adviser Charges.

This includes a transfer of Ongoing Adviser Charges to a new Financial Adviser in any other circumstances than that described in this Condition.

#### **5.2.2.7 Effective Date of Change to Adviser Charges and/or Financial Adviser**

The date We carry out changes under Conditions 5.2.2.3 and 5.2.2.5, the “Effective Date of Change”, will be within 5 Working Days of receipt of an Acceptable Instruction from You, Your Financial Adviser or Your Investment Adviser as appropriate to the type of transaction.

For a change of Financial Adviser under Condition 5.2.2.6, We will tell Your new Financial Adviser how long We will take to make the change.

We cannot backdate or postpone the Effective Date of Change. Any Ongoing Adviser Charges/Ongoing Investment Adviser Charges due between the date We receive the instruction and the Effective Date of Change will be deducted and paid in accordance with the current instruction.

If the Effective Date of Change coincides with the Bond Fund Valuation Date on which an Ongoing Adviser Charge/ Ongoing Investment Adviser Charge is due to be deducted, that Adviser Charge will be deducted and paid in accordance with the new instruction.

**Note:** For a change of Investment Adviser, the Effective Start Date of a new Acceptable Instruction from You will be as determined in Condition 5.2.2.1.

#### **5.2.2.8 Re-starting Ongoing Adviser Charges/Ongoing Investment Adviser Charges**

If deductions for Ongoing Adviser Charges and/or Ongoing Investment Adviser Charges have stopped and You wish to re-start paying such an Adviser Charge from Your Bond You must complete a new Acceptable Instruction and send it to Our Administration Centre in Ireland. See Condition 5.2.1.

Deductions cannot be backdated to cover the period between stopping and re-starting Ongoing Adviser Charges/Ongoing Investment Adviser Charges.

#### **5.2.2.9 The effect of One-off Withdrawals on Ongoing Adviser Charges/Ongoing Investment Adviser Charges**

If You choose to take a One-off Withdrawal from Your Bond by:

- (a) Partially Cashing In all of Your Policies, under Condition 4.2.2(a), this will reduce the value of Ongoing Adviser Charges/Ongoing Investment Adviser Charges due to be deducted on the basis of Condition 5.2.2(c) on or after the One-off Withdrawal. Ongoing Adviser Charges/Ongoing Investment Adviser Charges due to be deducted on the basis of Condition 5.2.2(a) or 5.2.2(b) on or after the One-off Withdrawal will not reduce.
- (b) Fully Cashing In one or more Policies, under Condition 4.2.2(b), this will reduce the value of Ongoing Adviser Charges/Ongoing Investment Adviser Charges due to be deducted on the basis of Condition 5.2.2(a), (b) or (c) on or after the One-off Withdrawal. In particular, Ongoing Adviser Charges/Ongoing Investment Adviser Charges due to be deducted on the basis of 5.2.2(a) or (b) on or after the One-off Withdrawal will reduce in the same proportion that the number of Policies cashed in for the One-off Withdrawal bears to the number of Policies in force immediately before the One-off Withdrawal.

Deductions for Ongoing Adviser Charges/Ongoing Investment Adviser Charges, on the basis of Condition 5.2.2(a) or (b), will continue at a reduced level unless You complete and send a new Acceptable Instruction

to Our Administration Centre in Ireland. Please see Condition 5.2.2.3 about changes to Ongoing Adviser Charges/Ongoing Investment Adviser Charges.

In addition, We will test the level of any Ongoing Adviser Charges/Ongoing Investment Adviser Charges being made under an Adviser Charge instruction current at that time, against the limit We describe in Condition 5.4.1 – this may further reduce such Adviser Charge deductions that We will allow.

### 5.2.3 Deductions for Ongoing Adviser and/or Ongoing Investment Adviser Charges

We initially deduct Ongoing Adviser Charges/Ongoing Investment Adviser Charges by cancelling Units from the Deposit Account on each Bond Fund Valuation Date.

- (a) If a DAM is managing Your Bond Fund Assets, the Deposit Account will then be reimbursed by the DAM.
- (b) If two or more DAMs are managing Your Bond Fund Assets, You must tell Us which of Your nominated DAMs are to fund the deductions for Ongoing Adviser Charges/Ongoing Investment Adviser Charges, as appropriate, and also how much each DAM is to provide towards the total. The DAM(s) will decide which Asset(s) to sell to provide the sum(s) reimbursed into the Deposit Account.
- (c) If Your Bond is partly managed by a DAM and Ongoing Adviser Charges/Ongoing Investment Adviser Charges, as appropriate, are to be funded from those Bond Fund Assets managed by a DAM and those not managed by a DAM, You must tell Us how much is to be paid from:
  - the Assets not managed by a DAM; and/or
  - the Assets managed by a DAM.
- (d) If Your Bond Fund Assets are not managed by a DAM or are no longer managed by a DAM, deductions for Ongoing Adviser Charges/Ongoing Investment Adviser Charges, as appropriate, will fall into the Process for dealing with Negative Balances in the Deposit Account as detailed in Part 3, Condition 3.2.5 for Assets not managed by a DAM. **Please note:** This will mean that You may incur a Negative Balance Charge.

Any Custodian Settlement Fees incurred will be charged against Your Bond Fund with effect from the Bond Fund Valuation Dates. See Part 3, Condition 3.5.

Payment of Ongoing Adviser Charges/Ongoing Investment Adviser Charges is subject to any delay that may be required under Part 8, Condition 8.7.

## 5.3 Ad hoc Adviser Charges

### 5.3.1 Availability

An Ad hoc Adviser Charge is a one-off Adviser Charge deducted from Your Bond and is payable to Your Financial Adviser on Your request only at any time whilst the Bond remains in force.

You can ask Us at any time to pay an Ad hoc Adviser Charge to Your Financial Adviser as:

- a percentage of Your Bond Fund Value; or
- a specified amount.

Please complete the Adviser Charge Instruction Form which is available from Our Administration Centre in Ireland or Your Financial Adviser.

If We receive an Acceptable Instruction from You at Our Administration Centre in Ireland within 30 days of:

- the Investment Date, in respect of the Initial Investment; or
- the Additional Investment Date, in respect of an Additional Investment;

We will delay Processing Your instruction until 30 days after the date that the appropriate Investment was credited to the Bond. The deals will be placed on the next dealing day after the end of the period of delay.

### 5.3.2 Administration

We will only allow an Ad hoc Adviser Charge if all of the rules in Condition 5.4 are met.

We always provide an Ad hoc Adviser Charge by spreading the deduction evenly across all the Policies. This means that the cash in value of each Policy will be reduced by an identical amount (allowing for any necessary rounding) every time We make a deduction for an Ad hoc Adviser Charge.

### 5.3.3 Effective date for Ad hoc Adviser Charges

An Acceptable Instruction for an Ad hoc Adviser Charge will be effective on the date We input Your request on Our System(s). This will take place within 5 Working Days of receipt of an Acceptable Instruction from You at Our Administration Centre in Ireland.

### 5.3.4 Deductions for Ad hoc Adviser Charges

For an Ad hoc Adviser Charge You may specify which Assets within Your Bond Fund You wish to sell to meet Your request (including any Assets managed by a DAM).

The deal(s) will be placed on the dealing day following the date We input Your instructions on Our System(s).

Where an External Fund trades other than daily, We will use the next dealing day available.

Where You do not specify Assets to sell to meet Your request, We initially deduct an Ad hoc Adviser Charge by cancelling Units from the Deposit Account and:

- (a) if a DAM is managing Your Bond Fund Assets, the Deposit Account will then be reimbursed by the DAM.
- (b) if two or more DAMs are managing Your Bond Fund Assets, You must tell Us which of Your nominated DAMs are to fund an Ad hoc Adviser Charge deduction and also how much each DAM is to provide towards the total. The DAM(s) will decide which Asset(s) to sell to provide the sum(s) reimbursed into the Deposit Account.
- (c) if Your Bond is partly managed by a DAM and an Ad hoc Adviser Charge deduction is to be funded from those Bond Fund Assets managed by a DAM and those not managed by a DAM, You must tell Us how much is to be paid from:
  - the Assets not managed by a DAM; and/or
  - the Assets managed by a DAM.
- (d) If Your Bond Fund Assets are not managed by a DAM or are no longer managed by a DAM, an Ad hoc Adviser Charge deduction will fall into the Process for dealing with Negative Balances in the Deposit Account as detailed in Part 3, Condition 3.2.5 for Assets not managed by a DAM. **Please note:** This will mean that You may incur a Negative Balance Charge.

Any Custodian Settlement Fees incurred will be charged against Your Bond Fund with effect from the Bond Fund Valuation Dates. See Part 3, Condition 3.5.

Payment of an Ad Hoc Adviser Charge is subject to any delay that may be required under Condition 5.3.1 or Part 8, Condition 8.7.

## 5.4 Limits for Bond deductions

We apply the limits in this Condition separately to each Prudential International Investment Portfolio owned by the same Policyholder(s). The limits are described in Conditions 5.4.1 and 5.4.2.

### 5.4.1 Limit for Adviser Charges

The limit in this Condition does not in any way restrict the amount You may agree to pay Your Financial Adviser and/ or Investment Adviser, as appropriate, by other means.

The maximum total of Adviser Charges, We allow to be taken from the Bond in any 12 month period, is a percentage of the total Investment in the Policies.

When testing Adviser Charge deductions from Your Bond against this limit We also take into account all Adviser Charges and the following types of Withdrawal already deducted from Your Bond:

- Regular Withdrawals – see Part 4 Condition 4.1; and
- One-off Withdrawals from all Policies – see Part 4, Condition 4.2.2(a).

You can obtain details of the maximum percentage that applies at any time from Your Financial Adviser or Investment Adviser, as appropriate.

**5.4.1.1 When We test Adviser Charges against the limit**  
We test Adviser Charges against the limit:

- (a) when We set up Ongoing Adviser Charges and/ or Ongoing Investment Adviser Charges under Your Bond;
- (b) at the date We make a deduction from the Deposit Account for the first Ongoing Adviser Charge/Ongoing Investment Adviser Charge to be deducted from the Bond, where You asked for payments to be delayed by more than 2 months;

- (c) at the date We amend Ongoing Adviser Charge/  
Ongoing Investment Adviser Charge deductions on  
Our System(s) to reflect a subsequent Adviser Charge  
Instruction from You or Your Financial Adviser or  
Investment Adviser, as appropriate;
- (d) at the date We make a deduction from the Bond Fund  
for an Ad hoc Adviser Charge;
- (e) immediately after a One-off Withdrawal – see Part 4,  
Conditions 4.2.2(a) and 4.2.2(b).

#### **5.4.1.2 How We test Adviser Charges against the limit**

When carrying out the test in respect of Condition:

- (a) 5.4.1.1(a) to (e) inclusive, We take into account the  
value We expect to deduct from the Bond in relation  
to Adviser Charges over the 12 month period from the  
date We Process a new or revised instruction.
- (b) 5.4.1.1(d), We also take into account the total of  
Adviser Charges paid in the 12 months prior to the  
date We cancel Assets for Your current Ad hoc Adviser  
Charge instruction.

#### **5.4.1.3 What happens if Adviser Charges exceed the limit?**

If the limit is exceeded:

- when You instruct Us to deduct any type of Adviser  
Charge under a new instruction, We will not deduct that  
Adviser Charge or make any payment to Your Financial  
Adviser or Investment Adviser, as appropriate. In this  
instance We will write to tell You this has occurred.
- when an Ongoing Adviser Charge and/or Ongoing  
Investment Adviser Charge is retested against the limit  
for Adviser Charges, as described in Condition 5.4.1.1,  
We will reduce future Ongoing Adviser Charges/Ongoing  
Investment Adviser Charges, as appropriate, to the  
maximum amount or level that can be paid, with immediate  
effect. In this instance We will not write to tell You.

#### **5.4.2 Minimum Fund Value rules**

We only allow Adviser Charges and/or Withdrawals to  
be taken from the Bond if the Bond Fund Value meets the  
two minimum Bond Fund Value rules set out in (a) and (b)  
below. If the Bond Fund falls below the Basic Minimum  
Value (as defined below) We will write to You and ask You  
to make an Additional Investment.

If You do not do so within one calendar month, We reserve  
the right to cancel the Bond and pay to You the cash in  
value (after deducting any relevant charges).

##### **(a) The Basic Minimum Value rule**

The Bond Fund Value must be above Our “Basic  
Minimum Value” before and after any Adviser Charge  
deduction and/or Withdrawal.

The Statement of Charges (as amended from time  
to time) shows Our Basic Minimum Value figure. As  
explained in Part 7, Condition 7.1.4, the level of this  
limit may change every year.

##### **(b) 15% minimum Value rule**

The Bond Fund Value (before and after an Adviser  
Charge deduction or a Withdrawal) must also always  
be more than 15% of the Investment(s) paid into the  
Bond in the 5 years up to the date of the Adviser  
Charge deduction or Withdrawal. This 15% rule only  
applies if there has been an Investment into the Bond  
during the 5 years up to the date of the proposed  
Adviser Charge or Withdrawal. Where this 15%  
minimum Value rule does not apply, the Bond Fund  
Value only needs to be more than the rule in (a) above.

##### **If the two rules overlap**

During any period where the rules in (a) and (b) above  
overlap, We apply the higher of the Current Basic  
Minimum Value figure or the 15% figure.

## 5.5 Insufficient Bond Fund Value to meet Adviser Charges

For the avoidance of doubt, Ongoing Adviser Charge/Ongoing Investment Adviser Charge deductions may exceed the limits described in Condition 5.4.2 where the Bond Fund Value from which Ongoing Adviser Charges/Ongoing Investment Adviser Charges would be deducted has fallen since the limits were last applied. This is allowed as long as the Ongoing Adviser Charges/Ongoing Investment Adviser Charges did not exceed the appropriate limits when the limits were last applied.

If, when We come to make a deduction for an Ongoing Adviser Charge, Ongoing Investment Adviser Charge or an Ad hoc Adviser Charge, the Bond Fund Value is insufficient to meet the agreed Adviser Charge, We will not make any deduction. Where this occurs We will not make a proportionate payment and for:

- an Ad hoc Adviser Charge We will write to tell You.
- an Ongoing Adviser Charge/Ongoing Investment Adviser Charge We will not write to tell You as We will consider an existing Adviser Charge Instruction from You to remain in force unless We receive instruction to the contrary. This means that if the Bond Fund Value subsequently increases so it exceeds the value of an Ongoing Adviser Charge and/or Ongoing Investment Adviser Charge payment at the time, We will resume Ongoing Adviser Charges/Ongoing Investment Adviser Charges.

Any Ongoing Adviser Charges/Ongoing Investment Adviser Charges which are missed between the date We stop deducting such an Adviser Charge under this Condition and the date they are re-started, cannot be deducted and paid to Your Financial Adviser or Investment Adviser, as appropriate.



# Part 6: Death Benefit

## 6.1 Death Benefit

The Death Benefit is the total of 100.1% of the cash in value of the following (as applicable):

- each External Fund Holding in Your Bond Fund on the day that each such Holding is sold; and
- each Internal Unit-Linked Fund Holding on the Working Day following the receipt of notice in writing of the death of the Life Assured.

The cash in value of the Bond Fund is worked out in the manner shown in Part 4, Condition 4.4 and will take into account the deductions stated there. We will only pay the Death Benefit as a sum of money. We will not pay the Death Benefit, or part of it, by transferring any Holding.

## 6.2 The Life Assured

At the start of the Bond:

- at least one individual must be a Life Assured; and
- We allow a maximum of ten Lives Assured; and
- the age limits for a Life Assured are a minimum of 3 months, and a maximum of 89 years.

At the start of a Bond, where there is to be more than one Life Assured, at least one Life Assured must be under age 90 years.

If just one person is shown as the Life Assured in the Policy Documents the Bond will end on that person's death and the Death Benefit will then be payable. If two or more persons are shown as the Lives Assured, the Bond will end on the death of the last survivor of those persons. A Death Benefit will only be payable on that death (not on any earlier death(s)).

## 6.3 Procedures for the Death Benefit

We must be told in writing that the death has occurred and this must be received at Our Administration Centre.

When We are told that death has occurred We will:

- sell any External Fund Holdings (or where a DAM is in place We will ask them to do so). We will credit the sale proceeds We receive in respect of an External Fund Holding into the Deposit Account pending payment of the Death Benefit; and

- sell any Internal Unit-Linked Fund Holdings. We will credit the sale proceeds into the Deposit Account pending payment of the Death Benefit.

We require proof of death. This is evidence establishing that the Life Assured has died.

The Death Benefit will be paid after We have received proof of death (in other words the date We receive evidence establishing that the Life Assured has died) and after the Date Ownership is Proved. The Date Ownership is Proved will not be until We have satisfactory documentary proof of the identity of the person(s) with the legal right to claim the Death Benefit.

We will close the Bond Fund when the Death Benefit is paid and no other Benefits will be payable under the Policies. For the avoidance of doubt, the Benefit Payment Date will not be until after We have received all of the following:

- proof of death of the Life Assured;
- proof of ownership of the Bond; and
- the sale proceeds of all Holdings in the Bond Fund.

## 6.4 Late payment of a Death Benefit

If payment of the Death Benefit is delayed for more than 21 days after We have received the sale proceeds of all Holdings, We will increase the amount of the Benefit payment relating to the Bond Fund Value as follows:

- The increase will depend on how long the Benefit payment is delayed. This will be measured from the date We received the last sale proceeds to the Benefit Payment Date.
- We calculate an increase factor based on the percentage increase in the value of Units in one of Our deposit based funds from the date We receive written notice of the death of the Life Assured to the Benefit Payment Date. We can choose any of Our deposit based funds for this but it will normally be the fund denominated in the currency in which the Benefit is to be paid.
- We calculate how much We would have paid as the Benefit on the date the claim was proved and increase that amount by the increase factor described above.

# Part 7: Charges and limits

## 7.1 Summary of charges

### 7.1.1 Basic charges

We apply the following charges in all cases:

#### (a) Annual Management Charges on Our Internal Unit-Linked Funds

We take variable Annual Management Charges for maintaining Internal Unit-Linked Funds that Your Bond is linked to, where applicable. In practice, We calculate and apply Annual Management Charges on a daily basis. This means We deduct a percentage equal to 1/365th of the Annual Management Charge applicable to the relevant Internal Unit-Linked Fund each day, from the value of that fund. We take this into account in calculating the day-to-day Price of the Units of such a fund.

Annual Management Charges are separate charges on each of Our Internal Unit-Linked Funds.

The percentage may vary for each Internal Unit-Linked Fund. If You choose Our Internal Unit-Linked Funds for all or part of any Investment, Our Annual Management Charges are as shown in the Statement of Charges (as amended from time to time).

Some Internal Unit-Linked Funds hold Units in other Internal Unit-Linked Funds. We shall make any necessary changes to the Annual Management Charges which We charge You in order to make sure that an Annual Management Charge is not made twice.

We have the right to increase (or reduce) the percentage of Our Annual Management Charges for any of Our Internal Unit-Linked Funds from time to time, if the management costs (which are reasonable in amount and reasonably incurred) We incur in relation to the Internal Unit-Linked Funds change. Any such change will be proportionate.

For example, if the unit trust underlying one of Our Internal Unit-Linked Funds were to change its nature or charges, We may reflect this change in Our Annual Management Charge for that Internal Unit-Linked Fund. If this happens We will write to You to explain any such change with the new level of charges and the options available to You.

#### (b) Annual Management Charges by External Funds

Holdings in External Funds may be subject to a similar Annual Management Charge.

The management organisation of each External Fund will determine:

- whether a similar charge applies;
- the level of such charge (including changes to the level of that charge from time to time); and
- how it is applied.

Where applicable, the initial level of this charge will be shown in Your Personal Illustration.

#### (c) Annual Management Charges applied by Discretionary Asset Managers

If there is a DAM in place, Your Bond may be subject to a further Annual Management Charge in respect of their services.

#### (d) Other charges applied for all cases:

- The management organisation of an External Fund may take an Initial Charge whenever an Investment buys Units. This is a percentage of the relevant Investment. The level of this charge will be shown in Your Personal Illustration for that Investment.
- If there is a DAM in place, Your Bond may be subject to charges or further fees in respect of their services – see Part 8, Condition 8.13.
- Our Dealing Charges for certain Purchase Transactions or Sale Transactions in the Bond Fund – these apply throughout – see Part 3, Condition 3.6.
- The Negative Balance Charges We apply to a Negative Balance within the Deposit Account – see Condition 7.9.
- We make a separate charge for providing valuation statements requested on a date other than a Bond Fund Valuation Date – see Part 3, Condition 3.8. This charge does not apply for calculating a Death Benefit that has become payable.
- We deduct from the Bond Fund Value an amount in respect of any Custodian Settlement Fees that We incur (including a Safe Custodian Charge) – see Part 3, Condition 3.5.

- We make a charge for any Cash In Benefit payment made by way of Telegraphic Transfer – see Condition 7.10.

Your Personal Illustration and Key Features Document will show details of how these and the other charges referred to in Part 7 relate to the Bond, as applicable.

### 7.1.2 Other charges

We may also apply the following charges:

- Initial Charges – see 7.2
- Establishment Charges – see 7.3
- Ongoing Portfolio Charges – see 7.4
- Delegated Management Charges – see 7.5
- Discretionary Asset Managers' Annual Management Charges – See 7.6
- Administration Charges – see 7.7
- Early Cash In Charge – see 7.8
- Negative Balance Charges – see 7.9
- Telegraphic Transfer Charge – see 7.10

### 7.1.3 External Expenses

In addition to the charges listed in 7.1.1 and 7.1.2, any External Expenses We incur in connection with the Bond Fund or a transaction under the Bond Fund will be deducted from the Bond Fund when We incur the charges or with effect from the following Bond Fund Valuation Date. External expenses include stockbroker dealing charges, stamp duty and all bank charges.

If You cancel Your Policyholder Agreement with a DAM or You no longer wish Us to deal with the DAM You nominated, You will be liable for any costs and expenses arising from the cancellation of the agreement and the transfer of Assets between Us and the DAM. We will deduct such costs and expenses from the Bond Fund when We incur them.

Any currency conversion is calculated at the prevailing market rate available at the time. See Part 8, Condition 8.15.

### 7.1.4 Changes to charges and limits

From time to time We may change the limits and charges expressed as a monetary amount in this Contract Conditions Booklet and the Statement of Charges.

In particular We may change the charges and limits expressed as a monetary amount in January each year.

We will pass on any charge to You that is imposed on Us under any investor compensation scheme as described in Part 3, Condition 3.3.1.

We may also introduce new charges as a result of any levy or other charge imposed on the Company. We will give You reasonable advance notice in writing if We do.

Changes to charges and limits may be necessary to take account of:

- (a) the percentage change in the Index over a period of 12 months ending in the preceding August; and
- (b) any movements in the value of the Euro in relation to the currency in which the charge is denominated and the currency in which the charge is levied or applies to the Bond; and
- (c) other factors which affect the running of Our business.

Any increase in the charges or the level of any new charges will be imposed in a way that is proportionate to Our reasonable costs for operating the Prudential International Investment Portfolio. For example, We may impose an increase:

- If We experience an increase in the general administration costs We incur in operating the Bond.
- If there is a change to the basis upon which any company from within M&G plc is taxed.
- to pay any levy or other charge on the Company, such as a levy under any legislation introduced for the purposes of raising levies for funds to be held for the protection of the interests of policyholders.

In some years, We may not increase a charge or limit. When it is next increased, the Actuary may set the charge or limit at an amount which takes account of inflation and other factors since the amount of the charge or limit was previously set.

We may increase a charge or limit further if Our costs have increased by more than the Index since the amount of charge or limit was previously set. We will limit such an increase to a charge or limit to be no greater than the difference between the percentage increase in Our costs and the increase in the Index since the amount of charge or limit was last set.

We do not issue new Contract Schedules or Endorsements when a change to charges and/or limits happens.

The current levels of the charges and limits are available from Our Administration Centre on request.

If You are unhappy with any changes You should contact Us. Our contact details are given in Part 8, Condition 8.18.

#### **7.1.5 Percentage charges**

When applying any charge expressed as a percentage, We will round the result to the nearest penny.

## **7.2 Initial Charge**

If an Initial Charge applies to the Bond, Your Contract Schedule or Related Documents will show the percentage charge that We will apply to each Investment.

## **7.3 Establishment Charges**

If the Establishment Charges apply to the Bond, Your Contract Schedule or Related Documents will show the yearly percentage rate for the charge in respect of each Investment.

#### **7.3.1 How long We apply the charges for**

Establishment Charges only apply to each Investment during the Establishment Charge Period of 5 years. This 5 year period is measured from the Investment Date of the Initial Investment and the Additional Investment Date in respect of any Additional Investment.

#### **7.3.2 When We apply the charges**

We apply an Establishment Charge with effect from each Bond Fund Valuation Date. For each Investment, We take:

- the first Establishment Charge with an effective date of the first Bond Fund Valuation Date following the Investment Date or Additional Investment Date of that Investment, as appropriate; and

- the final Establishment Charge with an effective date of the Bond Fund Valuation Date following expiry of the Establishment Charge Period for that Investment or the date the Bond is Fully Cashed In or the Death Benefit becomes payable, if earlier.

The Establishment Charge We take for an Investment with effect from each Bond Fund Valuation Date will normally be based on the yearly percentage, shown on Your Contract Schedule or appropriate Related Document, divided by four. However, a pro-rata calculation will apply for:

- the first charge in respect of an Investment, based on the number of days the Bond is in force between the Investment Date or Additional Investment Date, as appropriate, and the first Bond Fund Valuation Date following that Investment (for example, if there are 90 days in the quarter and the Bond is in force for 40 days, the charge for the quarter will be 40/90ths of the standard quarterly percentage); and
- the final Establishment Charge in respect of an Investment, based on the number of days the Bond is in force between the last Bond Fund Valuation Date in the Establishment Charge Period and the earlier of the date the Establishment Charge Period expires, the date the Bond is Fully Cashed In or the date that the Death Benefit becomes payable.

There is no minimum or maximum monetary amount for the Establishment Charge.

#### **7.3.3 What We apply the charges to**

If You have chosen the Establishment Charge Option, We apply the percentage charge in respect of each Investment as described in 7.3.2, to an amount equal to that Investment at the Investment Date or the Additional Investment Date, as appropriate.

## **7.4 Ongoing Portfolio Charges**

If the Ongoing Portfolio Charges apply to the Bond, they will be shown in Your Contract Schedule or Related Documents.

#### 7.4.1 How long We apply the charges for

We apply the Ongoing Portfolio Charges for each Investment throughout the lifetime of the Bond.

#### 7.4.2 When We apply the charges

We apply the Ongoing Portfolio Charges with effect from the Bond Fund Valuation Dates. For each Investment We take:

- the first Ongoing Portfolio Charge with an effective date of the first Bond Fund Valuation Date following the Investment Date or Additional Investment Date of that Investment, as appropriate; and
- the final Ongoing Portfolio Charge with an effective date of the earlier of the date the Bond is Fully Cashed In or the date that the Death Benefit becomes payable.

The Ongoing Portfolio Charge We take with effect from each Bond Fund Valuation Date will normally be based on the yearly percentage, shown on Your Contract Schedule or Related Documents, divided by four. However, a pro-rata calculation will apply for:

- the first charge in respect of an Investment, based on the number of days the Bond is in force between the Investment Date or Additional Investment Date, as appropriate, and the first Bond Fund Valuation Date following that Investment (for example, if there are 90 days in the quarter and the Bond is in force for 40 days, the charge for the quarter will be 40/90ths of the standard quarterly percentage); and
- the final Ongoing Portfolio Charge in respect of an Investment, based on the number of days the Bond is in force between the last Bond Fund Valuation Date and the earlier of the date the Bond is Fully Cashed In or the date that the Death Benefit becomes payable.

#### 7.4.3 What We apply the charges to

We apply the percentage charge in respect of each Investment as described in 7.4.2, to an amount equal to the proportion of the Bond Fund Value in respect of that Investment at the relevant Bond Fund Valuation Date.

Where an Additional Investment is made, the Bond Fund Value is proportioned between the different Investments. We show how the proportions are calculated in Condition 7.11.

## 7.5 The Delegated Management Charge

If Your Bond or part of Your Bond is managed by a DAM from the outset, any Delegated Management Charges that apply to the Bond will be shown in the Discretionary Asset Manager confirmation statement that We send You with Your Contract Schedule.

Where Your Bond is placed under a discretionary management arrangement after the Bond has started, the Delegated Management Charge will be shown in the Discretionary Asset Manager confirmation letter that We send You.

#### 7.5.1 How long We apply the charges for

We apply the Delegated Management Charges for each Investment for as long as any part of the investment is managed by a DAM. A proportional calculation of the charge will not be applied if the management by a DAM begins or ceases between Bond Fund Valuation Dates as mentioned in Condition 7.5.2.

#### 7.5.2 When We apply the charges

We apply the Delegated Management Charges with effect from the Bond Fund Valuation Dates. We take:

- the first Delegated Management Charge with an effective date of the first Bond Fund Valuation Date following:
  - the Investment Date or Additional Investment Date of that Investment, as appropriate; or
  - the date that a new DAM is appointed for the Bond.
- the final Delegated Management Charge with an effective date that:
  - the Bond is Fully Cashed In; or
  - the Death Benefit becomes payable; or
  - the Policyholder Agreement between You and a DAM that You have nominated is cancelled; or
  - the Investment Management Agreement between Us and a DAM We have appointed in relation to Your Bond should be terminated for any reason; or
  - We receive a written instruction from You that a DAM is no longer to act on Your behalf.

We will take a Delegated Management Charge with effect from each Bond Fund Valuation Date for as long as any part of Your Bond is under the management of a DAM. The charge will normally be based on the yearly percentage, shown on Your Contract Schedule or Related Documents if Your Bond was wholly or partly under a delegated management agreement at outset, and divided by four.

This charge is taken in addition to the Discretionary Asset Manager Annual Management Charge(s).

There is no pro-rata calculation of this charge. A full charge for the first quarter or part thereof will be taken on the first Quarterly Valuation Date following the Investment Date for new or Additional Investments or the appointment of a DAM at a later date.

Similarly, there will be no pro-rata calculation of the Delegated Management Charge when:

- the Bond is Fully Cashed In; or
- the Death Benefit becomes payable; or
- the Policyholder Agreement between You and a DAM that You have nominated is cancelled; or
- the Investment Management Agreement between Us and a DAM We have appointed in relation to Your Bond is terminated for any reason; or
- We receive a written instruction from You that a DAM is no longer to act on Your behalf.

### 7.5.3 What We apply the charges to

We apply the percentage charge, as described in 7.5.2, to the Bond Fund Value of the Assets that are managed by a DAM at the relevant Bond Fund Valuation Date.

Where more than one DAM is managing Assets within Your Bond Fund, each DAM's Assets will be assessed and charged separately.

The Delegated Management Charge will be taken from across the whole Bond and not from any tranche of Investment in isolation where Additional Investments have been made.

## 7.6 Discretionary Asset Managers' Annual Management Charges

If Your Bond Fund is wholly or partly managed by one or more DAMs that:

- We have appointed, as nominated by You, We will be charged for the provision of that Asset management service. The level of this charge will be detailed in the Investment Management Agreement with each DAM.
- You have appointed, the level of this charge will be as set out in the Policyholder Agreement with that DAM.

Where more than one DAM is managing Your Bond Fund Assets, each DAM will charge Us separately and these charges may vary between DAMs.

We will cancel Units from Your Bond Fund of an equivalent value to the amount charged to Us by a DAM. The charge will only be taken from that part of the Bond Fund managed by the DAM. Where more than one DAM is managing Assets within Your Bond Fund, each DAM's charge will be taken separately and only from the Assets relevant to that DAM. The charge will be made as soon as practicable after the DAM has levied the charge on Us.

Where Your Bond or part of Your Bond is under a discretionary management arrangement at outset, the rate of Annual Management Charge (AMC) that We expect the DAM(s) to charge Us will be as shown on Your Discretionary Asset Manager nomination form or an equivalent document.

Where Your Bond or part of Your Bond is placed under a discretionary management arrangement after the Bond has started, the rate We expect a DAM to charge Us will be as shown on Your Discretionary Asset Manager Nomination Form or an equivalent document.

Copies of Your Discretionary Asset Manager Nomination forms are available on request from Our Administration Centre in Ireland.

A DAM has the right to vary the rate of Annual Management Charge by giving Us notice of the change as detailed in the Investment Management Agreement between Us and the DAM. The notice period given by a DAM advising of a change in Annual Management Charge rates will vary between DAMs.

## 7.7 Administration Charges

If the Administration Charges apply to the Bond, they will be shown in Your Contract Schedule.

### 7.7.1 How long We apply the charges for

We apply the Administration Charges throughout the lifetime of the Bond.

### 7.7.2 When We apply the charges

We take an Administration Charge with effect from each Bond Fund Valuation Date. The initial level of each charge is as shown in the Contract Schedule. As explained in Condition 7.1.4, the level of this charge may change every year and will be as published by Us at the time. A pro-rata calculation may apply:

- for the first Administration Charge, based on the number of days the Bond is in force between the Investment Date and the first Bond Fund Valuation Date following the Initial Investment (for example, if there are 90 days in the quarter and the Bond is in force for 40 days, the charge for the quarter will be 40/90ths of the standard quarterly percentage), and
- for the final Administration Charge, based on the number of days the Bond is in force between the last Bond Fund Valuation Date and the earlier of the date the Bond is Fully Cashed In or the date that the Death Benefit becomes payable. Where the level of Administration Charges change, We will take the first charge at the new level with an effective date of the first Bond Fund Valuation Date following the date that the Administration Charges are deemed to change.

### 7.7.3 What We apply the charges to

Where the Administration Charges apply to the Bond, the full amount of Administration Charge applicable with effect from a Bond Fund Valuation Date will be deducted from the Bond Fund Value in respect of the Policies in force at the time that the charge is applied.

## 7.8 Early Cash In Charge

An Early Cash In Charge may apply if Your Contract Schedule, or Related Documents, shows that Your Bond satisfies **both** of the following criteria:

- The Bond is under the Establishment Charge Option; and
- At least one of the Investments is within its 5 year Establishment Charge Period at the date that the Bond ends by way of:
  - being Fully Cashed In; or
  - the Death Benefit being payable.

Where the Early Cash In Charge applies to an Investment, We calculate the proportion of Establishment Charges that will not be paid as a result of the Bond ending. We multiply this proportion by:

- the yearly rate of Establishment Charge shown on the Contract Schedule or Related Document, as appropriate for that Investment;
- five (*this is the number of years in the Establishment Charge Period*); and
- the amount of the Investment;

This gives the amount of Early Cash In Charge in respect of that Investment.

The total Early Cash In Charge for the Bond is the aggregate of Early Cash In Charges for each Investment to which the Early Cash In Charge applies.

### Example

A Bond is taken out for £100,000 on 1 February 2022 and is Fully Cashed In on 3 September 2024. The yearly rate of Establishment Charge is 0.5%.

Number of days the Establishment Charge was applied while Bond in force	946*
Number of days Establishment Charge could have been applied for	1826*
Proportion of Establishment Charges We will have applied by the Bond end date	$946/1826 \times 100 = 51.80723\%$
Proportion of Establishment Charges that We have not been able to apply	$100\% - 51.80723\% = 48.19277\%$

$$48.19277\% \times 0.5\% \times 5 = 1.2048193\%$$

$$1.2048193\% \times £100,000 = £1,204.82 \text{ (Early Cash In Charge)}$$

\* these figures take into account the additional leap year day (in 2024)

## 7.9 Negative Balance Charges

If the Deposit Account has no funds or insufficient funds at the time a deduction is made in respect of charges, External Expenses, Withdrawals and Adviser Charges, as described in Part 3, Condition 3.2.5, a Negative Balance Charge results. We will apply a Negative Balance Charge daily on the Negative Balance and any accumulated Negative Balance Charges using the basis shown in the Statement of Charges, as amended from time to time.

## 7.10 Telegraphic Transfer Charge

If You cash in part or all of Your Bond and ask Us to pay the proceeds by telegraphic transfer, We will make a Telegraphic Transfer Charge of an amount shown on the Statement of Charges (as amended from time to time).

If You are Fully Cashing In one of more of Your Policies, We will take this Telegraphic Transfer Charge by deducting it from the Bond Fund.

If You are taking Regular Withdrawals from the Policies, We will deduct each Withdrawal amount from the Bond Fund plus an amount equal to the Telegraphic Transfer Charge.

If You are taking a One-off Withdrawal You can ask Us to either:

- (a) deduct an amount from the Bond Fund equal to the Withdrawal You ask for, plus the Telegraphic Transfer Charge, or
- (b) deduct the Telegraphic Transfer Charge from the Withdrawal You ask for before We pay it to You (this will reduce the amount You receive for the One-off Withdrawal).

## 7.11 Ongoing Portfolio Charges

For the purposes of the above charges We have to calculate the proportion of the Bond Fund Value in respect of an Additional Investment, any previous Additional Investments and the Initial Investment, as applicable.

We add the amount of the latest Additional Investment to the Bond Fund Value at the relevant Additional Investment Date. We then calculate what proportion of this total the latest Additional Investment represents.

Example

	Investment Number	
Initial Investment	1	£100,000
Additional Investment	2	£150,000
Bond Fund Value at the Additional Investment Date (before the Additional Investment is applied)		£110,000

Proportion of Bond Fund Value for Investment No.2 is  $\frac{£150,000}{(£150,000 + £110,000)}$  = 57.6923%

Proportion of Bond Fund Value for Investment No.1 is  $100\% - 57.6923\%$

**Total = 100%**

If a further Additional Investment is made the same method of calculation as above is made for the latest Additional Investment. The proportion already calculated for the previous Investments is then applied to the remainder of the Bond Fund Value.

Example

	Investment Number	
Initial Investment	1	£100,000
Additional Investment	2	£150,000
Additional Investment	3	£200,000
Bond Fund Value at the latest Additional Investment Date (before the Additional Investment is applied)		£280,000

Proportion of Bond Fund Value for Investment No.3 is  $\frac{£200,000}{(£200,000 + £280,000)}$  = 41.6667%

Proportion of Bond Fund Value for Investment No.2 is  $57.6923\% \times (100\% - 41.6667\%)$  = 33.6538%

Proportion of Bond Fund Value for Investment No.1 is  $42.3077\% \times (100\% - 41.6667\%)$  = 24.6795%

**Total = 100%**



# Part 8: General Conditions

## 8.1 Entitlement – ownership – the Policyholder

### 8.1.1 Joint ownership – death of a Policyholder

Where a Policy belongs to two or more Policyholders, We act on the basis that, if one of them dies, the Policy then belongs to the surviving Policyholder(s).

### 8.1.2 One Policyholder – the deceased Policyholder's Personal Representatives

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 and that the Personal Representatives are then the Policyholders.

The Company is 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 have 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 will require satisfactory documentary proof that the persons claiming to be Personal Representatives have 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 a right to the Policy, obtain an Irish Grant of Representation.

### 8.1.3 Asking for Benefit Payments and Bond Transactions

The Policyholder(s) (or, if dead, the deceased Policyholder's Personal Representatives) will have the right to ask for and authorise:

- Benefit payments from a Policy; or
- transactions regarding a Policy.

## 8.2 The Policies

Unless We issue the Bond as just one Policy, the Bond will consist of a group of Policies at the start and all the Policies will be identical (allowing for any necessary rounding) and will remain so throughout the life of the Bond.

All the Policies in the Bond should belong to the same Policyholder(s).

### 8.2.1 Split Ownership – Special Provisions

"Split Ownership" here means a situation where all the Policies do not belong to the same Policyholder(s).

One Policyholder may assign his rights in one or more Policies to an existing or new Policyholder. Split ownership or assignment may be effected by completion of a formal deed of assignment or as a result of a court order.

We will only allow any transfer of ownership to take place once We have received all necessary instructions at Our Administration Centre in Ireland. Where this occurs, We have the right to apply the following rules, all of which are for administrative purposes only:

- (a) We will re-number each group of Policies assigned into new ownership(s), so that each ownership will have a separately numbered group of Policies. We will administer each group of Policies separately in all respects.  
  
We will stop paying any Regular Withdrawals, Ongoing Adviser Charges and/or Ongoing Investment Adviser Charges in respect of any Policy assigned into new ownership(s). The new owner(s) may complete new Acceptable Instructions for Regular Withdrawals and/or Ongoing Adviser Charges/Ongoing Investment Adviser Charges, as appropriate – see Part 4, Condition 4.1 and Part 5, Condition 5.1 as appropriate, for further details.
- (b) We will draw Assets from the Bond Fund and establish a separate Bond Fund for each new group of Policies.
- (c) Where a Bond is managed by one or more DAMs, then in the case of a split ownership request, We would ask the relevant DAM(s) to sell Assets in the Bond under their management and repurchase them for the new owner(s) if required.

All Our charges and limits will apply separately to each group of Policies at Our full standard rates. Please refer to Your Policy Documents or Related Documentation for details of Our full standard rates.

Where Your Bond is managed by one or more DAMs, details of any charges and limits that may be imposed by a DAM in the event of a split ownership request are available from Our Administration Centre in Ireland.

### 8.3 Change of ownership

Any change of ownership should be made by a deed of assignment. You may need to obtain this from Your legal adviser or Financial Adviser. The deed of assignment must be fully completed and signed by the current Policyholder(s) and the new Policyholder(s) and should be sent to Us at Our Administration Centre in Ireland. We will return the deed once We have registered the change of ownership in Our records.

If We only receive notice of assignment (instead of the actual deed of assignment) We still have the right to see the deed of assignment before We:

- pay any Benefit; or
- formally register the current change of ownership or any further change of ownership.

We will stop paying any Regular Withdrawals, Ongoing Adviser Charges and/or Ongoing Investment Adviser Charges if all of the Policies are assigned into new ownership(s). The new owner(s) may complete new Acceptable Instructions for Regular Withdrawals and/or Ongoing Adviser Charges/Ongoing Investment Adviser Charges, as appropriate – see Part 4, Condition 4.1 and Part 5, Condition 5.1 as appropriate, for further details.

### 8.4 Proof of ownership

Where We are paying Regular Withdrawals We can ask for proof of ownership from time to time. This is to ensure that the person receiving the Regular Withdrawals is lawfully entitled to receive them. We have the right to suspend Regular Withdrawals until We receive proof of ownership.

### 8.5 Proof of age or death

Before We pay the Death Benefit We will require satisfactory proof of death and age for the Life Assured (each Life Assured where two or more Lives Assured are covered by the Bond).

If an individual's age has been misstated, We can change the Benefits to bring them into line with the Benefits payable to someone of the individual's actual age.

### 8.6 Death or Fully Cashing In Policies – Contract Schedule and Related Documents required

The Contract Schedule and any Related Documents must be returned to Us before We will pay a Death Benefit or on Fully Cashing In one or more Policies.

### 8.7 Delaying of transactions

#### 8.7.1 Sale transactions

If Assets in the Bond Fund have to be sold to provide money for a Benefit payment We have the right to delay that Benefit payment until the sale proceeds are received by Us. For Internal Unit-Linked Funds, the delay in cancelling Units will not apply to the payment of the Death Benefit. For further details see Condition 8.7.8(b).

#### 8.7.2 Purchase transactions

Where We consider Your Investment to be large relative to the size of one of Our Internal Unit-Linked Funds, We may delay Processing applications by up to one month following the day of receipt of Your Investment and any forms We require. This will be to ensure that the Price used properly reflects the costs of purchasing the underlying assets in Our Internal Unit-Linked Fund.

Your Investment in an External Fund may also be delayed if We are unable to invest in the External Fund for reasons beyond Our control.

Where there is a delay in purchasing Units in an Internal Unit-Linked Fund or an External Fund, We may ask You for an alternative instruction.

#### 8.7.3 Asset Values

The Value of Assets for the delayed transactions will be those applying at the end of the period of delay unless We believe that in the particular circumstances that would not be fair to policyholders in general. This means that the Value of the Assets may be either lower or higher than the Value of the Assets on the Date of Receipt of Your instruction, the Regular Cancellation Date or the Effective Date, as appropriate to the type of transaction.

#### 8.7.4 Notification of delay

We will promptly notify You in writing if any transaction You have requested is affected by a delay under Condition 8.7. We will also write to You when the transaction has been completed.

#### 8.7.5 Reinvestment by Sale and Purchase Transactions

Where proceeds for reinvestment are due from one or more funds, We will reinvest the proceeds from the funds that are not delayed. Where proceeds for reinvestment are due from funds that are delayed the reinvestment will be delayed until We receive the proceeds from the funds that are subject to a delay. This means that the reinvestment may take place in more than one transaction. The value of the proceeds from the funds that are subject to a delay may be either lower or higher than on the date that the remainder of the reinvestment transaction takes place.

#### 8.7.6 Internal Unit-Linked Funds

##### Cashing in, dealing transactions and Adviser Charge deductions

We may give You notice that We will delay cancelling Units:

- (a) Where there has been a closure or suspension of trading in the underlying investments of one of Our Internal Unit-Linked Funds; or
- (b) if one of Our Internal Unit-Linked Funds has been subject to such volumes of exits that, in the opinion of the Actuary it is not practical to value and realise assets at the date of exit; or
- (c) if it has not been possible to deal readily in underlying investments of one of Our Internal Unit-Linked Funds for reasons outside of the Company's control. It is impossible to specify all the circumstances where this may apply, but one could be where the markets for the sale of one of Our Internal Unit-Linked Funds' assets are subject to conditions (such as the imposition of exchange controls) such that the assets cannot be readily traded at Prices which allow Us to ensure that the reasonable interests of both You and of other policyholders are protected; or

(d) if Your instruction would involve cancelling Units of any Internal Unit-Linked Fund that either:

- holds assets in the form of buildings or land; or
- holds Units of another fund that holds assets in the form of buildings or land.

In any event, We will always aim to act in a reasonable manner, with the protection of the Policyholder's interests in mind. Other than in very exceptional circumstances We would not expect the period of any delay to be longer than one month in respect of (a) (b) or (c) above and six months in respect of (d).

However, while We will not delay transactions for longer than reasonably required, We cannot guarantee that We will never delay transactions beyond the stated periods. Where it has been necessary to delay cancelling Units We will inform You in writing of the delay and again when the Unit cancellation has been completed. Where a delay has been imposed, the Unit Prices used for the transactions will be those applicable on the date that the transaction was executed. This means that the value of the Units may be different from the value on the Working Day We receive Your instruction.

Please refer to the Statement of Charges for details of associated charges levied on cashing in or dealing transactions.

#### 8.7.7 External Funds

There is no time limit on cancelling Units in External Funds over which We have no control. External Funds include those Assets managed by a DAM. The value of the proceeds from the sale of External Funds will be the amount that We receive from either the Custodian or a DAM and will be net of any costs incurred in the sale of the Assets.

#### 8.7.8 Implications of transaction delays

##### (a) Fully Cashing In, Partially Cashing In or Adviser Charge deductions

In the event that there is a delay in Us receiving the proceeds of a transaction in an External Fund this will mean that there will be a delay in Us making payment to You or to Your Financial Adviser/Investment Adviser, as appropriate to the type of transaction.

During the period of a delay where a Partial Cash In transaction has been partly completed except for the payment as a result of delayed funds (e.g. due to a delay in a payment from an External Fund), should a claim for the payment of the Death Benefit be made, the Death Benefit claim will then take precedence over all other transactions.

#### (b) **Death Benefit**

Where the proceeds from External Funds are required for the payment of the Death Benefit, then a delay in Us receiving the proceeds from any External Funds will result in a delay in the payment of the full Death Benefit. In any event, We will always aim to act in a reasonable manner, with the protection of the Policyholder's interests in mind.

#### **8.7.9 Transaction delays – general information**

A transaction request is effective on the date We specify in the relevant Conditions.

## 8.8 Transfer of Assets to satisfy Benefit payment

At Our absolute discretion We have the right to transfer Assets from the Bond Fund (instead of paying a sum of money) to the Policyholder to fully satisfy (or as part of satisfying) the Policyholder's right to a Benefit payment. This does not apply to:

- payment of the Death Benefit; or
- Holdings in Our Internal Unit-Linked Funds.

## 8.9 Changes to the Bond – Our right to set aside or change rules

We can set aside or change terms in this Contract Conditions Booklet without notice or Your consent in the following circumstances:

- if it becomes impossible or unreasonable to follow them because of a change of legislation or regulations; or
- if the basis on which We are taxed changes but then We can only make changes to the Bond to the extent that in Our opinion maintains the balance between You and Us as it was before the change; or

- if We are required to pay a valid claim for tax regarding the Policies and/or the Bond provided that such payment does not arise as a result of the Company's failure to comply with any applicable tax law or regulation; or
- if a levy or financial restriction or penalty is imposed on the Bond and/or the Bond Fund by a tax authority, government or supervisory body or other similar national or international body; or
- if the effect of continuing to apply the rules would be unfair to the Policyholder or to Our policyholders generally; or
- where there are changes in market rates or indices or tax rates; or
- to proportionately reflect any increased costs that We incur or will incur in the administration of Your Bond; or
- to make the Policy Documents clearer and correct any inaccuracies.

Except where it is impracticable to give advance notice of any changes or is prohibited by Applicable Law or Regulation, We will write to You as soon as is reasonably practicable to provide notice of any changes We have made under this Condition. If You are unhappy with any changes You should contact Us in accordance with Condition 8.18.

## 8.10 Irish Residency – compliance conditions

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. The meanings of Resident and Ordinarily Resident can be found in Your Application Form.

### **8.10.1 Declaration of residence**

We will require a written declaration about the residence of any person who is a Policyholder when a Chargeable Event transaction occurs, unless:

- (a) such a declaration has already been given with the original application for the Bond, or

(b) such a declaration has already been given on an earlier Chargeable Event transaction under the Bond.

#### 8.10.2 Notification of residence in Ireland

Any person who is or becomes a Policyholder in relation to a Policy must tell Us if he becomes Resident or Ordinarily Resident in Ireland at any time while the Policy is in force.

#### 8.10.3 Deducting tax

We are required to deduct tax and pay it to the Irish Revenue Commissioners when a Chargeable Event transaction occurs under Irish tax legislation and the Policyholder is Resident or Ordinarily Resident in Ireland. A tax deduction is made as follows:

- (a) If it is a transaction where We are paying out a Benefit or Adviser Charge, We deduct the tax due from the value of the Benefit or Adviser Charge We pay.
- (b) If it is a change of ownership by way of an assignment, We deduct the tax from the value of the Bond.
- (c) We also deduct tax from the value of the Bond 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 the Bond.

#### 8.10.4 Future changes

This Condition may change without notice to meet any changes to Irish tax regulations.

Where We do change this Condition We will write to You as soon as is reasonably practicable to provide notice of the change.

### 8.11 Law of the Policies – England and Wales

The Policies and this Agreement will be governed and interpreted in accordance with the law of England and Wales unless otherwise stated. The Courts of England will have exclusive jurisdiction to hear any disputes which result from or are about the Agreement.

### 8.12 Place of payment – Ireland

The place to make Your Payment into the Bond will be Our Administration Centre.

Your Payment will not be regarded as having been received until a valid payment is in Our control at Our Administration Centre.

We will make any Benefit payment from Our Administration Centre.

### 8.13 Discretionary Asset Manager (DAM)

#### 8.13.1 You may request at any time:

- the appointment of a DAM to manage Your Bond Assets;
- to add additional DAMs to manage Your Bond Assets simultaneously;
- to replace a DAM with another;
- to remove a DAM;
- that Your Bond is no longer under any discretionary management;
- to have all or part of Your Bond under one or more discretionary management arrangement(s);

without cashing in Your Bond.

#### 8.13.2

Any DAM that You nominate must be acceptable to Us. You in turn must also be acceptable to any DAM that You nominate by meeting their investment criteria. If any of Your requested DAMs are not acceptable to Us, You may select an alternative DAM for Us to approve. If We approve the appointment of a DAM We shall appoint the DAM on the terms set out in an Investment Management Agreement between Us and the DAM.

#### 8.13.3

A DAM shall manage the Assets (including cash) of Ours that are attributable to Your Bond Fund or to that part of the Bond Fund that is under a discretionary management arrangement as may be agreed from time to time between a DAM and Us, including all income and capital deriving therefrom. Where You nominate more than one DAM each DAM will manage their part of Our Assets independently of each other.

#### **8.13.4**

The relationship between You, each DAM You nominate and Us will be on either a bipartite or tripartite basis, depending on what is agreed between Us and each DAM. Details of each DAM's Annual Management Charge applicable to Your Bond are available from Our Administration Centre in Ireland.

#### **8.13.5**

Under a tripartite arrangement, as detailed in paragraph 8.13.7, You will enter into a Policyholder Agreement with each DAM You nominate separately, setting out Your instructions in relation to the management of Your Bond Fund. In addition to this Agreement, the Company will enter into an Investment Management Agreement with each DAM You nominate separately. Such instructions will be forwarded by Us to the relevant DAM(s). We will liaise directly with the DAM and We shall be the customer of the DAM under the requirements of the Financial Conduct Authority.

#### **8.13.6**

If the arrangement is made on a bipartite basis, as detailed in paragraph 8.13.9, We will enter into an Investment Management Agreement with each DAM You nominate separately, who will manage Your Bond Fund as directed by Us.

#### **8.13.7**

In the event that You have nominated a DAM and directly entered into a Policyholder Agreement with a DAM and if there is any discrepancy between the conditions of this document and Your Policyholder Agreement with a DAM, the terms of this document will prevail. The Policyholder Agreement You enter into with each of Your nominated DAMs will contain details of Your investment preferences as agreed between You and each of Your nominated DAMs, subject to the investment restrictions as set out in each Investment Management Agreement.

#### **8.13.8**

Any instructions or directions from You must be given to Us, so that We may forward such instructions or directions to Your nominated DAM. Each nominated DAM will be responsible for ensuring that the terms of the Policyholder

Agreement provide that any instructions or directions given by You in relation to Your Bond Fund must be given to Us, and not directly to a DAM. You will also be required to complete a Discretionary Asset Manager Nomination Form for each DAM You nominate which sets out in detail the terms of liability to You of Us and the DAM.

#### **8.13.9**

Alternatively, in the event that We appoint a DAM nominated by You, and enter into an Investment Management Agreement, We will liaise directly with the DAM and We will be the customer of the DAM for the purposes of the Financial Conduct Authority (FCA) rules. In such circumstances, You will be required to complete a Discretionary Asset Manager Nomination Form. This form will detail the remuneration basis for the DAM authorising Us to recover the charges levied against Us by the DAM from Your Bond.

#### **8.13.10**

In the event that You have appointed a DAM and directly entered into a Policyholder Agreement with a DAM, then any fees or charges payable in relation to the services of the DAM will be as set out in the Policyholder Agreement. In the event that We appoint a DAM nominated by You, and enter into the Investment Management Agreement, You will authorise Us to recover the cost of any management charges levied by the DAM in relation to the services provided by the DAM which will be calculated either as:

- (a) a fixed level amount; or
- (b) a percentage of Your Bond Fund.

In the case of either calculation, the amounts We pay to a DAM will be charged to Your Bond Fund and deducted from the Value of Your Bond Fund with effect from each Bond Fund Valuation Date. The DAM's Annual Management Charges will only be charged against that part of the Bond Fund managed by a DAM.

#### **8.13.11**

A DAM will provide investment management services and investment recommendations within agreed parameters (the "Guidelines") in relation only to that part of Your Bond Fund applicable to the DAM. The Guidelines will be set

out in the Investment Management Agreement between Us and the DAM. The Guidelines reflect regulatory requirements imposed on life insurance companies in relation to the Assets in which they are allowed to invest, and also require that the Assets in the Bond Fund are Holdings in Permitted Investments. If You express any investment preferences in relation to Your Bond Fund (either in accordance with a Policyholder Agreement or in a Discretionary Asset Manager Nomination Form or equivalent document), the DAM will only be permitted to have regard to such preferences if they are not inconsistent with the Guidelines. Details of the Guidelines are available from Our Administration Centre in Ireland.

#### **8.13.12**

A DAM will at all times be required by Us to manage the Assets having regard to the Applicable Law or Regulation and the Guidelines. In the event of any conflict between any Applicable Law or Regulation and the conditions of this document, the former shall prevail. The Company will not be liable or responsible for the performance and/or any loss (including insolvency or liquidation of a DAM) caused to You or the Bond as a consequence of the acts or omissions of a DAM. The only obligation on the Company on Partially Cashing In or Fully Cashing In the Bond is to pay a sum of money equivalent to the sum actually received from a DAM (less any accrued charges due) and no more.

#### **8.13.13**

If We appoint a DAM nominated by You the DAM will be liable to Us under the terms of the Investment Management Agreement for any losses incurred by the Company, including any claim which may be made by You to the Company, arising from the Manager's negligence, fraud, wilful default or breach of the Investment Management Agreement by the DAM.

If You nominate a DAM and enter into a Policyholder Agreement, then the liability of the DAM to You will be as set out in the Policyholder Agreement.

#### **8.13.14**

You may request at any time that a DAM nominated by You is no longer to act on Your Bond on Your behalf. Where You do request that a DAM is no longer to act on Your Bond on Your behalf We will require the DAM to

cease to manage any of Our Assets which are attributable to Your Bond Fund. Where You have requested that a DAM no longer acts on Your behalf on Your Bond, You may nominate another. Where You nominate another DAM to manage these Assets, the Assets managed by the outgoing DAM must be realised for cash. The net cash will then be passed to Us before being passed to the incoming DAM to manage.

#### **8.13.15**

If the Investment Management Agreement between Us and a DAM should be terminated for any reason:

- We will require the DAM to cease to manage any of Our Assets including those which are attributable to Your Bond Fund; and
- You may select a new DAM with which We have an existing agreement.

We may also require You to select a new DAM if:

- the Policyholder Agreement between You and the current DAM that You have nominated is cancelled; or
- We receive a written instruction from You that the current DAM is no longer to act on Your behalf;

and You wish to continue with a discretionary management arrangement.

#### **8.13.16**

**Discretionary Asset Managers – Charges and Withdrawals: specific details around charges as contained in Part 7 of these Contract Conditions**

Where You have nominated one or more DAMs to manage all or part of Your Bond Fund Assets, any charges that are applicable to the whole Bond and taken on each Bond Fund Valuation Date will be apportioned in relation to the Values obtained on the last Bond Fund Valuation Date between the Assets managed by DAMs and those not managed by DAMs. That share of the charges attributable to the Assets managed by more than one DAM will be apportioned between all DAMs on the Bond.

The charges may include any of the following as applicable to Your Bond:

- Administration Charge;

- Delegated Management Charge;
- Establishment Charge;
- Initial Charge;
- Ongoing Portfolio Charge.

## 8.14 Currencies under the Bond

### 8.14.1 Investment Currency

Each Investment into the Bond will be denominated in UK Sterling or such other currency that We may allow at the time.

### 8.14.2 Cash In Benefit Currency

We pay the Cash In Benefit from the Bond in UK Sterling or such other currency as We may allow at that time.

### 8.14.3 Death Benefit Currency

We pay the Death Benefit from the Bond in UK Sterling or such other currency as We may allow at that time.

### 8.14.4 Base Fund Currency

We value the Assets in UK Sterling or such other currency as We may allow at that time.

We show the Base Fund Currency, the Cash In Benefit Currency, the Death Benefit Currency, and the Investment Currency on the Contract Schedule or Endorsement, as appropriate.

## 8.15 Currency conversion

We will convert any currency at the prevailing market rate at the time. Market rate means the currency exchange rates that We use each day and are “mid-market” rates at 8am (GMT).

Any currency conversion that Your nominated DAM(s) make will be detailed in the Investment Management Agreement.

## 8.16 Transaction Limits

Certain limits apply to cancelling and crediting Units where You give Us instructions of the following type:

- Switches/dealings;
- Fully Cashing In;

- Regular or One-off Withdrawals;
- Adviser Charges.

These limits mean that We may not accept any instruction by You under any of these Conditions if, were We to do so, the value of the Units which:

- would be cancelled from or credited to any fund; or
- would then remain in any fund;

would be outside the limits which We have set. These limits are set out in Your Key Features Document, and We can make reasonable changes to them from time to time without notice. Please see Part 7, Condition 7.1.4 for further details. The limits are described in Part 3, Condition 3.6.2, Part 4, Condition 4.3, Part 5, Condition 5.4 and in the Statement of Charges issued to You at the start of Your Bond.

## 8.17 Communications

You must send any written enquiry, correspondence and/or information (including that required to/from a DAM) that We require under these Contract Conditions to Our Administration Centre in Ireland.

You may telephone Our Administration Centre in Ireland on the number detailed in Your Policy Documentation for assistance with Your enquiry.

Forms for requesting servicing transactions, for example discretionary switches, Regular Withdrawals, Fully and Partially Cashing In, Additional Investments or for paying Adviser Charges to Your Financial Adviser, are available from Our Administration Centre in Ireland upon request. Forms for paying Adviser Charges are also available from Your Financial Adviser or Your Investment Adviser, as appropriate.

## 8.18 How to make a complaint

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:

**Customer Services Manager  
Operations Department  
Prudential International  
Montague House  
Adelaide Road  
Dublin 2  
Ireland**

If You would rather phone, You can call Us on  
**+353 1 476 5000.**

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)  
PO 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.

## 8.19 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 FSCS in the UK.

## 8.20 Rights of a third party

Other persons entitled to Benefits under the Bond have directly enforceable rights against Us in respect of those Benefits. Subject to this, nothing in this Agreement confers or purports to confer on any third party any Benefits or any right to enforce any provision of the Bond pursuant to the Contracts (Rights of Third Parties) Act 1999.

## 8.21 Our rights and remedies

Our failure to exercise, or a delay in exercising, any right or remedy provided to Us by the Conditions in this Agreement does not constitute a waiver of the right or remedy or a waiver of other rights or remedies.

## 8.22 Severability

If any Condition of this Agreement is held by any competent authority to be invalid or unenforceable in whole or part, the validity of the other Conditions of this Contract Conditions Booklet and the remainder of the Condition in question shall not be affected thereby.

## 8.23 How We use Your personal information

In the Application Form for Your Bond We set out, within the Privacy Fair Collection Notice:

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

For a copy of Our latest Privacy Fair Collection Notice, please visit [www.prudential-international.com/en/mydata-privacyfaircollectionnotice](http://www.prudential-international.com/en/mydata-privacyfaircollectionnotice)

To access this website, all characters must be typed in lowercase format.

If You require further information You can:

Write to the Data Protection Officer at:

**Prudential International,  
Montague House,  
Adelaide Road,  
Dublin 2  
Ireland**

Call Us on: +353 1 476 5000

## 8.24 Contract of long-term insurance

The benefits arising under the Prudential International Investment Portfolio relate to a 'contract of long-term insurance' within the meaning of The Financial Services and Markets Act 2000 (Regulated Activities) Order 2001.



[www.pru.co.uk/investments/investment-products/prudential-international-investments](http://www.pru.co.uk/investments/investment-products/prudential-international-investments)

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