

A guide to the Portfolio Account

Your questions answered

Whether you're a private investor, a corporate investor or a trustee, it's essential to manage your money effectively. In today's fast-changing environment, you need a solution that not only fits your current needs, but can also adapt and grow with you – and which doesn't have hidden charges to catch you out.

The Portfolio Account is an offshore bond and is a tax efficient and convenient way of holding a variety of investments – your portfolio – in one place.

Prudential International has designed the Portfolio Account around three main principles:

- › wide investment choice;
- › flexibility; and
- › clear and straightforward charging options.

› What does the Portfolio Account offer?

- › Extensive choice of investments: more than 1,000 funds, covering a wide range of risk levels
- › Preferential terms: creating extra value for you, thanks to our buying power in the market
- › Cost-effective portfolio management: 10 free deals each year (20 in year one) to help you manage your investments actively at lower cost
- › Easy access to your money: regular and one-off withdrawals, to suit your needs. Any withdrawal taken will reduce the value of your bond. If the withdrawals are more than any overall growth achieved the value of your bond will reduce below the level of original capital invested
- › Tax-efficiency: your investment grows largely free of tax (other than UK withholding tax)
- › Choice of currencies: you can put money in and take it out in any of 11 currencies. Exchange rates can change, which may increase or decrease the value of your investment and/or withdrawals.
- › Easy administration: we take care of the dealing and paperwork for you and keep you up to date with quarterly statements

The value of your investment, and any income from it, is not guaranteed and can go down as well as up. You may get back less than you have paid in.

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

The next few pages tell you more about all these benefits

› Your investment choices

The Portfolio Account lets you choose from more than 1,000 funds, ranging from the more cautious to the adventurous, so that you can tailor your bond to meet your needs and risk preferences. Just as importantly, you can change your choices at any time, to adapt your bond as your life and circumstances change.

Your fund choices

Within your Portfolio Account, you can hold investments such as:

- › Unit trusts
- › OEICs (Open Ended Investment Companies)
- › SICAVs (Sociétés d'Investissement à Capital Variable)
- › UCITS (Undertakings in Collective Investments in Transferable Securities)

An OEIC is a company that allows investors to collectively pool together money to invest in various opportunities. Any money you invest in an OEIC will buy you shares and the value of them determines the value of your investment. SICAVs are European collective investments that are similar to OEICs. UCITS is a generic term for funds that meet certain regulations and can be sold in any European Union country.

You can also invest in cash deposits, with a choice of rates and terms.

The PruSelect fund range

While the very wide investment choice available can cater for all needs and circumstances, there may be times when you would prefer a guided approach.

Prudential International has teamed up with Morningstar, an investment specialist, to create the PruSelect fund range, a selection of funds from among all those available for Portfolio Account.

These are funds that Morningstar has assessed as offering high quality and performance potential. They represent a mix of fund managers, markets, investment styles and risk levels. If you wish, you can choose funds from just this range or you can mix funds from the range with any others.

Managing your portfolio

To help make sure your investments stay in line with your needs and preferences, you can switch between funds at any time. In the first year of your bond, we'll give you 20 free deals (purchases or sales) and thereafter we'll give you 10 free deals every year. As the normal dealing charge is currently £25.71*, this will save you up to £257.10* a year and up to £514.20* in the first year, helping you to manage your investments actively at much lower cost. Charges may vary in future and may be higher than they are now.

If you don't want to make all the investment decisions yourself, the Portfolio Account gives you the option to appoint a professional fund adviser to help you set your investment strategy and manage your portfolio. In this case, we will deduct the fee from your bond and pay it directly to your adviser on your behalf. It would be treated as a withdrawal.

* or currency equivalent

The option to appoint a Discretionary Asset Manager

After discussion with your Financial Adviser, if you wish you can appoint a Discretionary Asset Manager (DAM) to manage part or all of your Portfolio Account. The DAM will provide investment management tailored to your personal needs and will monitor your portfolio to ensure it stays in line with your changing requirements.

The DAM will have access to a wide range of investments, just as you would yourself, and you will also benefit from any discounts on fund charges that the DAM negotiates.

Prudential International has a number of DAM partners you can choose from. You also have complete flexibility: you can appoint or de-select a DAM at any time, have more than one DAM at the same time or have one or more DAMs managing part of your bond while you manage the rest yourself.

Your Financial Adviser can give you more information on your options.

Prudential's investment expertise

As well as giving you access to a wide range of external funds, the Portfolio Account includes a select range of the Prudential Group's funds, managed by Prudential Unit Trusts Limited and M&G. These are available with no initial charge, which means you can benefit from our investment skills at very low cost.

We believe there are a number of factors that give Prudential an investment edge, including:

- **Size:** size and scale are important factors when gathering enough information to make sound investment decisions. As one of the largest financial services companies in the UK, managing £562 billion on behalf of around 24 million customers* worldwide, Prudential is able to cover the markets thoroughly.
- **Experience:** the Prudential Group has been managing diverse investment funds for many years through a wide variety of market

conditions. There are several different teams who are dedicated to particular areas, such as strategy and analysis. This helps to make best use of the individual skills and expertise of the Group's investment professionals for the benefit of our customers.

- **Specialist expertise:** this directly benefits Prudential's range of global and multi-asset funds as they invest in a variety of different assets and regions covered by local teams. The overall decision on where money is invested rests with the Prudential Portfolio Management Group (PPMG).

PPMG manages around £170 bn** across a growing range of highly competitive multi asset investment solutions and annuities on behalf of Prudential UK and Europe. PPMG has great strength in depth with a team of around 80 including experienced investment professionals with expertise in capital market research, investment strategy design, liability management, alternative investments and portfolio management.

* As at 30 June 2016

** As at 31 December 2016



...that won't cost you the earth

› What else does it offer?

The Portfolio Account has a number of features that can help make your investment work more effectively for you.

Enhanced investment potential

Thanks to Prudential International's institutional buying power, we are able to agree substantial discounts with a number of leading fund managers. Most of the funds offered by these managers will be available with either no initial charge or a much lower charge than normal. This means you can invest in these funds at a much lower cost than if you were investing in them directly.

We have also been able to negotiate annual management charge rebates on a number of funds. The rebates will accumulate on a daily basis and will be added to your bond every quarter. This will effectively increase the value of your bond.

We will negotiate these annual management charge rebates wherever we can. However, we cannot guarantee them and they may change or be removed at any time.

Your Financial Adviser will be able to give you information on what discounts and rebates apply on the funds you have chosen. You will also see the effect in your personal illustration.

Prudential Group funds

Through your Portfolio Account you can invest in a range of Prudential Group funds.

Clear charges

We believe the Portfolio Account offers a choice of four clear charging options, that set out exactly how much it is you are paying. This gives you and your Financial Adviser the opportunity to choose the option best suited to your needs. You can find full details of the charging options in your Key Features document. Your financial adviser will be able to give you a copy of this.

Capital Redemption option

Rather than writing the bond on a life assurance basis, where it would end on the death of the chosen life assured, you can choose the Capital Redemption option.

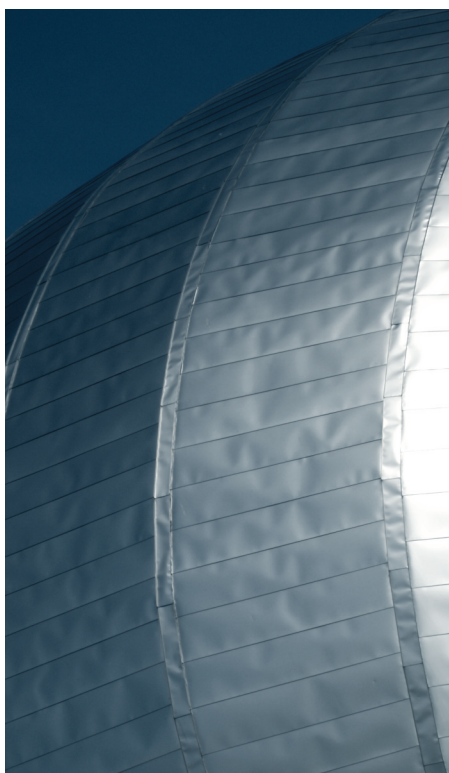
In this case, the bond has a fixed term of 99 years, although you can cash it in at any time. If it is continued for the full term, it will pay a guaranteed minimum amount at maturity.

This option can be particularly attractive for trusts, allowing the trustees to choose when to cash it in or instead to keep it going through successive generations. There is an additional charge for the Capital Redemption option. You will find details in your Key Features document.

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

➤ How can I access my money?

Should you want to take money out of your bond, either on a regular basis or as a one-off lump sum, it is easy to arrange. It may trigger a tax liability – please ask your Financial Adviser for more information.



Taking out lump sums/regular withdrawals

You can cash in part of your bond at any time, as long as you take out at least £500* and leave a minimum amount in your bond after the withdrawal. This minimum is the greater of:

- £7,500*, and
- 15% of the total amount you have paid into the bond in the last five years.

There are no early cash-in charges for partial withdrawals.

You can choose to have regular payments from your bond every month, three months, four months, six months or every year. We can set this up for you when you first take out your bond or at any time after that.

Equally, you can stop regular withdrawals at any time or vary the amount, to meet any changes in your circumstances. The only criteria are that each regular withdrawal must be at least £500* and a minimum amount must remain in your bond, as outlined above.

Consider that any withdrawal taken will reduce the value of your bond. If the withdrawals are more than any overall growth achieved, the value of your bond will reduce below the level of original capital invested.

Using a Deposit Account

If you and your Financial Adviser are choosing the funds to invest in to make up your portfolio, we'll set up a Deposit Account as part of your bond. The money

you invest in the Deposit Account will be used to meet both charges and withdrawals, giving your bond greater flexibility.

If you are taking regular withdrawals, you may sometimes need to top up the Deposit Account by investing more money or selling some investments. If your account goes overdrawn because there is not enough money to cover charges or a withdrawal, there will be an additional charge. In some cases, we may need to stop withdrawals. You can find more details in your Key Features document. Your Financial Adviser will be able to give you a copy of this.

If you appoint a Discretionary Asset Manager (DAM) for part or all of your portfolio, you don't need to invest in the Deposit Account in relation to the assets managed by the DAM. Your DAM will be able to tell you how investments may be cashed in to provide any withdrawals you require or to meet charges and there will never be any overdraft charge, as referred to above, on any part of your bond managed by a DAM.

However, if not all of your bond is managed by a DAM, the Deposit Account (and any related charges) will apply as normal to the non-DAM portion.

Adding to your investment

You can add to your investment at any time, from a minimum of £5,000*. This can be invested in the same funds you already hold in your bond, in the same proportions (as at the last quarterly valuation), or in a new selection of your choice.

* or currency equivalent

› About Prudential International

Prudential International is part of the Prudential Group, which has around 24 million customers worldwide (as at 30 June 2016). Prudential is one of the most recognised names in financial services. Prudential International benefits from the financial and investment strength of the Group, enabling us to provide flexible and effective products for our customers.

Our home in Dublin

Prudential International is based in Dublin, which provides tax advantages as well as a strict legal and regulatory environment. We are subject to European Law, having to comply with all European directives and regulations and to meet European solvency margins.

We are authorised by the Central Bank of Ireland.

Our service to you

We look after all the buying and selling arrangements for your bond, acting on instructions from you or your adviser. So that you can keep track of your investment, we provide quarterly valuations, showing all your holdings in one statement.

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

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

Contacting us

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

+ 353 1 476 5000.

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

You can also write to:

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



www.prudential-international.com

The registered office of Prudential International is in Ireland at Montague House, Adelaide Road, Dublin 2. Prudential International is a marketing name of Prudential International Assurance plc, a life assurance company operating from Ireland. Registration No. 209956. Telephone number + 353 1 476 5000. Prudential International Assurance plc is authorised by the Central Bank of Ireland.