

Key Features of the Portfolio Account Capital Redemption Option

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If you would like a Braille, large print or audio version of this Key Features, please contact us at:

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

› About this booklet

- › This Key Features booklet provides a summary of the key features of the Portfolio Account (Capital Redemption Option). Prudential International provides you with this information to help you to decide whether our Portfolio Account (Capital Redemption Option) is right for you.
- › You should read this booklet carefully, together with your personal illustration, so that you understand what you are buying and then keep both documents safe for future reference.
- › If you still have questions after reading this booklet, your Financial Adviser should be able to help.

› About the Portfolio Account (Capital Redemption Option)

The Portfolio Account (Capital Redemption Option) is an investment bond, with a fixed term of 99 years, that offers a wide range of investment choices.

You start your bond with a single payment. You can make additional payments at any time. These are called top-ups. You can make regular and one-off withdrawals, and you can cash in your bond at any time. The bond will pay a guaranteed maturity value at the end of the term of 99 years if it has not been cashed in before then.

Please note that the Portfolio Account (Capital Redemption Option) is not available to UK incorporated companies.

› Its aim

- › The Portfolio Account allows access to a wide range of investment choices with the aim of increasing the value of the money you invest.

› Your investment

- › You need to make a single payment of at least £50,000 when you take out your bond. The minimum top-up is £5,000.
- › There is no set investment term for your bond. If you decide to cash it in completely, an exit charge may apply in the first five years following any payment into the bond. Your personal illustration will show whether this applies to your payment.
- › Your bond is set up as a group of identical policies. The standard number is 20, although you can choose to have more or fewer. You can cash in each policy separately, which may help you withdraw money in a tax-efficient way.

› Risks

- › The value of your bond can go down as well as up. Its value could even fall below the amount you pay into the bond. This could mean that you don't get back the full amount you invested.
- › If the total charges taken from your bond are more than any overall growth achieved, your bond will fall in value, possibly to even less than you have invested.
- › If you cancel your bond or top-up within 30 days you may get back less money than you paid in. We explain this in "What if I want to cancel my bond?" on page 9.
- › Each of the investment choices available for Portfolio Account has its own specific risks, which will affect the value of your bond. Some also have particular features that may mean there are restrictions or penalties on making withdrawals, moving money between investments or cashing in all or part of your bond. You should discuss these with your Financial Adviser to make sure you fully understand the choices you make and the risks involved.
- › In exceptional circumstances, a transaction (such as a full or partial cash-in) may be delayed which may mean you face a delay in gaining access to your money. You can find more information in the Contract Conditions.
- › Inflation will reduce what you could buy in the future.
- › Tax rules could change.
- › Fluctuations in exchange rates and associated costs could affect the value of your premiums or withdrawals. This applies whether or not you have appointed a Discretionary Asset Manager.

› Questions and Answers

Who can take out a Portfolio Account (Capital Redemption Option)?

Any individual who is 18 or over. You can take it out on your own, or jointly with another person.

Where can I invest my money?

You and your adviser can choose which investments you would like from a wide range, including collective investments and cash deposits. Your investment must be one that we permit.

If you're a UK resident, you and your Financial Adviser are fully responsible for ensuring that any investment you choose is not one that would mean your bond is classified as a "Personal Portfolio Bond". If a change in the structure of an investment, or a change in how an investment is viewed under UK law, means that your bond could be classified as a Personal Portfolio Bond, you could become liable for an annual tax charge that could be substantial. In this situation you would have to switch out of the relevant investment immediately. Your Financial Adviser can give you more information on this.

If you're a UK resident, you might not be able to invest in deposit funds that are in currencies other than sterling.

For more information about the investments you can choose, please speak to your Financial Adviser.

How are my investments managed?

When you set up your bond, you can choose to:

- › manage the investments with your Financial Adviser or a Fund Adviser,
- › appoint a Discretionary Asset Manager with whom we have an agreement to manage them for you. Your Financial Adviser will be able to tell you which Discretionary Asset Managers are available.

If you appoint a Fund Adviser you can choose whether to pay them directly yourself or to have their fees met by regular withdrawals from your bond.

Discretionary Asset Management

If you appoint a Discretionary Asset Manager (DAM), they make decisions about your investments for you. This will be in line with the instructions you give them on your objectives and preferences.

You can appoint a DAM at outset or at any time after your bond has started. You can split your bond between more than one DAM or between a portion managed by one or more DAMs and a portion that you manage yourself with your Financial Adviser or with a Fund Adviser.

If you wish to change a DAM at any time, you may de-select one and appoint another, but this must be a DAM with whom we have an agreement. Alternatively, you may de-select a DAM and manage that part (or all) of your bond yourself with your Financial Adviser or a Fund Adviser.

If you appoint one or more DAMs there is an ongoing Delegated Management Charge. Your DAM(s) may also charge for their services. To find about their charges you will need to speak to them. For more information on the Delegated Management Charge and how DAM charges are taken from your bond, please read "What are the charges?" on page 8.

Can I move money between investments?

Yes.

In the first year of your bond, you get 20 free deals. In every year after that, you get 10 free deals. Each investment you buy or sell counts as one deal. So buying and selling at the same time would be two deals.

We will charge you for any extra deals unless they involve our own funds. For more information, please read "What are the charges?" on page 8.

If you appoint a Discretionary Asset Manager they will make these investment choices for you and the free deals will not apply for the assets they manage.

What is the Deposit Account within my bond for?

Where there is no Discretionary Asset Manager involved, we set up a Deposit Account within your bond so that you can pay charges and make regular withdrawals more easily than if you had to sell fund holdings. We invest any money in your Deposit Account in the Prudential International Sterling Cash Deposit Fund.

If you don't have enough money in your Deposit Account to meet our charges or your regular withdrawals, you will go into a "negative balance". If this happens, we will make a Negative Balance Charge, which is added to your negative balance. You may wish to discuss with your Financial Adviser an appropriate amount to be held in your deposit account, to avoid or minimise any charges.

For more information on Negative Balance Charges, please read "What are the charges?" on page 8. Where any Negative Balance Charge has been applied, it will be shown in your quarterly statement as interest.

In some circumstances, we will sell some of your fund holdings and use the value to reduce or pay off a negative balance. You can find further details of this in the Contract Conditions.

If you appoint a Discretionary Asset Manager, you will still have a Deposit Account, but charges and withdrawals will normally be taken from your investments. There will never be any Negative Balance Charge as described above on any part of your bond managed by a Discretionary Asset Manager.

However, if only part of your bond is managed by the Discretionary Asset Manager, you will have a Deposit Account in relation to the rest and this may incur Negative Balance Charges in the normal way.

Can I withdraw money from my bond?

You can make one-off withdrawals, or set up regular withdrawals, from your bond. The minimum withdrawal is £500.

If you ask us to pay you by telegraphic transfer, we will make a charge to recover the cost to us, which is currently (for 2012) £17. This charge may increase in future, as detailed in the Statement of Charges.

One-off withdrawals

We pay your one-off withdrawals directly from your bond.

Regular withdrawals

We can pay regular withdrawals at the following intervals:

- every month,
- every three months,
- every four months,
- every six months, or
- every 12 months.

Where there is no Discretionary Asset Manager involved, we pay your regular withdrawals from your Deposit Account.

If you appoint a Discretionary Asset Manager regular withdrawals will normally be taken directly from your investments. However, if you have appointed more than one Discretionary Asset Manager, or if only part of your bond is managed by a Discretionary Asset Manager, you can choose which portion of the bond the withdrawals are taken from.

If you de-select a Discretionary Asset Manager and you have not given us any other instructions, we will take regular withdrawals (or that part of them that was previously coming from the assets managed by the Discretionary Asset Manager) from your Deposit Account. We will continue to do this unless or until you tell us to take them from assets managed by another Discretionary Asset Manager (if applicable). If there is not enough money in your Deposit Account to cover these withdrawals, you will incur Negative Balance Charges as described in 'What is the Deposit Account within my bond for?' above.

How much money do I need to keep in my bond?

You need to keep at least £7,500 in your bond, or 15% of the money you've invested over the last five years – whichever is the greater. You can't withdraw money if doing so would take the value of your bond below this minimum.

If the value of your bond falls below the minimum, we'll ask you to top it up. If you don't top it up within a month, we may cancel your bond and pay you its cash-in value after we have taken any charges.

How much will I get if I cash in my bond?

The amount will depend on:

- › how much you've invested,
- › how long you've invested for,
- › any withdrawals you've made,
- › how your investments have performed, and
- › any charges that have been taken from your investment.

Your personal illustration shows how much you could receive based on example growth rates and the amount you choose to invest.

If you don't cash in the bond before the maturity date (99 years from your original investment), we will pay out the greater of:

- › the bond value at the maturity date, and
- › the Guaranteed Maturity Value (GMV).

When the bond starts, the GMV is 100.1% of your initial payment. It will increase by 100.1% of any additional payments you make into your bond and, similarly, decrease by 100.1% of any withdrawals you make.

We provide a guarantee that, as long as the bond is in force on the maturity date, the maturity benefit will not be less than £100.

Do I pay tax on my bond?

This will depend on your individual circumstances and country of residence, so for specific advice you should speak to your Financial Adviser.

Below is a brief description for UK tax residents.

UK capital gains tax

You won't have to pay any capital gains tax.

UK income tax

If you're a UK resident individual, you may have to pay income tax on any withdrawals you make from your bond.

Each year you can withdraw up to 5% of the amount you have invested in your bond without having an immediate tax bill. If you don't use all of this 5% allowance in any year, you can carry the unused portion forward. The allowance comes to an end once you have withdrawn 100% of the amount you invested. If you withdraw more than the allowance at any time, you may have to pay income tax on the excess amount. The 5% allowance also applies to any top-up investment you make.

Any payments you choose to make to a Fund Adviser as a regular withdrawal from your bond will count towards the 5% allowance.

You may also have to pay income tax when:

- › you cash in your bond or any policies in it,
- › you transfer legal ownership of your bond for money or for something worth money, or
- › your bond ends on maturity.

The gain on your bond will be added to your total taxable income for that year and you will normally pay tax on the gain at your highest rate, although in some cases you may be able to claim "top-slicing" relief.

Gains from your bond may affect any entitlement to personal income tax allowances or certain tax credits.

UK inheritance tax

If you're UK domiciled and your bond isn't in trust, your estate may have to pay inheritance tax on it when you die.

Irish Exit Tax

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

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

We pay this tax to the Irish tax authorities.

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

Tax rules for trusts

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

What are the charges?

There are four different charging structures available. Your personal illustration will show which you have selected and you and your Financial Adviser should ensure this is the most suitable for you.

We charge you for:

Setting up and administering your bond	The charges are shown on your personal illustration.
Managing your investments	<p>The majority of investments available have an Annual Management Charge and some investments have additional fund manager expenses. For more information please speak to your Financial Adviser.</p> <p>If you invest in funds that are managed by external managers there is a Custodian Charge which is currently (for 2012) 0.03% of the value of your investment in those funds each year. This does not apply to holdings managed by a Discretionary Asset Manager.</p>
Making extra deals that involve external funds (assets not managed by a Discretionary Asset Manager)	<p>After you have used the free deals, we currently (for 2012) charge £25.50 for every extra deal that involves external funds.</p> <p>The custodian of each external fund makes a charge for every deal, which is currently (for 2012) £20.</p>
The capital redemption option	We make a charge of 0.25% a year for capital redemption bonds. This is deducted quarterly, based on the bond value at the last quarterly valuation date.
Having a negative balance in your Deposit Account	Our Negative Balance Charge, applied to your accumulated negative balance, is overnight LIBOR plus 3% a year. The charge is applied daily.
Appointing a Discretionary Asset Manager (DAM)	<p>If you choose to appoint one or more DAMs we make a Delegated Management Charge of 0.1% a year of the value of the assets managed by the DAM(s). This is deducted quarterly, based on the bond value (or the value of the relevant part of the bond) at the last quarterly valuation date.</p> <p>If you appoint or de-select a DAM at any point during the quarter between valuation dates, the charge will apply for the whole quarter.</p> <p>The custodian and dealing charges referred to above do not apply to assets managed by a DAM, but the DAM may make its own charges for dealing and custodian services.</p> <p>All the charges made by the DAM(s) for their services will be as shown on your Discretionary Asset Manager nomination form. They will be charged to us and we will then meet them by taking an equivalent charge from your bond.</p>
Cashing in your bond early	If you fully cash in your bond within five years of making any payment there may be an Early Cash-in Charge. Where this applies, this is shown on your personal illustration.

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

Your personal illustration shows how charges affect your bond, based on the amount you invest and example growth rates. It also shows details of how much we will pay your Financial Adviser. If we pay any renewal commission to your Financial Adviser, we will make an equivalent renewal charge on your bond, as shown in your personal illustration.

How will I know how my bond is doing?

We'll send you a statement every quarter, showing the value of your bond. We value your bond on the following dates:

- › 31 March,
- › 30 June,
- › 30 September, and
- › 31 December.

Your quarterly statements are free of charge. We currently (for 2012) charge £108.80 for extra statements at any other time. This charge may increase each year and further information is given in the Contract Conditions.

If you have appointed one or more Discretionary Asset Managers, they will provide you with valuations of the assets they are managing for you. The quarterly statements you will receive from us will show the overall value of any assets managed by the Discretionary Asset Manager(s), but not the individual holdings or any transactions.

What if I want to cancel my bond?

You can cancel your bond within 30 days of receiving your documents. These include a Cancellation Notice and we will also send you a Cancellation Notice for any top-ups you make.

To cancel your Portfolio Account (Capital Redemption Option) or top-up, please complete and return the Cancellation Notice, or write to us at:

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

Please include your bond reference number.

If more than one person owns the Portfolio Account (Capital Redemption Option), we will accept cancellation within 30 days by either of the owners, whether they're acting alone or jointly.

If you cancel your Portfolio Account or top-up and its value has gone down, you may get back less than you invested. We will refund the amount of your payment adjusted for any fall in the unit prices of the funds you've invested in. This means that if the unit prices have fallen, you may get back less than you invested.

Some investments may be designed for a fixed term (such as fixed term deposits) or could have redemption penalties and seeking the return of the investment within the 30-day cancellation period can result in charges being applied by the external entity managing the investment. The application of these charges will adversely affect the value of your investment and could result in substantial loss.

› Other information

How to contact us

You can contact us by:

Telephone: + 353 1 476 5000

The opening hours are 9am to 5pm Monday to Friday. Calls may be monitored or recorded for quality and security purposes.

Post: **Operations Department**
Prudential International
Montague House
Adelaide Road
Dublin 2
Ireland

You'll also find more information at www.pru.co.uk/international

You're categorised as a "retail client". This means that we make sure the information we give you is clear, balanced and indicates any relevant risks. Your category does not affect your right to lodge a complaint with the Irish Financial Services Ombudsman Bureau.

If you have any questions about your client category, please call our Customer Services Department on **+353 1 476 5000**.

Conflict of interest

We want to make sure that we uphold our reputation for conducting business with integrity. That's why we have drawn up a policy to deal with any conflicts of interest.

If you would like to know the full details of our Conflict of Interest Policy, please contact our Customer Services Department on **+353 1 476 5000**.

Tax

The information in this booklet is based on our understanding as at January 2012 of current taxation, legislation and HM Revenue & Customs practice. All of these are liable to change without notice. The impact of taxation and any tax relief depends on individual circumstances.

Law

The law of England will apply to your Portfolio Account (Capital Redemption Option). You can find full details of your contract with us in the Policy Documents, which include the Contract Conditions, Contract Schedule and the Statement of Charges.

How to make a complaint

If you have a complaint about your Portfolio Account (Capital Redemption Option), please contact your Financial Adviser first, as they may be able to resolve it quickly for you.

If we do anything that you're unhappy about, we'll always try to put it right.

Please send your complaint to:

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

If you'd rather phone, you can call us on **+353 1 476 5000**.

We hope that we will be able to handle your complaint in a way that satisfies you. But if we can't, you can speak to the independent Financial Services Ombudsman Bureau. You can contact the Service at:

The Financial Services
Ombudsman Bureau
3rd floor, Lincoln House
Lincoln Place
Dublin 2
Ireland

Telephone: **+353 1 662 0899**

Making a complaint to the Financial Services Ombudsman Bureau will not affect your right to take legal action.

How we will communicate with you

We will communicate with you in English by letter, by phone or by email.

Your client category and why it matters

We are required to categorise our clients based on their involvement in and familiarity with financial services. This helps to make sure we send the right information to the right people. For example, information for an individual customer should assume less knowledge than information for a financial services company.

Terms and conditions

This Key Features booklet summarises our Portfolio Account (Capital Redemption Option). It doesn't include all the definitions, exclusions, terms and conditions. You can find our full terms and conditions in the Contract Conditions. If you would like a copy of this, please phone us on **+353 1 476 5000**.

Compensation

Certain UK residents may be entitled to compensation from the Financial Services Compensation Scheme if Prudential International Assurance becomes insolvent. This depends on whether you are an eligible client, the type of business and the circumstances of the claim.

Further information is available from:

**The Financial Services
Compensation Scheme
7th floor, Lloyds Chambers
Portsoken Street
London
E1 8BN**

Telephone: **0207 741 4100** or
Freephone: **0800 678 1100**

www.fscs.org.uk

It is important to note that the compensation scheme detailed above applies to the potential insolvency of Prudential International and not the underlying investments held within your plan. This scheme, therefore, does not protect you against losses from poor fund performance or the insolvency of a fund or its management company.

Limit of our liability

Our liability under any fund that we make available under the bond cannot exceed the value of the assets held in that fund. This applies whether these fund holdings are actual assets, an interest in another fund (whether managed within the Prudential Group of companies or by an external investment organisation) or an interest in a reinsurance policy that we have taken out to reinsure our liability under a fund.

In particular, for an externally-managed fund, our liability is limited to the amount we can claim from the relevant investment organisation. For example, if the investment organisation were to become insolvent, we could only pay the amount, if any, which we could collect under the insolvency in relation to the units allocated to the bond.

Regulator

The address of the regulator which authorises Prudential International is:

**Central Bank of Ireland
PO Box 559
Dame Street
Dublin 2
Ireland**

Prudential International is subject to limited regulation by the Financial Services Authority (FSA) for UK business. The address of the FSA is:

**The Financial Services Authority
25 The North Colonnade
Canary Wharf
London
E14 5HS**

Details on the extent of our regulation by the FSA are available from us on request.



www.pru.co.uk/international

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. Registration No. 209956. Telephone number + 353 1 476 5000. If the Company should become unable to meet its liabilities, the Financial Services Compensation Scheme will protect eligible policyholders habitually resident in the UK when their contract starts, with effect from 1 December 2001. This protection does not extend to externally-linked investments. Prudential International Assurance plc is authorised by the Central Bank of Ireland and is subject to limited regulation by the Financial Services Authority for UK business. Details on the extent of our regulation by the Financial Services Authority are available from us on request.