

Important information

Sample illustration and supplementary information for Portfolio Account

Prudential International provides you with this information to help you decide whether our Portfolio Account is right for you. You should read this document carefully so that you understand what you are buying and then keep it safe for future reference.

You will have received an illustration of the possible future benefits your Portfolio Account could provide, based on certain assumptions about future rates of investment growth. Projections will have been calculated based on different assumed future investment returns of 5%, 7% and 9% per annum, which are recommended by the FSA, to give you an idea of what you might get back from your policy.

This sample illustration leaflet shows you the impact of holding investments within your Portfolio Account which have a high cash or fixed interest content, as the future returns from this type of investment are anticipated to be lower than the standard rates of return shown on your personalised illustration. This sample illustration is based on a representative Portfolio Account case and is not linked to your particular investment in any way – the purpose of it is to highlight the effect of lower growth rates on an investment.

Please read this illustration together with your personalised illustration and the Portfolio Account Key Features Document.

Where the Portfolio Account invests in a fund or other available investment with a high cash or fixed interest content (e.g. bank deposits, deposit funds or government bond funds), the rates of future investment return that may be achieved may be lower than those used in the standard personalised illustration.

What the final returns might be

The representative case is a £300,000 Portfolio Account investment choosing the "Ongoing Charge (Initial Version)" charging structure, with 100% invested in a cash deposit.

The following table shows projected future benefits for this typical case using an assumed mid rate of future returns of 4.75% gross (i.e. before charges) per annum (which is our current expected long term gross growth rate assumption for cash) – alongside projections assuming a return of 2.75% and 6.75% pa gross.

	Assuming 2.75% investment growth every year	Assuming 4.75% investment growth every year	Assuming 6.75% investment growth every year
At the end of year 10	£366,000	£444,000	£537,000

These figures can be compared with the projected benefits if the standard assumptions of future returns of 5%, 7% and 9% were used which are:

	Assuming 5% investment growth every year	Assuming 7% investment growth every year	Assuming 9% investment growth every year
At the end of year 10	£469,000	£566,000	£682,000

Assumed product charges

Charging structure	Ongoing Charge (Initial Version) For this charging structure, there is no establishment charge, administration charge or surrender penalty.
Allocation rate	Commission of 3% is assumed, leading to an allocation rate of 97%.
Ongoing charge	0.40% per annum of assumed investment amount, taken quarterly.

Assumed fund charges

The assumed chosen investment is a cash deposit, with no explicit fund charges applying. Ongoing annual management charges and potentially an initial charge would apply to any investment in a fund.

Effect of charges

The table below shows what the final returns might be if an investor were to cash in the bond. The last two columns assume the investment grows at 4.75% a year

At the end of year	Total paid in to date	Total actual deductions to date	Effect of deductions to date	What the final returns might be
1	£300,000	£10,600	£10,600	£303,000
2	£300,000	£11,900	£12,400	£316,000
3	£300,000	£13,200	£14,300	£330,000
4	£300,000	£14,600	£16,400	£344,000
5	£300,000	£16,000	£18,600	£359,000
10	£300,000	£24,200	£32,400	£444,000

What are the deductions for?

The deductions include charges, expenses, the cost of commission and cash-in charges, if applicable, and other adjustments.

The last line of the table shows that over the 10 years the effect of the total deductions could amount to £32,400.

Putting it another way, this would have the same effect as bringing the investment growth from 4.75% a year down to the figures shown below. These figures have been calculated based on the selected investment being a cash deposit.

At the end of year 3	3.3%
At the end of year 5	3.7%
At the end of year 10	4.0%

Please note:

- ▶ These figures are only examples and are not guaranteed – they are not minimum or maximum amounts. What you will get back depends on how your investment grows and on the tax treatment of your investments.

This is based on our current understanding as at March 2011 of current taxation, legislation and HM Revenue & Customs practice, all of which are liable to change without notice. The impact of taxation (and any tax relief) depends on individual circumstances.
- ▶ You could get back more or less than this. The returns from your investment will depend on the investments you select, the amount you invest, how the investments perform in the future, fund charges and annual management charge rebates, commission taken and any withdrawals you take.
- ▶ Do not forget that inflation would reduce what you could buy in the future with the amounts shown.
- ▶ These rates of return are not necessarily appropriate for contracts written in currencies other than Sterling.
- ▶ Benefits may also be affected by fluctuations in exchange rates.
- ▶ This sample illustration shows the impact of a lower growth rate on a typical investment only. This is not related to your specific investment. The effect of charging structure, fund choice, commission basis etc. on your own personalised illustration will have an impact on what you might get back.
- ▶ This sample illustration does not take into account any renewal commission taken by your financial adviser. Renewal commission will increase charges and lower the amount you might get back.
- ▶ This sample illustration does not take into account any withdrawals taken from the Portfolio Account.
- ▶ If you were to select the Capital Redemption Option, an additional charge of 0.25% pa of the value of the fund is taken, deducted quarterly. This extra charge has not been allowed for in this sample illustration.
- ▶ If you were to select the Discretionary Asset Manager option, an additional charge of 0.1% pa of the value of the fund is taken quarterly. This extra charge has not been allowed for in this sample illustration.
- ▶ The Portfolio Account has no set term.

Further information

If you require a personalised illustration based on a lower growth rate please speak to your financial adviser. Please note that the responsibility for ensuring the appropriateness of any growth rates selected on an alternative illustration rests with your financial adviser.



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