

Replacement Policy Document

Trustee Investment Plan (Series A)
Including the PruFund Funds for Plans taken out from
1st January 2003 to 6th November 2011

(PENT10447)

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1. Introduction

1.1 Definitions and interpretation

In this **Policy** the words "we", "us" and "our" refer specifically to **Prudential** (i.e The Prudential Assurance Company Limited).

The words "you" and "your" refer to the appointed Trustees of the **Scheme** who applied for the **Plan**. References in this **Policy** to "you" include not only the person or persons who originally applied for the **Plan**, but also any other person or persons who become entitled to the **Policy** (for example, as replacement Trustees of the **Scheme** or through an assignment of the **Policy**).

Note: Some words and phrases are in bold type (for example, "**Policy**"). This indicates that the word or phrase has a special meaning as set out in section 15.

Any reference to any statute includes any re-enactment or modification of it or any regulations made under it.

1.2 The Policy and the Plan

This document, called the **Policy**, is issued by **Prudential** and sets out the terms and conditions of the **Trustee Investment Plan (Series A)**.

The **Trustee Investment Plan (Series A)** set up as a result of an **application** made by you, the Trustees of the **Scheme**, is known in this **Policy** as the/your **Plan**.

The terms and conditions in this **Policy** apply to **Trustee Investment Plans (Series A)** with a **date invested** falling on or after 1st January 2003 but before 7th November 2011, where the

policyholder has switched **units** held under that **Plan** into a **PruFund Fund** on or after 7th November 2011. In this case, this **Policy** will replace the **Policy** previously issued.

The **Policy** issued to you included a **Schedule** which should be treated as part of the **Policy**. The **Policy**, together with other documents we give you, sets out the terms of our contract with you to provide an investment facility under your **Plan** in respect of part or all of the investments of the **Scheme**.

1.3 The Scheme

The **Plan** was issued to you on the understanding that:

- › the **Scheme** is a **registered pension scheme**;
- › the **Scheme** is either a self-invested personal pension scheme (**SIPP**) or an **occupational pension scheme (OPS)**;
- › you are the Trustees of the **Scheme** and are therefore deemed to be an investor who has taken advice in accordance with the provisions of the Pensions Act 1995; and
- › the **Scheme's** investment powers permit you to make this investment.

If you fail to register your **Scheme** or if registration is withdrawn, we will cancel the **Plan** and return the proceeds to you. In this event, we reserve the right to withhold repayment of the proceeds until **HMRC** has confirmed to us that the money should be repaid.

All the options available to you under this **Policy** can be exercised by you only as permitted by the documents which govern the **Scheme**.

1.4 Capital Growth Option and Income Option

In your **application** you selected one of two Options which were available under the **Trustee Investment Plan (Series A)**. These were:

- › the Capital Growth Option; and
- › the Income Option.

The Capital Growth Option is designed to maximise capital growth over the medium to long-term. The **initial investment** remains invested for the **investment term** (see section 1.5).

Ad hoc withdrawals can, however, be made under section 8.1.

The Income Option is designed to be a longer term investment. The **initial investment** is invested for the **investment term** (see section 1.5), but is used to provide regular **income** withdrawals as described in section 8.4. Ad hoc withdrawals can also be made under section 8.1.

You cannot change the Option selected at a later date.

1.5 The investment term

The **investment term** of the **Plan** depends on the Option that you have selected for your **Plan** under section 1.4. It must be:

- › an integral number of years, being five or more, if you have selected the Capital Growth Option;
- › 10 years if you have selected the Income Option.

The **investment term** may affect the choice of **fund** options available. You should note in particular that any investment in a **PruFund Protected Fund** must meet or exceed the minimum **guarantee period** which is then available under the chosen **PruFund Protected Fund**.

1.6 Certain terms and conditions relevant to SIPP only

You were required to indicate in your **application** whether the **Scheme** is a **SIPP** or an **occupational pension scheme (OPS)**.

If the **Scheme** is a **SIPP**, you named a member ("**Member**") in your **application** and that name is shown on the **Schedule**. This **Policy** is therefore notionally earmarked to that **Member**. We will require proof of the **Member's** date of birth.

Some additional terms and conditions apply where the **Scheme** is a **SIPP** and the **Policy** is notionally earmarked in this way – see sections 2.8.3, 2.9.6(e)(i) and 8.2.2.

If the **Scheme** is an **occupational pension scheme (OPS)**:

- the **Policy** is not related to any specific individual;
- no member's name will be shown on the **Schedule**;
- the definition "**Member**" will not be applicable; and
- section 8.2.2 does not apply.

If we discover at any time that the **Scheme** is an **occupational pension scheme (OPS)** but has been misrepresented to us as a **SIPP**, and you have made a claim under section 8.2.2, we shall be entitled to reclaim from you the value of any advantage obtained through the operation of that section.

2. How the investment funds are operated and priced

2.1 Range of fund options

A range of **funds** is available under the **Trustee Investment Plan (Series A)** (subject to our powers to close, merge, wind-up and withdraw **funds** under section 2.4). Some **funds** are managed by companies within the **Prudential Group** whilst others are managed by **external Fund Managers**. Details of the **funds** are set out in our **funds** literature.

Investment in the **Prudential With-Profits Fund** under the **Trustee Investment Plan (Series A)** is available through the **With-Profits Fund** and, where the **Plan** was set up on or after 1st January 2003, through the **PruFund Funds**. These are sometimes known as "unitised with-profits" funds. In particular it should be noted that different **unit** prices may apply to different classes of "unitised with-profits" policies. Investments in the **With-Profits Fund** participate in profits through the addition of bonuses to the relevant pension plan. Some of these bonuses are added through increases in the **unit** price, whilst others may be added when **units** are sold (see section 2.8). Investments in the **PruFund Funds** (and the associated **PruFund Accounts**) participate in profits exclusively through increases in the **unit** price (see section 2.9).

The **PruFund Accounts** and **Cash Feeder Fund** are **funds**, but they cannot be selected as **fund** options: they are used only to facilitate investment in the **PruFund Funds** and the **95% Safeguard Fund** (see sections 2.7 and 2.9.3).

2.2 General

We use the **funds** to calculate benefits under the pension plans we issue.

Each **fund** can be divided into parts. Each part will be divided into **units**, which may be of different types. Each **unit** of the same type in the same part of a **fund** will have the same value.

We will calculate the benefits payable from the **Plan** by allocating **units** to the **Plan** from the **fund** or **funds** selected. Although we may use the **funds** to meet our obligations under the **Plan**, you (and the **Member**, if any) have no legal or beneficial right either to any of the **units** or to any part of the **funds** (see also section 2.3).

Each **fund** is invested in the way set out in published descriptions of that **fund**. We and the **external Fund Managers** may invest each **fund** in any assets we or they consider suitable. The investment objectives of the **funds** can be changed at any time. We will give you reasonable notice in advance, taking into account all the circumstances of the change, if we make a material change to the investment objectives of a **fund** and there are **units** of that **fund** then held under the **Plan**.

2.3 Ownership of assets

2.3.1 Prudential investment-linked funds and the Prudential With-Profits Fund

We, or another company within the **Prudential Group**, own all the assets of the **Prudential investment-linked funds**, the **With-Profits Fund**, the **PruFund Funds** and the **PruFund Accounts** in our own right and not as trustee for policyholders. But when we make decisions relating to the investment and valuation of assets, we will always act in good faith in attempting to protect the

interests of all affected policyholders and shareholders. We aim to strike a fair balance between the interests of:

- (a) our policyholders and our shareholders;
- (b) different classes of policyholder; and
- (c) individual policyholders.

2.3.2 Externally-linked funds

All the assets of the underlying funds of **external Fund Managers** are owned by them. Any policies issued by them to enable us to offer **externally-linked funds** are owned by us. Any contracts involving **external Fund Managers** are with us. There is no contractual relationship between the **external Fund Managers** and you.

2.4 Changes to funds

2.4.1 Changes to units

We can change the way we record **units** and change the number of **units** issued in the case of any particular **fund** (for example, we may combine or divide the existing **units**) and make corresponding changes to the **unit** price, but we will not do so in any way that disadvantages your investment. If we make such a change, we will notify you at an appropriate time, taking into account all the circumstances of the change.

2.4.2 New funds

We can at any time introduce new **funds**. Any new **funds** may be subject to different terms. We do not give notice when we introduce new **funds**. Information about the current **funds** is available in our **funds** literature.

2.4.3 Other types of new funds

We may also introduce new **fund** options that are linked to or invest in assets other than collective investment

schemes and life assurance company funds. Such **fund** options may be different from **investment-linked funds**, the **With-Profits Fund**, the **PruFund Funds** and the **PruFund Accounts** in the way that they are constituted, managed and priced.

2.4.4 Closing, merging, winding-up and withdrawing funds

We can also:

- (a) close any one or more of the **funds** to future moneys (including switches under section 7.2);
- (b) merge or wind-up any one or more of the **funds**;
- (c) withdraw the option to invest in any one or more of the **funds**.

In the particular case of the **With-Profits Fund**, the **PruFund Funds** and the **PruFund Accounts**, we may, in addition to (a), (b) and (c) above, close part of the **fund** or sub-fund to future moneys.

For the avoidance of any doubt, in the case of a **PruFund pair**, our powers in this section 2.4.4 can be exercised separately in relation to each **PruFund Fund** in that **PruFund pair**.

2.4.5 Notice to you and replacement fund

We will exercise our power to close, merge, wind-up or withdraw a **fund** only for important legal or commercial reasons (for example, if a **fund** becomes too small for it to be cost-effective for us to operate it). We will act fairly and reasonably in the way that we do so, having regard to our duty to protect both your interests and those of other policyholders. Before we exercise this power, we will give you advance notice if at that time there are any **units** of the affected **fund** held under your **Plan** or if

the affected **fund** is one of the principal features of the **Trustee Investment Plan (Series A)**. (A **fund** would be considered a principal feature if it was the only **fund** of its type available under the **Trustee Investment Plan (Series A)**; for example, a **PruFund Protected Fund** would be considered a principal feature if its withdrawal would mean that no **PruFund Protected Funds** would be available under your **Plan**).

The notice period will be reasonable, taking into account all of the circumstances of the change.

We will seek your instructions for any amounts that need to be disinvested from the relevant **fund**. If we do not receive instructions within the time-scale specified in the notice, we will switch the **units** in the relevant **fund** either:

- (a) to **units** of the **fund** that has the most similar investment objectives to the closed, merged, wound-up or withdrawn **fund**; or failing that
- (b) to the **Prudential Cash Fund**.

2.5 Restriction on Prudential's liability

Prudential's liability under any **fund** that we make available under the **Plan** cannot exceed the value of the assets underpinning that **fund**, whether these assets are actual assets, an interest in another fund (whether managed by a company within the **Prudential Group** or by an **external Fund Manager**) or an interest in a reinsurance policy effected by us to reinsure our liability under a **fund**.

In particular, for an **externally-linked fund** or a **fund** that invests solely in **funds** operated by another company within the **Prudential Group** (for example, unit trusts or **OEICs**

operated by another company within the **Prudential Group**), our liability is limited to the amount we can claim from the relevant company. So, for example, if the **external Fund Manager** or the other company within the **Prudential Group** were to become insolvent, we could only pay the amount, if any, which we could collect under the insolvency in respect of the **units** allocated to the **Plan**.

In addition, we are not liable for any losses caused by the acts and omissions of an **external Fund Manager** in respect of its own fund and/or the **externally-linked fund**.

2.6 The investment-linked funds

Note: Section 2.6 describes the operation of **investment-linked funds** apart from the **95% Safeguard Fund**.

Unit prices for the **95% Safeguard Fund** are described in section 2.7.

2.6.1 Valuation of fund assets

Investment-linked funds are valued on each **working day**. Assets may be valued in different ways and the decision of the relevant company, whether us (or another company within the **Prudential Group**) or an **external Fund Manager**, on all valuation issues is final.

The value of each **Prudential investment-linked fund** is determined by us, or another company within the **Prudential Group**. Each **externally-linked fund** is linked to an underlying fund operated by the relevant **external Fund Manager**. Each **external Fund Manager** values its own funds and then provides us with a unit price or prices (rounded in accordance with its own practices), which we use in valuing the corresponding **externally-linked fund**.

2.6.2 Fund values and unit prices

(a) Prudential investment-linked funds

The value of a **Prudential investment-linked fund** is either based on the value of the assets relating to it, or, where the **fund** is invested solely in funds operated by other companies within the **Prudential Group** (for example, unit trusts or **OEICs** operated by another company within the **Prudential Group**), on the unit price supplied to us by the other company. Certain adjustments are then made to that value (see section 2.6.2(c)).

In some cases, there will be a range of values that can be placed on assets and therefore on the value of a **fund**. A number of factors will be relevant. The main factor when deciding how to value an asset is whether the total amount being paid into a **fund** (including any underlying fund) is more or less than the total amount being paid out. If more money is being paid in, we, or the relevant company from within the **Prudential Group**, may need to buy assets. In such a case, the purchase price of assets will normally be used in valuing the **fund** (including any underlying fund). If, however, more money is being paid out of the **fund** (or underlying fund), the sale price of assets will normally be used in valuing the **fund** (or underlying fund).

The decision regarding whether to value a **fund** using the purchase price or sale price of assets is normally taken at monthly intervals, but may be made at such other intervals as we, or the relevant company from within the **Prudential Group**, shall determine. A change from a purchase valuation basis to a sale valuation basis or vice versa can have a significant effect on

the **unit** price even though the market may appear to be relatively stable. In particular, a change from a purchase valuation basis to a sale valuation basis will reduce the **unit** price.

We, or the relevant company from within the **Prudential Group**, also have discretion to choose to base the value of a **fund** on asset values that lie between the purchase and sale prices.

(b) Externally-linked funds

As stated in section 2.6.1, the **external Fund Managers** value their own underlying funds.

We base the value of each **externally-linked fund** on the unit price or prices supplied to us by the relevant **external Fund Manager**. Where the **external Fund Manager** provides unit prices based on both sale and purchase valuations of their underlying fund, we have discretion to choose the unit price on which to base the value of the **externally-linked fund** (including a unit price that lies between the values supplied by the **external Fund Manager**). The main factor we consider is whether more **units** are being credited to the **fund** than cancelled from it, as described in relation to **Prudential investment-linked funds** in section 2.6.2(a). Otherwise, the value of the **externally-linked fund** is based upon the single unit price supplied by the **external Fund Manager**.

Where the **external Fund Manager** provides a single unit price, the value of the **external Fund Managers'** underlying fund may be based on the sale or purchase price of assets. The basis used by the relevant **external Fund Manager** may be decided at daily intervals or such other intervals as determined by that company. Because of the potentially

daily switches between sale and purchase valuation bases, there may be day-to-day fluctuations in the **unit** price, even though the market appears to be relatively stable.

(c) Adjustments to the fund value

When valuing **investment-linked funds** (and/or the funds underlying the **externally-linked funds**), certain adjustments may be made to the **fund** value:

- › to take account of the expenses of buying and/or selling assets;
- › if the **investment-linked fund** is linked to a unit trust or an **OEIC**, to take account of the expenses of maintaining and operating that unit trust or **OEIC**;
- › to take account of the expenses of maintaining and operating that **investment-linked fund** (for example, custodian fees or property management costs);
- › to take account of the value of accrued investment income that has not yet been reinvested;
- › to take account of changes in the value of underlying assets or units since their values were supplied to us; and/or
- › to take account of a charge called a "dilution levy". This type of charge covers the cost of either buying assets (where more people are investing than disinvesting) or selling assets (where more people are disinvesting than investing). A dilution levy is not designed to make a profit, but to cover expenses.

In the case of the **investment-linked funds**, the **management charge** may also be deducted before we calculate the **unit** price (see section 3).

(d) General

Other methods of valuation may be used. In choosing any other method we (or another company within the **Prudential Group**) or the **external Fund Manager**, will act in a fair and reasonable manner.

Asset valuations and **unit** price calculations are carried out with extreme care, but on some occasions mistakes may occur. If this happens, the **unit** price will normally be corrected once the mistake has been detected. If, however, the mistake is due to an error outside our control and we are unable to obtain compensation for the mistake (for example, an error in pricing the fund underlying an **externally-linked fund** due to factors outside the **external Fund Manager's** control), we reserve the right not to correct the mistake retrospectively.

2.6.3 Calculation of unit prices

(a) Bid prices and offer prices

Each **investment-linked fund** is divided into **units**.

The **bid price** of a **unit** on any **working day** is the value of the **investment-linked fund**:

- › determined and adjusted as described in section 2.6.2; and
- › divided by the number of **units** in issue (subject to any rounding).

If, for any reason, the value of an **investment-linked fund** cannot be obtained by valuing the assets, the **bid price** may be calculated by making an adjustment to the previous day's **bid price**. This adjustment will reflect the way in which the values of the underlying assets may have changed.

The **offer price** of a **unit** on any **working day** is the **bid price** multiplied by 100 and divided by 95, subject to rounding.

(b) Rounding of unit prices

When calculating **bid prices** and **offer prices** for **investment-linked funds**, we round our calculations to the nearer one tenth of a penny.

2.7 The 95% Safeguard Fund

The choice of **investment-linked funds** under the **Plan** can also include the **95% Safeguard Fund** which is described in our **funds** literature.

To facilitate investment in the **95% Safeguard Fund**, there is also a **Cash Feeder Fund**: the Cash Feeder (95% Safeguard) Fund.

The **95% Safeguard Fund** is valued quarterly by us (or another company within the **Prudential Group**), on each **quarterly pricing date**. Between **quarterly pricing dates**, **bid prices** of **units** of the **95% Safeguard Fund** and the **Cash Feeder Fund** will be calculated by us (or another company within the **Prudential Group**). The **offer price** on any **working day** is the **bid price** multiplied by 100 and divided by 95, subject to rounding.

All amounts to be invested in the **95% Safeguard Fund** are initially allocated to **units** in the **Cash Feeder Fund**. At the next **quarterly pricing date**, all **units** allocated to the **Cash Feeder Fund** at least seven days before are automatically switched into the **95% Safeguard Fund**. Any **units** allocated less than seven days before any **quarterly pricing date** will remain allocated in the **Cash Feeder Fund** until the next but one **quarterly pricing date**.

2.8 The With-Profits Fund

2.8.1 General

The assets of the **With-Profits Fund** are not separately identifiable from the other assets of the relevant sub-fund of the **Prudential With-Profits Fund**.

The **With-Profits Fund** applicable to the **Trustee Investment Plan (Series A)** may be also used under other Prudential pension policies.

The **unit** price and **units** of the **With-Profits Fund** are independent of the unit prices and units under other parts of the **Prudential With-Profits Fund**. See also section 2.1.

The price of **units** in the **With-Profits Fund** will not fall, but see section 2.8.3 on the **Market Value Reduction (MVR)** which can reduce the value in some circumstances.

For further details of our **With-Profits Fund**, please see our **With-Profits Fund** literature which is available on request.

2.8.2 Bonuses and unit prices

The **bid price** of **units** on any **working day** is calculated by us, taking into account regular bonuses as described below. The corresponding **offer price** of **units** is the **bid price** multiplied by 100 and divided by 95, subject to rounding.

We may add regular bonuses through increases in the **bid price**. The **bid price** of **With-Profits Fund units** allocated to the **Plan** will therefore increase as regular bonuses are added.

We may add a final bonus to the value realised when a **unit** of the **With-Profits Fund** is sold.

Bonuses are determined by our Board, based on the actual and expected returns of the assets backing the with-profits business in our long-term fund.

The rate of future bonuses cannot be guaranteed.

2.8.3 Market Value Reduction (MVR)

A **MVR** may reduce the value of **With-Profits Fund units** in circumstances where the value of the underlying assets is less than the value of the **units** in the **With-Profits Fund** (including any final bonus). A **MVR**, if any, is applied only when some or all of the **units** of the **With-Profits Fund** under the **Plan** are sold under section 8 before the end of the selected **investment term**, or when **units** are switched into another **fund** under section 7.2.

A **MVR** is not applied, however, when selling **units** of the **With-Profits Fund**:

- › where the **Scheme** is a **SIPP**, to pay death benefits in accordance with section 8.2.2. (**Note:** A **MVR** may apply where **units** are sold under section 8.1 to provide a death benefit under an **occupational pension scheme (OPS)**);
- › to provide **income** under section 8.4; and/or
- › to pay any charges under the **Plan**.

The intention of the **MVR** is to provide a fair value for the **With-Profits Fund units** being sold, while protecting the interests of other policyholders who continue investing in the **With-Profits Fund**. In this way, we will have regard to the need to protect both the interests of other continuing policyholders and the solvency of our long-term fund.

2.8.4 Partial encashments of units of the With-Profits Fund

Different rates of final bonus may apply to different investments in the **With-Profits Fund**, depending on when the investment was made. As such we have specific rules for the selection of **units** for sale, when selling some but not all **units** of the **With-Profits Fund**.

We select the **units** to be sold in accordance with either Basis (a) or Basis (b) set out below.

- › Basis (a): We sell those **units** which have been held for the shortest time, using the **unit** price for those **units**.
- › Basis (b): We calculate and use a **unit** price based on the total value of **With-Profits Fund units** held under the **Policy**, including the rate(s) of final bonus (if any) applicable to each separately made investment. We then sell an equal proportion of **units** from each separately made investment in the **With-Profits Fund**, using a specially calculated **unit** price.

We may alternatively use a combination of Basis (a) and Basis (b) (for example, we may in the first instance sell all of the **units** allocated in the current calendar year, and then sell **units** allocated in earlier years on a proportionate basis), or we may use another basis selected by us. In selecting the basis to use, we will act in a fair and reasonable manner.

2.9 The PruFund Funds

2.9.1 General

(a) PruFund types

PruFund Protected Funds offer a guarantee in exchange for payment of a **guarantee charge**, as described in section 2.9.7. Non-protected **PruFund Funds** do not offer any guarantee.

(b) Availability of PruFund Funds

A number of **PruFund Funds** are currently relevant to the **Trustee Investment Plan (Series A)**. These are as described in our current **funds** literature, which is available from us on request.

Units may not be held in more than one **PruFund Protected Fund** at the same time under a **Plan**. See also sections 7.1, 7.2.1 and 7.2.4(c).

Note: Historically, there may be more than one guarantee type under a **PruFund Protected Fund**. You should note that investment is not allowed in more than one guarantee type under a **PruFund Protected Fund** at the same time under a **Trustee Investment Plan (Series A)**. For example, if your **Plan** was set up before 26th February 2010, you may have invested in the **PruFund Protected Growth Fund** with "rolling guarantee" (not described in this **Policy**). If so, you cannot invest in a **PruFund Protected Fund** with the guarantee described in section 2.9.7 of this **Policy** until you have switched all **units** out of the **PruFund Protected Fund** with "rolling guarantee".

(c) PruFund Accounts

Each **PruFund Fund** has a corresponding **PruFund Account**. Amounts to be invested in a **PruFund Fund** are initially invested in the corresponding **PruFund Account** (see section 2.9.3).

(d) PruFund pairs and PruFund Account pairs

A **PruFund Protected Fund** will always have a corresponding non-protected **PruFund Fund** which shares the same descriptive title. These corresponding **funds** are described as a **PruFund pair**. An example of a **PruFund pair** is the PruFund Protected Cautious Fund and the PruFund Cautious Fund (both of these **funds** being available under the **Trustee Investment Plan (Series A)** as at 7th November 2011).

Conversely, not all non-protected **PruFund Funds** are part of a **PruFund pair**. For example, as at 7th November 2011, the PruFund 0-30 Fund is a non-protected **PruFund Fund** which does not correspond to a **PruFund Protected Fund**, and therefore that **fund** does not form part of a **PruFund pair**.

Each **fund** within a **PruFund pair** can be withdrawn under section 2.4.4 independently of the other **fund** in that **PruFund pair**.

Where two **PruFund Accounts** share the same descriptive name these form a **PruFund Account pair**.

Where a **PruFund Fund** forms part of a **PruFund pair**, both **PruFund Funds** within that **PruFund pair** are taken together when we calculate the **expected growth rate** and the **bid prices** under sections 2.9.5(a), (b) and (c), or when we assess whether the smoothing process should be suspended under section 2.9.5(d). Likewise, where a **PruFund Account** forms part of a **PruFund Account pair**, both **PruFund Accounts** within that **PruFund Account pair** are taken together when we calculate the **expected growth rate** and the **unit prices** under section 2.9.4.

2.9.2 The PruFund Funds, the PruFund Accounts and the Prudential With-Profits Fund

The **PruFund Funds** and the **PruFund Accounts** form part of a sub-fund of the **Prudential With-Profits Fund**. The assets of the **PruFund Funds** and **PruFund Accounts** are not separately identifiable from the other assets of the relevant sub-fund of the **Prudential With-Profits Fund**.

Each **PruFund Fund** and each **PruFund Account** has its own **unit price**.

However, in the case of **PruFund pairs**, the **PruFund Funds** within the same **PruFund pair** have the same **unit price**. **PruFund Accounts** within the same **PruFund Account pair** also have the same **unit price**.

The **unit prices** for the **PruFund Accounts** are, however, independent from the **unit prices** for the corresponding **PruFund Funds**.

The **unit prices** of separate **PruFund pairs** and **PruFund Account pairs** are also independent from each other.

2.9.3 Operation of the PruFund Accounts

(a) If you request for:

- your **initial investment** under section 4 to be invested in a **PruFund Fund**; or
- a switch to be made under section 7.2 to a **PruFund Fund** (except where **units** are switched between the two **PruFund Funds** within the same **PruFund pair**),

we first of all allocate the appropriate amount to the relevant **PruFund Account**.

Note: The amount is allocated to the **PruFund Account** as described above, irrespective of whether your request is carried out on a **quarter date** or between **quarter dates**. This means that where an amount is invested or switched on a **quarter date** it will (subject to section 2.9.3(b)) normally remain in that **PruFund Account** until it is switched to the relevant **PruFund Fund** at the next **quarter date** in accordance with section 2.9.3(c). If, however, the amount is allocated on a **quarter date** and there are already **units** held under the **Plan** in the relevant **PruFund Account** this doesn't apply:

in that instance, the total amount in the **PruFund Account** will be switched into the destination **PruFund Fund** at that **quarter date**.

(b) At any time before the next **quarter date** following the date that **units** are allocated under section 2.9.3(a), we can sell **units** in the **PruFund Account** (subject to a 28 day waiting period, where applicable, under section 2.9.6):

- to meet charges under section 2.9.7(j) and/or section 9; or
- to pay any withdrawals and/or benefits under section 8.

(c) On each **quarter date**, any **units** remaining in the **PruFund Account** under the **Plan** are sold using the **bid price** for that **PruFund Account**, and the amount realised is used to buy **units** in the relevant **PruFund Fund** at the **bid price** for that **PruFund Fund**.

(d) The purpose of the **PruFund Accounts** is to channel investment into the **PruFund Funds**. As such:

- (i) You cannot request a switch to a **PruFund Account**.
- (ii) You cannot request a switch from a **PruFund Account** and the investment must have been used to buy **units** in the **PruFund Fund** before you can make any requests to switch **units** of a **PruFund Fund** under section 7.2.

2.9.4 Unit prices – the PruFund Accounts

The **bid prices** of **units** of the **PruFund Accounts** on any **working day** are determined by us.

On each **quarter date**, our Board of Directors sets an **expected growth rate** for each **PruFund Account** or **PruFund Account pair**, and the **bid prices** are increased in line with that **expected growth rate** until and including the next **quarter date**. The **expected growth rate** is determined in accordance with section 2.9.5(a) and relates to the **expected growth rate** of the corresponding **PruFund Fund** or **PruFund pair**.

If the smoothing process has been suspended (see section 2.9.5(d)), the **bid price** within the **PruFund Account(s)** will continue to grow at the relevant **expected growth rate**. This **expected growth rate** will continue to be set on each **quarter date** and will apply to the **PruFund Account(s)** during the period of suspension.

The **offer price** of each **PruFund Account** on any **working day** is the **bid price** multiplied by 100 and divided by 95, subject to rounding.

2.9.5 Unit prices – the PruFund Funds and the smoothing process

(a) Expected growth rate

On each **quarter date**, our Board of Directors sets and publishes an **expected growth rate** for each **PruFund Fund** or **PruFund pair**. Subject to any other adjustment in line with this **Policy**, the **bid prices** within the **PruFund Funds** will increase in line with the then current **expected growth rate** on every day from and including the day after the **quarter date** on which the **expected growth rate** is set until and including the next **quarter date**.

(b) Calculation of bid price at each quarter date

Unless the smoothing process has been suspended (see section 2.9.5(d)), the calculation of **bid prices** at each **quarter date** will be as follows:

- (i) At each **quarter date**, after application of the relevant **expected growth rate**, we compare the **net asset value per unit** of each **PruFund Fund** or **PruFund pair** to its **bid price** on that day. If the **net asset value per unit** is within 5% of the **bid price**, the **bid price** will not change. However, subject to section 2.9.5(c):
 - If the **net asset value per unit** is 5% (or more) above the **bid price**, the **bid price** will be increased on the **quarter date** by half the difference. If the **net asset value per unit** is more than 10% above the **bid price** then this adjustment will be repeatedly applied until the **net asset value per unit** is less than 5% above the **bid price**.
 - If the **net asset value per unit** is 5% (or more) below the **bid price**, the **bid price** will be reduced on the **quarter date** by half the difference. If the **net asset value per unit** is more than 10% below the **bid price** then this adjustment will be repeatedly applied until the **net asset value per unit** is less than 5% below the **bid price**.

- (ii) The **bid price** on the day after the **quarter date** will increase in line with the new **expected growth rate**, as described in section 2.9.5(a).

Note: The **offer price** is not relevant to the **PruFund Funds**. This is because the only ways in which **units** can be credited to these **funds** are through a switch from the **PruFund Account** or the other **PruFund Fund** from the same **PruFund pair**, or through the addition of **units** under section 2.9.7(f). These transactions are carried out using the **bid price**.

(c) Adjustments of bid price on or between quarter dates

- (i) If the **bid price** is adjusted in line with this section 2.9.5(c), no adjustment that would otherwise apply on that day in line with section 2.9.5(b)(i) will apply.
- (ii) Each **working day**, we calculate the average **net asset value per unit** for the **PruFund Fund** or **PruFund pair** over the five **working days** ending with the **working day** on which we are carrying out the calculation (the "average **net asset value per unit**"). We also calculate the **net asset value per unit** and the **bid price** applicable on that particular day.

- If the then current **net asset value per unit** and the average **net asset value per unit** are both 10% (or more) above the then current **bid price**, the **bid price** will be increased such that the **bid price** is then 2.5% below the **net asset value per unit**.

- If the then current **net asset value per unit** and the average **net asset value per unit** are both 10% (or more) below the then current **bid price**, the **bid price** will be reduced such that the **bid price** is then 2.5% above the **net asset value per unit**.

(d) Suspension of the smoothing process

We may suspend the smoothing process in relation to a **PruFund Fund** or **PruFund pair** if there is a significant difference between the total amounts being paid into and out of that **PruFund Fund** or **PruFund pair** by all policyholders who have investments in that **PruFund Fund** or **PruFund pair**.

We can suspend the smoothing process if the difference between the total amounts being paid into and out of the relevant **PruFund** or, where applicable, both **PruFund Funds** within the relevant **PruFund pair**:

- when calculated by reference to any 30 day period and then multiplied by 12 (to "annualise" the amount), is more than 25% of the **bid price fund value**; or
- when calculated by reference to any full year, is more than 10% of the **bid price fund value**.

The calculation of total payments into the **PruFund Fund** or **PruFund pair** includes both new payments and switches into that **fund** or **funds**. The calculation of total payments out of the **PruFund Fund** or **PruFund pair** includes switches out of that **fund** or **funds**, and payments such as surrenders, withdrawals, transfers-out and other benefits from plans and policies but excludes:

- income payments (such as **income** payable under section 8.4);
- death benefits under plans and policies that are earmarked to named individuals (such as death benefits payable under section 8.2.2);
- payments at plan/policy maturity dates*, including any switches to the **Prudential Cash Fund** that take place under the terms and conditions of certain other plans/policies in the month leading up to the maturity date; and
- switches out under programmed switching facilities available under certain other plans/policies.

* **Note:** In the context of a **Trustee Investment Plan (Series A)**, the **termination date** equates to a maturity date.

The calculation of total payments into and out of the **PruFund Fund** or **PruFund pair** includes payments during the relevant period under all plans and policies (including other **Trustee Investment Plans (Series A)** and any other types of policy that have access to that **fund** or **funds**).

We can also suspend the smoothing process:

- to protect the **Prudential With-Profits Fund** (or a sub-fund) and therefore the interests of all of our with-profits policyholders and shareholders; or
- if we feel this is necessary to ensure that other policyholders are treated fairly in accordance with our regulatory duties.

On that day and on each day during which the smoothing process is suspended, the **bid price** of the relevant **PruFund Fund** or **PruFund pair** will be the value of that **fund** or **funds** (as determined by us) divided by the number of **units** in issue. We will review the position at least once every 30 days, and will reinstate the smoothing process when we consider it appropriate. The smoothing process will normally remain suspended for a minimum of that 30 days.

When the smoothing process is reinstated, the **bid price** will start at the previous day's **bid price**. The terms of sections 2.9.5(a), (b) and (c) will then apply, including a daily increase in the **bid price** at the **expected growth rate** set by our Board of Directors.

2.9.6 The 28 day waiting period

(a) General

When selling **units** of a **PruFund Fund** (or a **PruFund Account** – see section 2.9.3(b)), a 28 day waiting period may apply (depending on the circumstances) as set out in this section 2.9.6. The purpose of the waiting period is to protect the **Prudential With-Profits Fund** (or a sub-fund) and therefore the interests of all of our with-profits policyholders and shareholders.

(b) Switching from PruFund Funds

Subject to any delays under section 2.10 and subject to sections 2.9.6(e) and 7.2.6(f), a request to switch under section 7.2 from the **PruFund Funds** to any **fund(s)** apart from the other **PruFund Fund** within the same **PruFund pair** (where applicable), is carried out on the 28th day following

the **working day** on which we treat the switch request as having been received under section 11.5. If the 28th day is not a **working day**, the switch will be carried out on the next **working day** following that day.

Note: Units cannot be switched out of a **PruFund Account**.

(c) Selling units to pay withdrawals and/or benefits

When selling **units** to pay withdrawals and/or benefits under section 8, then, except in the circumstances described in section 2.9.6(e), we reserve the right to delay selling **units** of the **PruFund Funds** (and the **PruFund Accounts**) for 28 days following the **working day** on which we treat the request to sell **units** as having been received under section 11.5. We will inform you if such a waiting period applies to the requested sale of **units**.

If a waiting period of 28 days applies and the 28th day is not a **working day**, the **units** will be sold on the next **working day** following that day.

A further delay may apply under section 2.10.

(d) Bid price

Following a waiting period under this section 2.9.6 (and subject to any delays under section 2.10), the **bid price** used will be the one applying at the end of the waiting period, or, if applicable, the next **working day** thereafter. As the percentage of **units** to be sold is determined at the start of the waiting period when we receive your request to sell **units**, the value actually sold at the end of the waiting period may vary from the amount that you expected and/or requested.

Where the transaction is a switch involving more than one **fund**, the sale of **units** in **funds** other than **PruFund Funds** will not be affected by the waiting period. See section 7.2.6.

(e) Circumstances when the 28 day waiting period will not apply

The 28 day waiting period will not apply when selling **units** of any **PruFund Fund** (and, where applicable, the corresponding **PruFund Account**):

- (i) where the **Scheme** is a **SIPP**, to pay death benefits in accordance with section 8.2.2. (**Note:** A 28 day waiting period may apply where **units** are sold under section 8.1 to provide a death benefit under an **occupational pension scheme (OPS)**);
- (ii) to pay **income** under section 8.4;
- (iii) to switch between **PruFund Funds** in the same **PruFund pair** under section 7.2; and
- (iv) to pay the proceeds of the **Plan** to you on the **termination date**.

In addition, the 28 day waiting period will not apply:

- when selling **units** (including to switch out) of a **PruFund Protected Fund** on the **guarantee date** of an investment in that **fund**; or
- in the 28 days following the **guarantee date** of an investment in a **PruFund Protected Fund**, when switching out of the corresponding **PruFund Fund** from the same **PruFund pair**, to which a default switch has been made under section 2.9.7(g).

2.9.7 The PruFund Protected Funds – Guarantee

(a) General

The **PruFund Protected Fund** guarantee provides that the value of an investment in the chosen **PruFund Protected Fund** will not be less than the **guaranteed value** at the **guarantee date**. We make a charge for this guarantee by deducting a **guarantee charge**, as described in section 2.9.7(j).

When investing in a **PruFund Protected Fund** only one **guarantee period** can be selected.

Once an amount has been invested in the chosen **PruFund Protected Fund** (and/or the corresponding **PruFund Account**) under the **Plan**, no switches are permitted into that **fund** under that **Plan** until all **units** held under the **Plan** in that **fund** have been subsequently sold or switched out. Switches into a **PruFund Protected Fund** are also subject to the terms set out in sections 7.2.4 and 7.2.6.

Any proposed investment in the **PruFund Protected Fund** cannot be invested for less than the minimum **guarantee period** that we then offer in relation to that **fund**. As such:

- › the **initial investment** can only be invested in a **PruFund Protected Fund** if the period between the **date invested** and the **termination date** is not less than the minimum **guarantee period** that we then offer for that particular **PruFund Protected Fund**; and

- › switches into a **PruFund Protected Fund** can only be made into a **PruFund Protected Fund** if the period between the date of switching and the **termination date** is not less than the minimum **guarantee period** that we then offer for that particular **PruFund Protected Fund** (see section 7.2.4(a) for further information about how we determine whether a switch complies with this requirement).

There is also a maximum investment period (the maximum **guarantee period**) for investments in any **PruFund Protected Fund**.

We may make available a choice of one or more **guarantee periods** at any time. We may offer different **guarantee periods** for each of the **PruFund Protected Funds**.

It should be noted that the specific **guarantee periods** available from time to time are not part of these terms and conditions: none of the **guarantee periods** available at any particular time are guaranteed to be available in the future. Changes to the available **guarantee period(s)** may result in changes to the minimum and maximum **guarantee periods**. As such, before deciding to invest in or switch into a **PruFund Protected Fund**, you should check the **guarantee periods** then available. If we change the available **guarantee period(s)**, we will, however, do so only in relation to new investments and switches into the relevant **PruFund Protected Fund**. We do not alter the **guarantee period** of any existing investment in a **PruFund Protected Fund**: once an investment in a **PruFund Protected Fund** has

been made, the **guarantee period** selected for that investment will continue to apply until the **guarantee date** of that investment, even though we may no longer offer that particular **guarantee period** for new investments and switches-in.

The percentage rates that we use in calculating the **guarantee charges** may also change from time to time, for new investments and switches-in.

Details of the **guarantee periods** currently available at any time and the **guarantee charges** are available from us on request.

We can close, wind-up, merge or withdraw any of the **PruFund Protected Funds** as set out in section 2.4.4.

(b) Setting the guarantee start date and the guarantee date

When **units** of a **PruFund Protected Account** (and/or **units** of a **PruFund Protected Fund**, in the case of a switch of **units** from the non-protected **PruFund Fund** in the same **PruFund pair**) are first allocated to the **Plan**, both a **guarantee start date** and a **guarantee date** are set.

The **guarantee start date** is the date on which those **units** as described above, are first allocated to the **Plan**.

The **guarantee date** is determined as follows:

- Subject to (ii) and (iii) below, the **guarantee date** normally falls on an anniversary of the **guarantee start date**, depending on the **guarantee period** selected by you from the range of **guarantee periods** available in respect of that **PruFund Protected Fund** at the **guarantee start date**.

(ii) You may be able to choose for the **guarantee date** to match the **termination date** provided that the period between the **guarantee start date** and the **termination date**:

- exceeds the minimum **guarantee period** then available in respect of that **PruFund Protected Fund**; and
- is less than the maximum **guarantee period** then available in respect of that **PruFund Protected Fund**.

(iii) We will automatically set the **guarantee date** to match the **termination date** if:

- the **termination date** falls less than 12 months after the end of the **guarantee period** selected by you under (i) above; and
- the period from the **guarantee start date** to the **termination date** does not exceed the maximum **guarantee period** available in respect of that **PruFund Protected Fund** at the **guarantee start date**.

In the case where the **units** are allocated in two stages under a switch (see sections 7.2.6(e) and 7.2.6(f)), the **guarantee start date** and the **guarantee date** for all of those **units** will be set by reference to the date on which the first set of **units** is allocated under the switch.

(c) Application of the guaranteed value – general

The **guaranteed value** applies on the **guarantee date**. The **guaranteed value** applies at other times where the **Scheme** is a **SIPP** (see section 8.2.2).

Note: If you have taken out more than one **Plan**, a separate **guaranteed value** applies in relation to each **Plan** (as each **Plan** is subject to the terms and conditions in the **Policy** issued to you in respect of that particular **Plan**).

(d) Calculation of the initial guaranteed value

The **guaranteed value** is calculated as follows:

- (i) The initial **guaranteed value** is set on the **guarantee start date**.
- (ii) The initial **guaranteed value** under section 2.9.7(d)(i) is equal to the amount allocated to **units** in the relevant **PruFund Protected Account** (and/or the **PruFund Protected Fund**, where switching direct from the other **PruFund Fund** in the same **PruFund pair**).

Where **units** of a **PruFund Protected Account** and/or **PruFund Protected Fund** are allocated in two stages under a switch (see sections 7.2.6(d) and 7.2.6(e)), the initial **guaranteed value** determined under sections 2.9.7(d)(i) and (ii) in relation to the first set of **units** is increased when the second set is allocated.

(e) Reduction of guaranteed value

The initial **guaranteed value** determined under section 2.9.7(d), is reduced each time **units** of the **PruFund Protected Account** and/or the **PruFund Protected Fund** are sold in part or in full in the following circumstances:

- to pay any withdrawals and/or benefits under section 8;
- to switch to another **fund(s)** under section 7.2; and/or

- to meet the Service Charge under section 9.4.

The **guaranteed value** is reduced proportionately using the same proportion that the value of the sold **units** (including any **units** sold to meet any Withdrawal Charge under section 9.2) bears to the value of the sum of those sold **units** plus any **units** then remaining in the relevant **PruFund Protected Account** and/or the **PruFund Protected Fund** after sale.

(f) Applying the guarantee at the guarantee date

At the **guarantee date** we:

- (i) determine the value of the **units** in the relevant **PruFund Protected Fund** under the **Plan**. In determining the value of those **units**, we deduct any charges that are then due in respect of the **fund** and the **Plan**, but we do not take account of any amounts that are due to be switched out of the **fund** or are about to be paid out of the **Plan** under section 8. The **bid price** used will be that applying after any adjustments under the smoothing process (see sections 2.9.5(c) and (d));
- (ii) calculate the **guaranteed value** on the **guarantee date** in accordance with sections 2.9.7(d) and (e); and
- (iii) compare the value under section 2.9.7(f)(i) with the value under section 2.9.7(f)(ii).

If the value under section 2.9.7(f)(i) is less than the value under section 2.9.7(f)(ii) we allocate additional **units** of that **PruFund Protected Fund** to the **Plan**, so that the value is equal to the **guaranteed value** calculated as in section 2.9.7(f)(ii).

If the value under section 2.9.7(f)(i) is equal to or greater than the value under section 2.9.7(f)(ii), no **units** are added to the **Plan**.

If **units** are added to the **Plan** under this section 2.9.7(f), we will write to tell you how many **units** we have added.

(g) Options and default switch on the guarantee date

At least three months before the **guarantee date**, we write to notify you of the options available at the **guarantee date**.

You can choose to switch the value of the **units** (including any **units** added through the operation of the guarantee under section 2.9.7(f)) to the **fund** or **funds** of your choice on the **guarantee date**.

If we do not receive your instructions before the **guarantee date**, we will switch the value of all **units** then held in the chosen **PruFund Protected Fund** (including any **units** added through the operation of the guarantee under section 2.9.7(f)) to the other **PruFund Fund** from the same **PruFund pair** on the **guarantee date**.

The 28 day waiting period under section 2.9.6 does not apply to the sale of **units** at the **guarantee date** under this section 2.9.7(g).

(h) Switches from a PruFund Protected Fund in the 28 days before the guarantee date

During the 28 days leading up to the **guarantee date**, switches cannot be requested or made from any **PruFund Protected Fund** into any **fund** apart from the other **PruFund Fund** from the same **PruFund pair**. This is because the 28 day waiting period

which would apply to a switch of this type, would be overridden on the **guarantee date** by the operation of section 2.9.7(g), when all **units** are switched in any case either to the **fund(s)** selected by you under section 2.9.7(g) or to the other **PruFund Fund** from the same **PruFund pair**.

(j) The guarantee charge

A **guarantee charge** applies in respect of any **units** of a **PruFund Protected Fund** and a **PruFund Protected Account** held under the **Plan**. This charge is designed to pay for the guarantee provided under those **funds**.

The **guarantee charge** is a percentage of the value of **units** held in the relevant **PruFund Protected Fund** and **PruFund Protected Account**: it is not a percentage of the **guaranteed value**.

The percentage is set on the **guarantee start date** and does not change until the **guarantee date**.

The **guarantee charge** is payable monthly in arrears on the **guarantee charge date**. The charge is applied by selling **units** in the relevant **PruFund Protected Fund** and **PruFund Protected Account**. The value deducted is a proportion of the annual **guaranteed charge** based on the number of days since the previous **guarantee charge date**.

The final **guarantee charge** will normally be taken on the **guarantee date**; however, where the **guarantee date** coincides with the **termination date**, the final **guarantee charge** will be taken in the month preceding the **guarantee date**.

Different **guarantee charges** may apply to separate plans depending on the **guarantee start date**.

Details of the amount of the charge are available from us on request.

2.9.8 Power to refuse or restrict investment in the PruFund Funds

In addition to our power to delay investment in the **PruFund Funds** under section 2.10, we reserve the right to restrict or refuse a request to invest in a **PruFund Fund**. An example of when we might invoke this power is if we consider that switches were being made between a **PruFund Fund** and other **funds** with the intention of avoiding smoothing adjustments (see section 2.9.5) whilst still benefiting from the **expected growth rate**.

2.10 Delays in buying, selling and switching units

2.10.1 Reasons for delaying transactions

There may be a delay in buying, selling or switching **units** in any **fund**. This will only happen in special circumstances which we will tell you about at the time. There may be circumstances outside our control which prevent us from effecting these transactions immediately, and equally we may need to effect a delay where we believe that otherwise the remaining policyholders would suffer an unfair reduction in the value of their policy, or would suffer some other form of unfair treatment. Examples include:

- › where we are unable to realise sufficient investments to satisfy demand, or where to do so would mean we have to sell at prices significantly below the value reflected in the then current **unit price**;
- › where we are unable to sell **units** in an **externally-linked fund** due to restrictions imposed by the **external Fund Manager**;

- › where the need to make payments quickly could only be satisfied by selling a disproportionate amount of one type of asset, leaving too low a proportion of what is left invested in assets of that type.

This is not meant to be an exhaustive list, nor do we mean to limit delays to problems specifically of this type.

For the avoidance of any doubt, we will not use assets or cash from other **Prudential Group** funds, including any shareholder funds, to finance the sale of **units**. Such sales will instead be delayed until they can be carried out on terms which are fair to all policyholders invested in the **fund**.

2.10.2 Delay periods

Other than in very exceptional circumstances, we would not expect delays to be longer than:

- (a) six months in the case of **units** in **funds**:
- (i) which hold investments in buildings or land; or
 - (ii) the value of whose investments is dependent on, or linked to the value of, buildings or land; or
- (b) one month in the case of **units** in other **funds**.

However, while we will not delay transactions for longer than reasonably required, we cannot guarantee that we will never delay transactions beyond the time-scales set out in (a) and (b) above.

2.10.3 Notification

We will notify you if a transaction you have requested is affected by a delay under this section 2.10. Our notice will set out any options open to you.

If appropriate, we will seek your alternative instructions for the transaction when we notify you of the delay.

2.10.4 Processing transactions affected by delays

The alternative instruction sought under section 2.10.3 will relate only to the **funds** to which the delay relates.

Where the transaction involves **units** of more than one **fund** and some **units** are affected by a delay and others are not, we will carry out any part of the transaction which is unaffected by the delay in accordance with the usual terms and conditions set out in this **Policy**.

Where there is a delay in buying **units** in any **fund**, we will treat the request to invest in that **fund** as a request to invest temporarily in the **Prudential Cash Fund**. In that way, we will be able to carry out the entire transaction. We then switch the value of the **units** temporarily allocated in the **Prudential Cash Fund** to the requested **fund** when the delay has ended, unless we receive alternative instructions.

Where there is a delay in selling **units**, we will take no action on the affected **units** until the delay has ended.

2.10.5 Unit prices

The **unit** prices for the deferred transaction will be those applying at the end of the period of deferment, unless, again, we believe that in the particular circumstances that would not be fair to policyholders in general.

2.10.6 Impact of delay on PruFund Fund waiting period

In the case of the **PruFund Funds** (and, where applicable, the **PruFund Accounts**), an initial waiting period of 28 days may apply to the sale of **units**

depending on the type of transaction (see section 2.9.6). This period will be extended at the end of the waiting period, if we have invoked our powers to delay buying, selling or switching **units** under this section 2.10.

2.10.7 Impact of delay on value of units

As the percentage of **units** to be sold is determined at the start of the delay or waiting period when we receive the request to sell **units**, the value actually sold at the end of the period may vary from the amount that you expected and/or requested.

2.11 Current unit prices

Current **unit** prices for the **investment-linked funds**, the **PruFund Funds** and the **PruFund Accounts** can be found on our website at www.pru.co.uk

Unit prices for the **With-Profits Fund** can be obtained from us on request.

2.12 Unit prices used for transactions

The **unit** price(s) used for transactions are normally the **unit** prices for the **working day** that we treat the instruction or the request to carry out the relevant transaction as having been received by us (see section 11.5). Special provisions apply where the transaction involves selling **PruFund Fund units** to make a switch or to provide benefits or withdrawals. See sections 6, 7.2 and 8.

A waiting period and/or a delay in buying or selling **units** may, however, occur in the circumstances described in sections 2.9.6 and 2.10, in which case later **unit** price dates will normally apply.

See the relevant sections of this **Policy** for information on how and when we carry out each different type of transaction.

3. Management charge

3.1 General

For all **funds**, there is a **management charge**.

The **management charge** may be:

- › an "implicit" charge reflected in the price of the **units**;
- › an "explicit" charge taken by deducting **units** from the **Plan**; or
- › a combination of "implicit" and "explicit" charges.

The **management charge** for each **fund** is set out in our current **funds** literature, which is available on request.

We may increase the amount of the **management charge** as described in section 12.

Where the assets in one **fund** include **units** in another **fund**, we will ensure that we do not charge you twice.

3.2 Implicit and explicit charges

3.2.1 Implicit charge reflected in the unit price

Where the **management charge** is an implicit charge reflected in the **unit** price, it is deducted from the value of the relevant **fund** before calculating the **unit** price on any day as follows:

- › For **investment-linked funds** (including the **95% Safeguard Fund**), for each day, we deduct from the **fund** 1/365th of the annual charge under section 2.6.2(c).
- › For the **With-Profits Fund**, the **management charge** is taken into account when setting the bonus levels reflected in the **unit** prices.

3.2.2 Explicit charge levied by deduction of units

Where the **management charge** is an explicit charge as described in section 3.1, **unit** deductions to meet that charge are applied on the **monthly transaction date**. We deduct the charge monthly in arrears, selling **units** in the appropriate **fund** under the **Plan**. The value deducted is a proportion of the annual charge, based on the number of days since the previous **monthly transaction date**. **Units** are sold for this purpose at the **bid price**.

No proportionate charge is made when **units** are sold between **monthly transaction dates** for the period between the previous **monthly transaction date** and the date of sale. See also section 3.3 which explains how this affects the **management charge** if this changes on switching between **funds**.

The **management charge** for the **PruFund Funds** and the **PruFund Accounts** is an explicit charge.

3.3 Management charge following a fund switch

3.3.1 General

This section 3.3 applies where **units** are switched under section 7.2.

3.3.2 Switches between funds with implicit charges

If a switch is made between **funds** which both have implicit **management charges** (see section 3.1), the **management charge** will be altered automatically on switching to the receiving **fund**.

3.3.3 Switches between funds with explicit charges

If a switch is made between **funds** which both have explicit **management charges**, the **management charge** will be altered to the rate applying in the receiving **fund** at the next **monthly transaction date**. The charge levied on that **monthly transaction date** will be the charge for a full month's investment in the receiving **fund**. No charge will be levied in respect of the period from the previous **monthly transaction date** to the date of switch in respect of the **fund** from which the investment was switched.

3.3.4 Switches from funds with implicit charges to funds with explicit charges

If a switch is made from a **fund** which has an implicit **management charge** to a **fund** which has an explicit **management charge**, the **management charge** will be altered to the rate applying in the receiving **fund** at the next **monthly transaction date**. The charge levied on that **monthly transaction date** will be the charge for a full month's investment in the receiving **fund**. No refund will be made in respect of the implicit charge already levied for the period from the previous **monthly transaction date** to the date of switch.

3.3.5 Switches from funds with explicit charges to funds with implicit charges

If a switch is made from a **fund** which has an explicit **management charge** to a **fund** which has an implicit **management charge**, the **management charge** will be altered automatically on switching to the receiving **fund**. No charge will be levied in respect of the period from the previous **monthly transaction date** to the date of switch in respect of the **fund** from which the investment was switched.

4. Trustees' payment to the Plan

The amount of your **initial investment**, the amount actually allocated to buy **units** and the **date invested** are shown on the **Schedule**.

The amount actually allocated to buy **units** may vary from the amount of the **initial investment**, depending on the way your **Plan** has been set up and the allocation rate that applies. Further details are available from us.

As the **Trustee Investment Plan (Series A)** is a single payment plan, additional investments cannot be accepted to your **Plan**.

At any time the **Plan** is in force, you may, however, pay an additional investment into a new plan provided we still market the **Trustee Investment Plan (Series A)** or a similar successor product. If we accept an additional investment it will be paid into the new plan subject to our terms and conditions at that time, including the minimum amount of additional investment that we will accept, the charges and the allocation rate that apply and the investment funds that are available.

5. Unit allocation

5.1 Initial investment

The number of **units** allocated to the **Plan** in respect of the **initial investment**, together with the **offer price(s)** applying on the **date invested**, are shown on the **Schedule**.

5.2 Additional investments

Each additional investment will be made to a new plan subject to our terms and conditions at that time (see section 4).

5.3 Switching

When **units** are switched under section 7.2, the replacement **units** allocated to the **Plan** are bought at the **bid price(s)** for the **working day** on which they are allocated.

5.4 Delays and waiting periods

In some circumstances there may be a delay and/or a waiting period when allocating **units** – see sections 2.9.6 and 2.10.

6. Unit cancellation

6.1 General

- (a) **Units** allocated to your **Plan** may be sold under sections 7, 8 and 9. Subject to sections 6.1(b), (c) and (d) and section 6.3, **units** are sold at the **bid prices** applying on the **working day** on which they are sold.
- (b) Where **units** of a **PruFund Protected Fund** are sold on the **guarantee date**, they will be valued in accordance with section 2.9.7(f).
- (c) A **MVR** may apply when selling **units** of the **With-Profits Fund** – see section 2.8.3.
- (d) The sale of **units** may be subject to a waiting period and/or a delay – see sections 2.9.6 and 2.10.

6.2 Selection of units to be sold

- (a) When **units** are sold to pay **income** under section 8.4 and/or collect charges under section 9, they are sold proportionately across all the **funds** in which **units** are then held under the **Plan** (including the **PruFund Accounts** and the **Cash Feeder Fund**, where relevant).
- (b) When **units** are sold to make a partial withdrawal under section 8.1, you can specify the **funds** from which **units** are to be sold (except for the **PruFund Accounts** and the **Cash Feeder**

Fund). All such requests must be expressed as integral percentages of **units**. Where you specify that **units** are to be sold from a **PruFund Fund**, we will sell the **units** proportionately from that **fund** and the associated **PruFund Account**.

If you do not specify the **funds** from which **units** are to be sold, we will (subject to section 6.2(c)) sell **units** proportionately across all the **funds** in the way described in section 6.2(a).

- (c) In the case of switches under section 7.2, the **units** are selected and sold as described in that section. Special provisions apply when switching from a **PruFund Fund**. As a result we may not be able to carry out a switch instruction in full (see section 7.2.4(l)).
- (d) The way we select **units** of the **With-Profits Fund** for all sales of **units** is set out in section 2.8.4.

A **MVR** may apply when selling **units** of the **With-Profits Fund** – see section 2.8.3.

6.3 Delays and waiting periods

In some circumstances, there may be a delay in selling **units** – see section 2.10.

When selling **units** of a **PruFund Fund**, a 28 day waiting period may apply – see section 2.9.6.

In either of these cases, the **units** will normally be sold at the **bid prices** applicable at the end of the waiting period/delay.

Where there is a waiting period under section 2.9.6 or a delay under section 2.10, the value actually sold at the end of the waiting period/delay may vary from the percentage value calculated at the start of the waiting period/delay (see section 6.2), due to changes in **bid prices** over that period.

7. Fund selection and switching between funds

7.1 Choosing funds when the initial investment is made

You must choose the **funds** in which the **initial investment** will be invested in the **application**.

Units can be allocated to the **Plan** from a maximum of six **funds** at any one time. The **PruFund Accounts** and the **Cash Feeder Fund** count towards this maximum of six.

You cannot select more than one **PruFund Protected Fund** (see also sections 2.9.1(b), 7.2.1 and 7.2.4(c)).

The **PruFund Accounts** and **Cash Feeder Fund** cannot be selected as **fund** options: their purpose is to facilitate investment in the **PruFund Funds** and the **95% Safeguard Fund**.

7.2 Switching between funds

In this section 7.2, the **funds** from which **units** are to be switched are called "outgoing **funds**" and the **funds** in which the proceeds are to be reinvested are called "destination **funds**".

7.2.1 General

You may ask us to switch **units** between **funds**, that is, to sell **units** in one **fund** and replace them with **units** of the same type in any other **fund** or **funds** chosen by you from the **funds** which are then available under the **Plan**.

We will confirm the investment changes to you when we have implemented the changes.

Section 3.3 describes the effect of switching on the **management charge**, including the effect of switching between **funds** with implicit and explicit **management charges**.

A Switching Charge may apply – see section 9.3.

We will refuse to switch **units**:

- › if this would mean that you would have **units** at any one time in more than six **funds** (including the **PruFund Accounts** and the **Cash Feeder Fund**);
- › if this would mean that you would have **units** in more than one **PruFund Protected Fund** (see sections 2.9.1(b), 7.1 and 7.2.4(c));
- › into a **fund** which is no longer available for investment under a new **Trustee Investment Plan (Series A)**.

We may refuse to switch **units** if we feel this is necessary to:

- › protect policyholders and/or shareholders; or
- › ensure that policyholders are treated fairly in accordance with our regulatory duties.

In some instances, we may not be able to carry out a request to switch to or from a **PruFund Fund** (see section 7.2.4).

7.2.2 Switch requests

You can only ask us to make such a change by sending us a written request, unless we agree to the request being in some other form.

All switch requests must be expressed as integral percentages of **units**.

Switch requests may be expressed in terms of either:

- › the target percentages to be achieved in all **funds** in which **units** are to be held under the **Plan** following the switch; or

- › the percentages of **units** to be switched from the current selection of **funds** and the way in which the proceeds should be reinvested.

When switching between a number of different **funds** under the same switch request (see section 7.2.6(e)), the destination **funds** must not include any **funds** that are already specified as outgoing **funds**.

Rounding adjustments in **unit** values could have a minor effect on the overall values actually switched.

Once a switch instruction has been received by us, you cannot withdraw it unless we agree. We may at our discretion permit a switch instruction to be revoked, if we have invoked our powers to delay buying and selling **units** under section 2.10. We will not, however, agree to cancel a switch during the 28 day waiting period when switching **units** from a **PruFund Fund**.

7.2.3 Switches to and from the With-Profits Fund

Switches into the **With-Profits Fund** cannot be made within three years of the **termination date**. When determining whether a switch complies with this requirement, we use the date when the switch is actually made under section 7.2.6, taking into account any waiting period under section 2.9.6 and/or delay under section 2.10 which applies to the **units** to be sold. If we receive an instruction to switch which would result in money being allocated in the **With-Profits Fund** within three years of the **termination date**, we will redirect the money to the **Prudential Cash Fund**.

We may make a deduction (**MVR**) from the value realised when switching **units** out of the **With-Profits Fund** (see section 2.8.3).

7.2.4 Switches to and from the PruFund Funds

- (a) Switches into a **PruFund Protected Fund** can only be made if the period between the date of switching and the **termination date** is not less than the minimum **guarantee period** that we then offer in relation to that **fund**. When determining whether a switch complies with this requirement, we use the date when the switch is actually made under section 7.2.6, taking into account any waiting period under section 2.9.6 and/or delay under section 2.10 which applies to the **units** to be sold. If we receive a request to switch which would not be allowed under this section 7.2.4(a) we will redirect the money to the corresponding non-protected **PruFund Fund** in the same **PruFund pair**.
- (b) Switches into a **PruFund Protected Fund** are not allowed whilst any **units** of that same **PruFund Protected Fund** (and/or the corresponding **PruFund Account**) are held under the **Plan**.
- (c) Switches into a **PruFund Protected Fund** are not allowed whilst any **units** of another **PruFund Protected Fund** (and/or its corresponding **PruFund Account**) are held under the **Plan**. If a switch request would cause **units** of more than one **PruFund Protected Fund** (and/or the corresponding **PruFund Account**) to be held under the **Plan**, section 7.2.4(l) will apply.

(d) Switches into a **PruFund Protected Fund** are not allowed where all **units** have been switched out of any **PruFund Protected Fund** under the **Plan** in the previous 12 months. This restriction does not apply where the **units** were switched out at the **guarantee date**.

(e) Switches into a **PruFund Protected Fund** are not allowed while there are any other switches due to be carried out.

(f) During the 28 days prior to the **guarantee date** of an investment in a **PruFund Protected Fund**, switches cannot be requested from that **fund** into any **fund** apart from the other **PruFund Fund** from the same **PruFund pair**.

(g) Switch requests from **PruFund Accounts** are not allowed.

(h) A maximum of one switch request involving a **PruFund Fund** is allowed in each period starting on a **quarter date** and ending on the day before the next **quarter date**.

This maximum does not include switches:

- between the **PruFund Funds** from the same **PruFund pair**; or
- from a **PruFund Protected Fund** on the **guarantee date**.

Switches to a **PruFund Fund** may also be refused or restricted under sections 2.9.8 and 7.2.4(l).

(j) Where a switch is requested from a **PruFund Fund** under section 7.2.2 and there are also **units** of the corresponding **PruFund Account** under the **Plan**:

A. When calculating the amount to be switched out of the **PruFund Fund**, we apply the requested percentage value (see section 7.2.2) to the aggregate value held in both the relevant **PruFund Fund** and the corresponding **PruFund Account**. We carry out the switch, however, by selling only **units** of the appropriate **PruFund Fund**.

B. At the end of the 28 day waiting period under section 2.9.6(b), we reapply the percentage to the then number of **units** held under the **Plan** in the relevant **PruFund Fund** and **PruFund Account**. We sell the **units** at the **bid price** at that time. The value actually sold will be limited to the value of the **units** of the relevant **PruFund Fund**.

C. If, at the time we receive a switch request, there are insufficient **units** held under the **Plan** in the relevant **PruFund Fund** to meet the requested percentage value of **units** (as applied to both the **PruFund Fund** and the corresponding **PruFund Account** as described in A. above), section 7.2.4(l) will apply.

(k) When switching between **PruFund Funds** when there are already **units** of the destination **fund** held under the **Plan**, we will switch the net amount required to achieve a result that is as close as reasonably possible to the result specified in your switch request.

(l) In any circumstances where we are unable to carry out a switch to or from a **PruFund Fund** under this **Policy** (except where we state that we will redirect the money to the non-protected version of a **PruFund Protected Fund** (see section 7.2.4(a)):

- › We will not carry out any part of the switch to or from the relevant **PruFund Fund**.
- › Where you have requested switches to or from one or more other **funds** as part of the same switch request which can be implemented, we will carry out that part of the switch request in accordance with section 7.2.6.
- › We will write to you as soon as reasonably possible following receipt of the switch request to request alternative instructions for the switch to or from the **PruFund Fund**. Any switch from a **PruFund Fund** will not be carried out and the 28 day waiting period will not start until we have received your alternative instructions.

7.2.5 Switches to and from the 95% Safeguard Fund

(a) You may request either:

- › an immediate switch to or from the **95% Safeguard Fund**; or
- › a deferred switch to or from the **95% Safeguard Fund** to be processed on the next **quarterly pricing date**.

A deferred switch is not available when requesting a switch to the **95% Safeguard Fund** from a **PruFund Fund**.

Switches to and from the **95% Safeguard Fund** are subject to the delays in buying and selling **units** as described in section 2.10.

- (b) Where an immediate switch to **95% Safeguard Fund** is requested, **units** are initially allocated in the **Cash Feeder Fund**. At the next **quarterly pricing date** all **units** allocated to the **Cash Feeder Fund** at least seven **working days** before that date are automatically switched into the **95% Safeguard Fund**. Any **units** allocated less than seven **working days** before the next **quarterly pricing date** will remain allocated in the **Cash Feeder Fund** until the next but one **quarterly pricing date**.
- (c) Where a deferred switch to the **95% Safeguard Fund** is requested, the switch is made directly to that **fund** at the next **quarterly pricing date**, unless the request is received by us less than seven **working days** before that date. In that case, the switch is made to the **Cash Feeder Fund** and will be switched to the **95% Safeguard Fund** at the next but one **quarterly pricing date**.
- (d) Where an immediate switch from a **PruFund Fund** to the **95% Safeguard Fund** is subject to the 28 day waiting period described in section 2.9.6, **units** are allocated in the **Cash Feeder Fund** at the end of that period. Those **units** are then switched to the **95% Safeguard Fund** at the next **quarterly pricing date** or the next but one **quarterly pricing date** in accordance with section 7.2.5(b).
- (e) A request to switch all **units** out of the **95% Safeguard Fund** will be deemed to include any **units** held at the time of the switch in the **Cash Feeder Fund**.

- (f) Where a switch is requested from the **95% Safeguard Fund** and there are also **units** of the **Cash Feeder Fund** held under the **Plan**:
 - › the percentage value (see section 7.2.2) to be switched out of the **95% Safeguard Fund** is applied to the aggregate value held under both the **95% Safeguard Fund** and the **Cash Feeder Fund**;
 - › except where the request is to sell all **units** held under the **Plan** in the **95% Safeguard Fund**, the relevant amount will be sold from the **Cash Feeder Fund**. If the full amount cannot be met from the **Cash Feeder Fund**, the balance will be met by selling **units** of the **95% Safeguard Fund**.

7.2.6 Timings of switches and unit prices

(a) General

Switching may normally be carried out at any time. However:

- (i) Switches into the **With-Profits Fund** cannot be made within three years of the **termination date**. See section 7.2.3 for further details.
- (ii) Switches into any **PruFund Protected Fund** cannot be made unless the period between the date of switching and the **termination date** equals or exceeds the minimum **guarantee period** that we then offer in relation to that **fund**. See section 7.2.4 for further details.

- (iii) Switches cannot be made into a **PruFund Protected Fund** where **units** have been switched out of any **PruFund Protected Fund** under the **Plan** in the previous 12 months, except in the circumstances described in section 7.2.4(d).
- (iv) Delays may occur if we have invoked our powers to delay buying and selling **units** under section 2.10.
- (v) As stated in section 2.9.6, a 28 day waiting period applies to switches from the **PruFund Funds**, except in the circumstances described in section 2.9.6(e).

(b) Same day immediate switches

In the following instances we normally sell the existing **units** and buy the new **units** as at the same date, using the **bid prices** for the **working day** we treat the request as having been received by us under section 11.5:

- (i) Switches between **investment-linked funds** (not including deferred switches to/from the **95% Safeguard Fund**).
- (ii) Switches between **investment-linked funds** (not including deferred switches to/from the **95% Safeguard Fund**) and the **With-Profits Fund**.
- (iii) Switches between **PruFund Funds** from the same **PruFund pair** – for example, between the **PruFund Protected Cautious Fund** and the **PruFund Cautious Fund**.
- (iv) Switches from an **investment-linked fund** (not including deferred switches from the **95%**

Safeguard Fund) or the **With-Profits Fund** to a **PruFund Account**.

- (v) Switches from a **PruFund Protected Fund** to any other **fund** on the **guarantee date** as described in section 2.9.7(g).
- (vi) Switches from a **PruFund Fund** to any other **fund** in the 28 days following the **guarantee date** of an investment in the corresponding **PruFund Protected Fund** from the same **PruFund pair**.

Switches cannot be made out of and back into the same **fund** on the same **working day**.

A request to switch out of the Japanese and/or Pacific Markets Funds may, however, be treated as if it had been received 24 hours after actual receipt due to the time that these markets close.

See also section 7.2.6(f) which explains that in some circumstances a switch from an **investment-linked fund** will be delayed for one **working day**.

A delay may also apply if we have invoked our powers under section 2.10.

Deferred switches to and from the **95% Safeguard Fund** are explained in section 7.2.5.

(c) Switches from a PruFund Fund to which the 28 day waiting period applies

This section 7.2.6(c) applies when switching from a **PruFund Fund** to:

- › an **investment-linked fund** (including the **Cash Feeder Fund** for the **95% Safeguard Fund**); and/or

- › any other **PruFund Fund**, except where the outgoing and destination **funds** are both from the same **PruFund pair**; and/or
- › the **With-Profits Fund**.

Except in the circumstances described in sections 7.2.6(b)(v) or (vi), any switch as described above (or that part of the switch) will take place at the end of the 28 day waiting period as described in section 2.9.6, subject to any further delays under section 2.10, using the **bid prices** then applicable.

See also section 7.2.4(j), which explains how switching from a **PruFund Fund** works where there are also **units** of the corresponding **PruFund Account** under the **Plan**.

Section 7.2.5(d) gives further details on switching from a **PruFund Fund** to the **95% Safeguard Fund**.

(d) Switching from the 95% Safeguard Fund to any other fund

When switching from the **95% Safeguard Fund** to another **fund**, the switch (or that part of the switch) will take place according to the switching option selected by you in accordance with section 7.2.5(a), either:

- › immediately as a same day switch in accordance with section 7.2.6(b); or
- › as a deferred switch at the next **quarterly pricing date** subject to the terms described in section 7.2.5(a), using the **bid prices** then applicable.

(e) Multiple fund switches

- (i) This section 7.2.6(e) explains how we carry out switches where the switch request involves switches involving more than two **funds** i.e. there is either more than one outgoing **fund** and/or more than one destination **fund**. Such switches are called "multiple **fund** switches".

It should be noted in particular that where switching between different types of **fund**, multiple **fund** switches may be carried out in stages and on different dates (see section 7.2.6(e)(iv)).

- (ii) Where your switch request is expressed in terms of target percentages of the **Plan** to be invested in all selected **funds** following the switch (see section 7.2.2), we calculate the percentage of **units** to be sold from each existing **fund** in which **units** are currently held and the way in which the proceeds should be applied to buy **units** in the destination **funds**, in order to achieve the desired result. Where your switch request is expressed in terms of the percentage of **units** from the current selection of **funds** and the way in which the proceeds should be reinvested, we follow the percentages you requested.

Where a switch request involves switching from two or more **funds** including a **PruFund Fund**, the percentages achieved in the destination **funds** will vary from the requested result. This will happen where some **units** are switched immediately and some at a later date as described in section 7.2.6(e)(iv).

The percentages achieved will be as close as reasonably possible to your request.

- (iii) If all of the requested switches in a multiple **fund** switch are same day immediate switches as described in section 7.2.6(b), they are processed as one single switch as described in that section.
- (iv) Subject to section 7.2.6(f), multiple **fund** switch requests that combine switches under two or more of sections 7.2.6(b), (c) and (d) are carried out in the following sequence.

- Firstly: If the request involves switching from one **PruFund Fund** to another **PruFund Fund** from the same **PruFund pair**, we first of all carry out this part of the switch in accordance with section 7.2.6(b). We switch the maximum amount possible between these **funds**.
- Secondly: We then carry out any remaining part of the request which qualifies as a same day immediate switch under section 7.2.6(b) (i.e. switches from the **investment-linked funds**, the **With-Profits Fund** and/or the **95% Safeguard Fund** and/or the **Cash Feeder Fund**). The proceeds of selling the **units** of those other **funds** are allocated proportionately between the destination **funds** in accordance with section 7.2.6(b), having first allowed for any **PruFund pair** switches already carried out.

- Thirdly: Any amount remaining to be switched from a **PruFund Fund** to any other **fund** (excluding another **PruFund Fund** from the same **PruFund pair** where relevant) is set aside and converted to a percentage of the remaining aggregated value of the **units** of that **PruFund Fund** and the corresponding **PruFund Account**. This calculation is carried out as at the date we treat the request as received in accordance with section 11.5, which is also the start of the 28 day waiting period described in section 2.9.6.

The relevant percentage is then applied to the aggregated value of **units** of the relevant **PruFund Fund** and the corresponding **PruFund Account** (if appropriate), at the end of the 28 day waiting period. **Units** to the value of the recalculated amount are then sold at the **bid price** at the end of the 28 day waiting period in accordance with section 7.2.4(j). The proceeds are then allocated proportionately between the requested **funds** in accordance with section 7.2.6(c) at the **bid prices** then applicable.

Likewise, any amount to be treated as a deferred switch from the **95% Safeguard Fund** is set aside as at the date we treat the request as received in accordance with section 11.5. The set aside **units** are sold at the next **quarterly pricing date** in

accordance with section 7.2.6(d) and the proceeds are allocated proportionately between the requested **funds** at the **bid prices** then applicable.

Note: There is an initial step prior to the sequence described above, when a switch to a **PruFund Protected Fund** is made from another **PruFund Protected Fund** alongside a **fund** switch to which the 28 day waiting period does not apply – see section 7.2.6(f).

- (v) See also section 7.2.4(l) which explains the effect on a multiple **fund** switch involving a switch from a **PruFund Fund** in the case where we are unable to carry out the **PruFund Fund** switch in the way requested, because there are insufficient **units** in that **fund**.
- (vi) Only one Switching Charge (see section 9.3) will normally apply (where relevant) in the case of multiple **fund** switches. Where, however, we are able to carry out only part of a multiple **fund** switch and have to ask you to provide replacement instructions in respect of a failed switch from a **PruFund Fund** as described in section 7.2.4(l), the replacement switch instructions will be treated as a separate **fund** switch request. The way we deduct Switching Charges is described in section 9.3.

(f) Switching between PruFund Protected Funds

This section 7.2.6(f) applies to a multiple **fund** switch request where:

- there are two or more outgoing **funds** including a **PruFund Protected Fund** and another **fund(s)** which would otherwise be a same day immediate switch under section 7.2.6(b); and
- the destination **fund(s)** is or includes a **PruFund Protected Fund** from another **PruFund pair**.

In this case:

- (i) Firstly: We switch the **units** from the outgoing **PruFund Protected Fund** (including, where applicable, the corresponding **PruFund Account**) to **units** of the non-protected **PruFund Fund** from the same **PruFund pair**. We carry out this switch as a same day immediate switch in accordance with section 7.2.6(b). **Note:** We do not carry out any other same day immediate switches at this stage.
- (ii) Secondly: Where there are already **units** in that non-protected **PruFund Fund** (and/or the corresponding **PruFund Account**), we reappportion the percentages specified in your switch-out request taking account of:
- the total **units** now held in the non-protected **PruFund Fund** (including where applicable the corresponding **PruFund Account**); and

- any "net" switches between **PruFund Funds** as described in section 7.2.4(k).

The new percentages will be designed to achieve a result that is as close as reasonably possible to the result specified on your switch request.

- (iii) Thirdly: On the next **working day**, the **fund** switch request is then processed in accordance with section 7.2.6, using, where appropriate, the new percentages as described in (ii) above.

It should be noted that as a result of the above process, that part of the switch request which is a same day immediate switch is carried out, and the 28 day waiting period that applies to any switch from a **PruFund Fund** starts, one **working day** later than usually applies.

8. Withdrawals and benefits

8.1 Withdrawals

You may ask us at any time to sell some or all of the **units** allocated to the **Plan** and make their value available to you, for use by the **Scheme**.

You can only ask us to sell **units** by sending a written request to **Prudential**, unless we agree to the request being in some other form.

We may refuse to sell **units** under this section if you ask for less than £1,000 value of **units** to be sold or if **units** worth less than £1,000 would be left under the **Plan**.

The amount of this limit of £1,000 can be increased by us in line with the **Prices Index**. We are further permitted to increase this, but to no more than twice the amount stated as increased in line with the **Prices Index**.

It should be noted that the sale of any **units** in a **PruFund Protected Fund** (including the corresponding **PruFund Protected Account**, where appropriate) in order to make a partial withdrawal under this section 8.1, will reduce the **guaranteed value** as described in section 2.9.7(e).

Sales of **units** in any **fund** to make a partial or total withdrawal under this section 8.1 may be subject to a delay under section 2.10. Sales of **units** in any **PruFund Fund** may be subject to a 28 day waiting period under section 2.9.6.

If you sell all **units** allocated to the **Plan**, we will have no further liability under the **Policy** and the **Plan**, and the **Plan** will be terminated as described in section 13.

8.2 Calculation of withdrawals

8.2.1 General

(a) The amount made available under section 8.1 shall (subject to section 8.2.2) be the value of the **units** sold at their **bid prices**, less a Withdrawal Charge calculated under section 9.2, if the withdrawal is made in the first five years following the **date invested**. Unless otherwise stated in this section, the **bid prices** to be used will, subject to section 8.2.1(b), be those applying on the day we treat your request as received in accordance with section 11.5.

If any **units** of the **With-Profits Fund** are to be sold, we will add any final bonus (if applicable) to the value as described in section 2.8.2. If selling **With-Profits Fund units** before the **termination date**, a **MVR** may apply (see section 2.8.3).

If any **units** of a **PruFund Protected Fund** are sold in order to make a withdrawal at the **guarantee date**, the value is calculated in accordance with section 2.9.7(f).

Except where section 8.2.2(b) applies, if you choose to sell **units** of a **PruFund Protected Fund** on a date other than the **guarantee date**, the guarantee under section 2.9.7 will be lost in relation to the **units** that are sold.

(b) A later **unit** price date may apply if there is a waiting period under section 2.9.6 and/or if there are any delays under section 2.10.

Where there is a waiting period under section 2.9.6 and/or there are delays under section 2.10, such that not all **units** can be sold at the same time, we will contact you for alternative instructions. If all **units** to be sold are affected by the waiting period/delay, the **units** of the affected **funds** will be sold when the waiting period/delay has ended.

If we have been instructed to sell **units** of a **PruFund Protected Fund** but to defer that sale to the **guarantee date**, then, if there are **units** of other **funds** under the **Plan**, the sale of those **units** will be delayed to coincide with the sale of the **PruFund Protected Fund units** (using the **bid prices** then applicable).

8.2.2 Special provisions where the Scheme is a SIPP

Note: This section 8.2.2 does not apply where the **Scheme** is an **occupational pension scheme (OPS)**. See section 1.6.

Where the **Scheme** is a **SIPP**, and a withdrawal is being made under section 8.1 to pay benefits on the **Member's** death the following applies:

(a) The amount payable will (subject to (b) and (c) below) be the value of the **units** under the **Plan** calculated by reference to the **bid price** of those

units on the date of the **Member's** death (subject to the addition of any final bonus, where applicable, to any **With Profits Fund units** under section 2.8.2).

(b) If there are **units** of a **PruFund Protected Fund** under the **Plan**, where the **Member** dies within one month and one day leading up to the **guarantee date**, we calculate the value of those **units** in accordance with section 2.9.7(f). We will then, if applicable, allocate **units** under section 2.9.7(f).

(c) No Withdrawal Charge will apply under section 9.2.

(d) No **MVR** will apply under section 2.8.3.

(e) No 28 day waiting period will apply under section 2.9.6.

We will require satisfactory evidence of the **Member's** death before making any payment under this section.

8.3 Provision of annuities

The **Policy** can provide annuities. To provide an annuity, **units** under the **Policy** will be sold under the terms of this section 8. The amount of annuity will be calculated using our standard annuity rates. The type and form of annuity will be in accordance with the type and form of annuity offered by us at the time the annuity is set up.

Alternatively, if you ask, we will apply the proceeds to buy an annuity from another life assurance company, if the **Scheme's** governing documents permit this.

If a lump sum benefit is required under the **Scheme**, and you ask us to provide it from the **Policy**, we will sell **units** under sections 8.1 and 8.2 to provide that benefit.

It should be noted that the sale of any **units** in a **PruFund Protected Fund** (including the corresponding **PruFund Protected Account**, where appropriate) in order to buy an annuity under this section 8.3, will reduce the **guaranteed value** as described in section 2.9.7(e).

8.4 Income Option

Note: This section 8.4 only applies where you have selected the Income Option. It does not apply where you have selected the Capital Growth Option. See section 1.4.

You can take regular withdrawals (**income**) of up to 7.50% p.a. of the amount of the **initial investment**. The **income** can be taken on a monthly, quarterly, six-monthly or annual anniversary of the **date invested** or of a date chosen by you, provided you give three months' notice of any change to the date on which **income** is to be taken. You can also change, again subject to three months' notice, the frequency of the **income** and/or the amount of the **income** level, provided it stays within the 7.50% limit.

The first payment of **income** will be made on the first anniversary of the **date invested**, unless you chose to defer **income** on the **application**, in which case the first payment may be made at your direction, provided this is not earlier than the date already specified and also subject to three months' advance notice.

The **income** level is specified as a percentage of the **initial investment**, to two decimal places. In calculating the **income**, rounding is to the nearer £0.01, with £0.005 being rounded up (a lesser fraction being rounded down).

There are no Withdrawal Charges (see section 9.2) resulting from taking **income** under the Income Option. If at any time, a withdrawal under section 8.1 is made, the **income** level which can be taken will be less than 7.50% and is called the lower level. In arriving at the lower level, the **income** level is reduced by multiplying by a reduction factor.

The reduction factor is calculated as follows:

- we calculate the value of all the **units** under the **Plan** at their **bid price** immediately before making the withdrawal;
- we reduce that value by the value of the **units** disinvested (at their **bid price**) before making any allowance for Withdrawal Charges;
- we then divide that reduced value by the value of all the **units** under the **Plan** at their **bid price** immediately before making the withdrawal.

When calculating the **bid price** of any **units** of the **With-Profits Fund**, no allowance is made for any final bonus under section 2.8.2 or any **MVR** under section 2.8.3.

The lower level will take effect from the next anniversary of the **date invested**.

When paying regular **income** under this section 8.4, **units** are sold in accordance with section 6.2. No **MVR** will apply under section 2.8.3 and no 28 day waiting period will apply under section 2.9.6.

Where the **Plan** is invested partly or wholly in a **PruFund Protected Fund** (including the corresponding **PruFund Protected Account**, where appropriate), the payment of **income** under the Income Option will reduce the **guaranteed value** as described in section 2.9.7(e).

9. Other charges

9.1 General

This section 9 sets out the charges which **Prudential** makes, other than the **guarantee charge** described in section 2.9.7(j) and the **management charges** described in section 3.

9.2 Withdrawal Charges

Each time **units** are sold under section 8 within five years of the **date invested**, except as otherwise allowed in sections 8.2.2 and 8.4, we will take a proportion of the proceeds as shown in the following table:

Year (measured from the date invested)	Withdrawal Charge (as a percentage of the units sold)
Up to 1	5%
Up to 2	4%
Up to 3	3%
Up to 4	2%
Up to 5	1%

For example, if the **date invested** is 4th July, and the **units** are sold on 3rd July in the following year, a charge of 5% will be taken. If you wait until 4th July in that year, the charge will be 4%.

9.3 Switching Charges

Each time you switch **units** under section 7.2, we will take a Switching Charge if you have already switched more than once within the past 12 months – this means you have two free switches in any 12 month period. If a Switching Charge applies, it will be deducted from the value realised by selling **units** under section 7.2, before the proceeds are invested in the receiving **fund(s)**. The deduction of the Switching Charge therefore reduces the amount to be invested in the receiving

fund(s). Where the switch is carried out in two or more stages under section 7.2.6(e) or (f), the entire Switching Charge is deducted from the first tranche of **units** to be switched (see sections 7.2.6(e)(iv) and 7.2.6(e)(vi)).

The Switching Charge is, at the date of issue of this **Policy**, £25.

Our right to increase the Switching Charge is set out in section 12.

A Switching Charge will not apply for automatic switches from the **PruFund Accounts** to the **PruFund Funds** or from the **Cash Feeder Fund** to the **95% Safeguard Fund**.

9.4 Service Charges

If a Service Charge is to be taken from your **Plan**, it will be shown on the **Schedule**.

Every three months, on a date selected by us, a percentage (shown on the **Schedule**) of the **units** held in each **fund** (and, where applicable, the **PruFund Accounts** and the **Cash Feeder Fund**) under the **Plan** will be sold.

10. Entitlement

Prudential must be satisfied that any person requesting a withdrawal or a switch of **units** is entitled to do so.

Notice of any change in this must be sent to **Prudential**. We may require to see further evidence of any change of this sort.

11. Miscellaneous

11.1 Monthly dates

If any event under the **Plan** would fall due on the 29th, 30th or 31st day of any month, we can substitute the 28th day of that month as the due date.

11.2 Renumbering the Policy and/or Plan

We may renumber your **Policy** and/or your **Plan** for administrative purposes, but we will tell you first.

11.3 Amendments to the Policy and/or Plan

11.3.1 Amendments requested by the Trustees

You can ask for your **Plan** to be amended. Any such amendment is subject to our agreement.

11.3.2 Amendments by Prudential

Note: This section 11.3.2 does not apply to our limits or charges. Our right to change our limits and charges is set out in section 12.

- (a) Subject to section 11.3.2(b), we can make changes to your **Plan** providing we can give you reasonable notice in advance and obtain your consent.
- (b) We can add to, amend, modify or set aside any of the terms in this **Policy** (and in so doing make changes to your **Plan**) without your consent in the following circumstances:
 - › if it becomes impossible or unreasonable to follow them due to a change in legislation, regulations or otherwise;
 - › if circumstances have changed in such a way that could not have reasonably been predicted at the start of your **Plan**;
 - › if we have given you reasonable notice, and if the addition, amendment, modification or setting aside is reasonable;
 - › if the basis on which any company from within the **Prudential Group** is taxed changes, and then we can only change this **Policy** and your **Plan**

in such a way that the balance between you and us remains as it was before the change;

- › if we discover that the **initial investment** does not relate to pension business in the way described in section 431B of the Income and Corporation Taxes Act 1988 (as amended). See also section 11.9;
- › if we do not have your current address, which will mean that we cannot contact you to provide the written notification of a proposed amendment that we would otherwise have given under the terms of this **Policy**.

Except where it is impracticable to do so, we will always notify you of any changes that we have made under this section 11.3.2(b).

If you are unhappy with any changes, you should write to us at the address given in section 11.12.

- (c) Additional terms and conditions regarding changes to **funds** are set out in sections 2.2, 2.4.1, 2.4.4 and 2.4.5.

11.4 Incorrect or incomplete information

The **Plan** is set up by an **application** and declaration made to us by you and any other information which the **application** authorises us to get. If any of the information is later found to be incorrect or incomplete, we have the right to alter the provisions of the **Policy** or the **Plan** which, in our opinion, would not have been agreed if we had known the full facts. If such alteration is necessary, we will notify you and provide full details of the changes. We will not refund any charges already made in respect of the altered provisions and we reserve the right to apply a charge for making the change(s).

11.5 Date we treat items, payments and communications as being received

11.5.1 General

A number of sections in this **Policy** refer to the effective dates used for transactions, notices and requests once we have all of the information and other items (including payments) we need from you, to enable us to carry out the transaction or act upon the notice or request. The effective dates depend on the day and time we receive these, and the means of communication.

Subject to section 11.5.2 (and subject also to section 7.2.6(b) in the case of switches from the Japanese or Pacific Markets Funds), we normally treat any notice, request, information or items as being received on the **working day** that we receive it at our office. If the day we received these items is not a **working day**, we will treat them as having been received on the next **working day**.

11.5.2 E-mailed or faxed switch requests

The effective date of a request by e-mail or fax which involves switching **units** between **funds** and which is received by us by 5.00 p.m. (London time) on a **working day**, is normally the next **working day** following the date of receipt.

The effective date where such a request is received by us either after 5.00 p.m. (London time) on a **working day** or on a day that is not a **working day**, is normally the second **working day** following the date of receipt.

Note: The only transactions for which we will accept instructions by e-mail or fax are **fund** switch requests. We do not accept instructions by e-mail or fax for any other transactions – for example, to sell **units** to provide withdrawals or benefits.

11.5.3 Effective date where multiple items are required

In some cases we may need more than one item or piece of information to carry out a transaction. In this case, the effective date will be determined by reference to the date on which we have everything we need or the next **working day** following that date, in the ways described in sections 11.5.1 and 11.5.2.

11.6 Payments from the Policy

All payments from the **Policy** will be made from our administration office. Payments are made by cheque unless we agree to a different payment method in any particular case. Where a different payment method is agreed, additional banking and/or administrative charges may be payable. Before making payment, we may need to carry out a number of checks to ensure that we are paying to the correct person.

11.7 Governing law

The law of Scotland applies to the **Policy** and the **Plan** and any disputes connected with it/them.

11.8 Long-term business

The benefits arising under this **Policy** are part of our "long-term business" within the meaning of the Financial Services and Markets Act 2000.

11.9 Pension business

The payment made to the **Plan** by you must relate to pension business in the way described in section 431B of the Income and Corporation Taxes Act 1988 (as amended). If we discover that the payment does not meet this requirement, we may modify the terms of the **Policy** in whatever way is necessary to ensure that **HMRC** does not tax any of the investment **funds** or does not impose any penalty on us. If such modification is necessary, we will notify you and provide full details of the changes.

11.10 Compensation schemes

Prudential policyholders are protected by the Financial Services Compensation Scheme (FSCS) against the insolvency of The Prudential Assurance Company Limited. As such, you may be entitled to help from the FSCS, if we cannot meet our obligations. This depends on the type of business and the circumstances of the claim.

Further information is available from:

The Financial Services
Compensation Scheme
7th Floor
Lloyds Chambers
1 Portsoken Street
London
E1 8BN

Telephone: 020 7892 7300

Website address: www.fscs.org.uk

Policyholders are not protected by the FSCS against the insolvency of other companies within the **Prudential Group** or any **external Fund Manager**.

This means that the FSCS does not provide protection:

- › for **Prudential investment-linked funds** which are invested solely in **funds** operated by another company within the **Prudential Group** (for example, unit trusts or **OEICs** operated by another company within the **Prudential Group**); or
- › for **externally-linked funds**.

However, it should be noted that the money policyholders invest into a **fund** is kept separate from the assets of the actual company that manages the **fund**. This is often known as "ring fencing of assets". The liabilities of these **funds** are normally limited to the assets owned by the **fund**, so the likelihood of insolvency is very low.

Unit prices may fluctuate in line with the value of the assets owned by the **fund**, but this is normal investment risk.

If another company from within the **Prudential Group** or an **external Fund Manager** becomes insolvent and we cannot recover the full value of the **units**, **Prudential** will not be liable for the shortfall.

As reflected in section 12, if a charge is imposed on us under the FSCS (or any other investor compensation scheme), we may pay it by imposing on our policyholders whatever additional charges are necessary and reasonable (see section 12 for further information).

11.11 Rights of third parties

The Contracts (Rights of Third Parties) Act 1999 does not apply in relation to the **Policy** unless you and we agree that it should do so in particular circumstances.

If you and we agree to this, the agreement will be included in an endorsement to the **Policy** and will not be effective otherwise.

11.12 Our address

Please send any forms, notices and instructions to us at the following address:

The Flexible Retirement Income
Servicing Team
Prudential
Stirling
FK9 4UE

Please quote your **Policy** number in all communications.

11.13 Taxation

Investments in pension funds in which **registered pension schemes** are invested are given important tax benefits. They do not pay tax on investment income received or capital gains.

Dividends from many overseas companies will be paid after deduction of an overseas withholding tax that the pension scheme cannot generally recover. Dividends from UK companies are exempt from tax in the pension scheme, but the pension scheme is unable to recover the tax credit on the dividend.

12. Reviews of limits and charges

We make various charges intended to cover the costs of administering the **Plan**. These charges are described in this **Policy**. Apart from the Switching Charge described in section 9.3, the initial amounts of the charges are shown in other documentation issued to you.

From time to time, we may change the limits and charges in this **Policy** (including the **management charges**) to take account of inflation and other factors which may affect the cost of running our business. We may do this in two ways:

- (a) We may increase them in line with the **Prices Index** to take account of inflation. In some years we may not increase some or all of them. However, if we do not increase a charge for more than a year, when we next increase it, we may (except where increasing the annual level of **management charge** for **investment-linked funds**) take account of changes in the **Prices Index** since the date used for the last increase.
- (b) If we have established that our costs have increased by more than the **Prices Index**, we can make further increases to cover these increased costs.

We will keep any increases to charges under (b) to reasonable amounts, reflecting any increases in our reasonable costs for operating the **Plan**. This may happen, for example:

- › if any **external Fund Manager** or other company that performs any administrative or investment function on our behalf, increase the charges that we pay them; or
- › if we experience an increase in the general administrative costs that we incur in operating the **Plan**; or
- › if the basis on which any company from within the **Prudential Group** is taxed changes; or
- › if a charge is imposed on us under the Financial Services Compensation Scheme (or any other investor compensation scheme). See also section 11.10; or
- › if we discover that the **initial investment** does not relate to pension business in the way described in section 431B of the Income and Corporation Taxes Act 1988 (as amended). See also section 11.9.

The way in which we can increase the minimum amount of a withdrawal under section 8 of the **Policy** (or the minimum amount remaining after making a withdrawal) is further restricted under section 8.1.

As set out in section 2.4, we may introduce new **funds**. The levels of **management charges** for these new **funds** may be higher than apply for existing **funds** available under the **Trustee Investment Plan (Series A)**, and they may be increased later as described above.

A circumstance in which we may introduce a new charge under the **Policy** is where a charge is imposed on us under the Financial Services Compensation Scheme or any other compensation scheme (see section 11.10), which we have not been able to meet by increasing existing charges in the way described above. In this case, we may pay the charge by imposing on our policyholders whatever additional charges are necessary and reasonable.

We will give you reasonable advance notice in writing if we make any change to limits or charges described in this **Policy**. If you are unhappy with any changes you should write to us at the address given in section 11.12.

13. End of investment term

13.1 General

At the **termination date**, the total value of the **Plan** must be taken by you as a withdrawal under section 8.1, and the **Plan** will then be terminated. The value of the **Plan** will be determined using the **bid prices** at that date (subject to any delays under section 2.10) and the proceeds paid to you for use under the **Scheme**. If there are any **units** of a **PruFund Protected Fund** under the **Plan**, their value will be determined in accordance with section 2.9.7(f). The value of any **units** of the **With-Profits Fund** will be determined in accordance with section 2.8.

When selling **units** at the **termination date**:

- the 28 day waiting period does not apply in respect of any **units** of the **PruFund Funds**; and

- no **MVR** applies in respect of any **units** of the **With-Profits Fund**.

In the event that we do not receive your instructions for the payment of the proceeds of the **Plan** by the **termination date**, the value of the **Plan** will be determined at the **termination date** in the way described above. No interest is added to the value for the period from the **termination date** and the date we carry out your instructions, once received, unless there is a delay in carrying out your instructions for which we are responsible.

13.2 Withdrawal of option to reinvest in Capital Growth Option under a new plan

Policies issued before 7th November 2011 offered to **Trustee Investment Plan (Series A)** policyholders who had selected the Capital Growth Option, a further option to reinvest the proceeds of their plan in the Capital Growth Option under a new plan on preferential terms. This option is no longer available with effect from 7th November 2011, because the Capital Growth Option is no longer available for new plans with effect from that date.

If this **Plan** was set up as a result of exercising that option before 7th November 2011, a reduced Withdrawal Charge of 1% on withdrawals made in the first five years of the **Plan** will, however, continue to apply.

14. Assignment of Policy

This **Policy** may be assigned, but only in accordance with the Rules and other governing documentation of the **Scheme** of which it is an asset.

You must send written notice of any assignation or assignment to the address given in section 11.12.

15. Meanings of special words and expressions

The words and expressions shown in **bold** in the **Policy** have specific meanings. These are:

Application: The form that we require you, the Trustees, to complete in order to take out a **Trustee Investment Plan (Series A)**.

Bid price: This is the price at which **units** are sold to provide withdrawals and benefits under section 8 and to make switches between **funds** under section 7.2. The bid price is used when **units** are credited in some circumstances, for example, when they are credited through a switch between **funds** (see section 7.2) or as result of adding **units** at the **guarantee date** under a **PruFund Protected Fund** (see section 2.9.7(f)).

Bid price fund value: This is the number of **units** in the relevant **PruFund Fund**, or where applicable, the aggregate number of **units** in the two **PruFund Funds** that form a **PruFund pair** (in respect of all pension policies invested in that **PruFund Fund** or **PruFund pair**) multiplied by the relevant **bid price**.

Cash Feeder Fund: This is the Cash Feeder (95% Safeguard) Fund which is used to facilitate investment in the **95% Safeguard Fund** as described in section 2.7.

Date invested: This is the date on which the **initial investment** under section 5.1 was first applied under the **Plan** and **units** were first allocated to the **Plan**, as shown on the **Schedule**.

Expected growth rate: This is the annual rate of increase, which may be zero but will never be negative, applied on a daily basis to increase **unit** prices in each **PruFund Fund** (except when the smoothing process has been suspended under section 2.9.5(d)) and each **PruFund Account**. The same expected growth rate applies to each **PruFund Fund** and its corresponding **PruFund Account**. Different expected growth rates apply to each separate **PruFund Fund** (and the corresponding **PruFund Account**), except in the case of a **PruFund pair** or a **PruFund Account pair**. In the case of a **PruFund pair**, the same expected growth rate applies to both **PruFund Funds** within that **PruFund pair**. The same applies to **PruFund Accounts** within a **PruFund Account pair**. See sections 2.9.4 and 2.9.5.

External Fund Manager(s) and externally-linked fund(s):

External Fund Managers are companies that are either:

- (a) managers of collective investment schemes (such as unit trusts or **OEICs**) operating outside the **Prudential Group**; or
- (b) life assurance companies outside the **Prudential Group**.

We (or other companies within the **Prudential Group**) have entered into agreements with certain external Fund Managers so that **funds** that invest in externally-managed collective investment schemes and **funds** with investment performance linked to funds of external life assurance companies may be offered under trustee investment plans. These **funds** are called externally-linked funds. The externally-linked funds are **investment-linked funds**.

FTSE: Financial Times and the London Stock Exchange.

Fund: This means one of the pension funds that we make available for investing contributions. The funds consist of the **Prudential investment-linked funds**, the **With-Profits Fund**, the **PruFund Funds** and a number of **externally-linked funds**. Whilst the **PruFund Accounts** and the **Cash Feeder Fund** are also funds within the terms of this **Policy**, they cannot be selected as investment choices: their function is to facilitate investment in the **PruFund Funds** and the **95% Safeguard Fund**. The funds available as investment choices under the **Trustee Investment Plan (Series A)** are set out in our funds literature (available on request) and are subject to change from time to time (see section 2.4).

Guarantee charge: This is the charge that we make in respect of any **units** of a **PruFund Protected Fund** and a **PruFund Protected Account** held under the **Plan** (see section 2.9.7(j)).

Guarantee charge date: This is the date in each calendar month on which we deduct the **guarantee charge**. The guarantee charge date will normally fall on the same day of the month as the **guarantee start date**. If the guarantee charge date would fall on the 29th, 30th or 31st day of any month, we may substitute the 28th day of that month for that day. The first guarantee charge date falls in the first calendar month next following the **guarantee start date**, and subsequent ones then fall monthly thereafter.

Guarantee date: This date is determined in accordance with section 2.9.7(b). It is the single date on which we test the value of any **units** of a **PruFund Protected Fund** that are held under a **Trustee Investment Plan (Series A)**. If the value is less than the **guaranteed value**, we add **units** under section 2.9.7(f).

Guaranteed value: This is the minimum value, determined in accordance with sections 2.9.7(c) to (f), that an investment in a **PruFund Protected Fund** is guaranteed to meet on the **guarantee date**.

Guarantee period: This is a pre-selected period under a **PruFund Protected Fund** at the end of which a guarantee applies in accordance with section 2.9.7. The guarantee period is chosen by you from the range of guarantee periods which we offer under that **PruFund Protected Fund** at the **guaranteed start date**. The range of guarantee periods and the minimum and maximum guarantee periods that we offer may change from time to time as described in section 2.9.7. In some of our literature, the expression "guarantee term" may be used in place of "guarantee period".

Guarantee start date: This means the date on which **units** of a **PruFund Protected Account** (or a **PruFund Protected Fund**, in the case of a switch from the non-protected **PruFund Fund** in the same **PruFund pair**) are first allocated to the **Plan**.

HMRC: Her Majesty's Revenue & Customs.

Income: This means regular withdrawals from the **Plan**, which you can opt to take under the Income Option as described in section 8.4.

Initial investment: This is the single payment which you paid to us for the purpose of investment under a **Trustee Investment Plan (Series A)** as set out in the **application** and the **Schedule**.

Investment-linked fund(s):

These pension funds are the **Prudential investment-linked funds** and the **externally-linked funds**. For the avoidance of doubt, the **With-Profits Fund**, the **PruFund Funds** and the **PruFund Accounts** are not investment-linked funds.

Investment term: This is the term selected by you for the duration of the **Plan**, as described in section 1.5 and set out in the **Schedule**.

Management charge: This is the charge made for managing the **funds** as described in section 3.

Market Value Reduction (MVR): If money invested in the **With-Profits Fund** is taken out at any time, except in those circumstances described in section 2.8.3, the amount payable may be reduced. This is known as a market value reduction. The market value reduction may apply when the value of the underlying assets within the **With-Profits Fund** is less than the value of that **fund** at the time it is realised, including bonuses. It is designed to protect investors who are not taking their money out and to maintain the security of the **fund**.

Member: This definition is only relevant where the **Scheme** is a **SIPP**. It does not apply for the purposes of the **Policy** and the **Plan** where the **Scheme** is an **occupational pension scheme (OPS)** (see section 1.6). A person is a member for the purposes of the **Policy** and the **Plan** if:

- (a) he or she has joined a **SIPP** in accordance with the Rules of the **Scheme**; and
- (b) we have accepted a payment under the **Plan** to provide benefits to you in respect of that person and our responsibility for paying those benefits has not been discharged or cancelled.

Monthly transaction date: This is the date each calendar month on which any **units** are sold to meet the **management charge**, if this is an explicit charge (see section 3.1). The monthly transaction date will normally fall on the same day of the month as the **date invested**. If the monthly transaction date would fall on the 29th, 30th or 31st day of any month, we may substitute the 28th day of that month for that day. The first monthly transaction date falls in the first calendar month next following the **date invested**, and subsequent ones then fall monthly thereafter.

Net asset value per unit: This definition is used in respect of the **PruFund Funds** and is the **fund** value (as determined by us) of the relevant **PruFund Fund**, or in the case of a **PruFund pair**, aggregate **fund** value (as determined by us) of both **funds** in that **PruFund pair**, divided by the total number of **units** in that **PruFund Fund** or **PruFund pair** in respect of all policies which are invested in that **PruFund Fund** or **PruFund pair**. See section 2.9.5.

Occupational pension scheme (OPS): An employer-sponsored **registered pension scheme** (i.e. not a grouped personal pension arrangement).

OEIC: An open-ended investment company. Some of the **funds** available under the **Trustee Investment Plan (Series A)** may invest in OEICs.

Offer price: This is the price at which we credit the **units** bought with the **initial investment** on the **date invested**.

Plan: This is the **Trustee Investment Plan (Series A)** set up for you, as a result of our acceptance of your **application**.

Policy: This document, which together with the **Schedule**, sets out the terms and conditions of the **Trustee Investment Plan (Series A)** set up for you (see section 1.2). The terms and conditions set out in this Policy apply to **Trustee Investment Plans (Series A)** with a **date invested** falling on or after 1st January 2003 but before 7th November 2011, where the policyholder has switched **units** held under that **Plan** into a **PruFund Fund** on or after 7th November 2011. See section 1.2.

Prices Index: The general index of retail prices (for all items) published by the Government Executive Agency known as the Office for National Statistics. If this index is no longer published, or if, in his opinion, this index is no longer suitable, our Actuary will use another index which he considers suitable, not excluding for this purpose an index calculated by him. In selecting another index, our Actuary will act in a fair and reasonable way, taking into consideration all relevant circumstances to ensure that policyholders are treated fairly.

Prudential: This is The Prudential Assurance Company Limited, which is a member of the **Prudential Group**. The Prudential Assurance Company Limited is the company with which you have entered into a contract through the **application** for the **Plan**. The Prudential Assurance Company Limited issued this **Policy**. When we use the words "we", "us" and "our, we are referring to The Prudential Assurance Company Limited.

Prudential Cash Fund: The investment-linked cash fund from the Prudential fund range offered under the **Trustee Investment Plan (Series A)** (including any successor fund).

Prudential Group: Prudential plc and its subsidiaries as defined in the Companies Act 2006.

Prudential investment-linked fund(s): These are **investment-linked funds** that are managed by companies within the **Prudential Group**. They include the **95% Safeguard Fund**, although the way in which the **95% Safeguard Fund** is priced is different from other **investment-linked funds**.

Prudential With-Profits Fund: This is the with-profits fund operated by **Prudential** as a whole.

The Prudential With-Profits Fund is divided into parts or sub-funds. Each part or sub-fund is divided into **units**. We may combine or divide the sub-funds or **units** of a sub-fund at any time and we may combine sub-funds. Only one type of **unit** applies to this **Policy**.

The **With-Profits Fund**, the **PruFund Funds** and the **PruFund Accounts** are pension sub-funds (or part of sub-funds) of the Prudential With-Profits Fund. The **With-Profits Fund**, the **PruFund Funds** and the **PruFund Accounts** are invested within, and subject to the profit-sharing rules of the Prudential With-Profits Fund. The profits of the Prudential With-Profits Fund are shared between eligible policyholders and our shareholders. The proportions in which distributed profits are divided between policyholders and shareholders are regulated by our Articles of Association which can be changed in accordance with company law. **Units** in the **With-Profits Fund**, the **PruFund Funds** and the **PruFund Accounts** participate in the profits of the relevant sub-fund in the manner described in **Prudential's** Principles and Practices of Financial Management which may be changed from time to time in accordance with regulatory requirements.

Although they are all part of the Prudential With-Profits Fund, the **With-Profits Fund**, the **PruFund Funds** and the **PruFund Accounts** are operated in different ways. See sections 2.8 and 2.9.

PruFund Account(s): These are pension sub-funds of the **Prudential With-Profits Fund**. They are used in conjunction with their corresponding **PruFund Funds**. See sections 2.9.1 to 2.9.4 for details about the PruFund Accounts.

PruFund Account pair: This is a pair of **PruFund Accounts** which are linked by description and which correspond to the **PruFund pair** of the same description. For example, the PruFund Cautious Account and the PruFund Protected Cautious Account (both of which are available under the **Trustee Investment Plan (Series A)** as at 7th November 2011), constitute a PruFund Account pair.

PruFund Fund(s): These are pension sub-funds of the **Prudential With-Profits Fund**. The full range of PruFund Fund(s) available at any time is set out in our current **funds** literature which is available on request.

The PruFund Funds are relevant only to the **Trustee Investment Plan (Series A)** where the **Plan** was set up on or after 1st January 2003.

PruFund pair: This is a pair of **PruFund Funds** which consist of one **PruFund Protected Fund** and one non-protected **PruFund Fund**, and which are linked by description. For example, the PruFund Cautious Fund and the PruFund Protected Cautious Fund (both of which are available under the **Trustee Investment Plan (Series A)** as at 7th November 2011), constitute a PruFund pair.

PruFund Protected Account(s): These are the **PruFund Accounts** which correspond to the **PruFund Protected Funds**.

PruFund Protected Fund(s):

These are the **PruFund Funds** which offer guarantee options described in 2.9.7. The full range of PruFund Protected Fund(s) available at any time is set out in our **funds** literature which is available on request.

Quarter date(s): These are relevant to the **PruFund Funds** and are 25th February, 25th May, 25th August and 25th November or the following **working day** if the date falls on a day that is not a **working day**. If the **FTSE** is not open for business on the date so determined, the quarter date will instead fall on the next **working day** that the **FTSE** is open for business.

Quarterly pricing date(s):

These are relevant to the **95% Safeguard Fund** and are the **FTSE 100** index futures expiry days set by the London International Financial Futures Exchange, or its successor market. These dates are expected to be the third Friday in the months of March, June, September and December.

Registered pension scheme:

A pension scheme that is registered with **HMRC** under Chapter 2 of Part 4 of the Finance Act 2004. Registration gives a pension scheme various tax advantages in respect of payments, investments and benefits.

95% Safeguard Fund: This is the **investment-linked fund** known as the 95% Safeguard Fund, as described in section 2.7.

Schedule: This is a document that accompanies the **Policy**. It contains details relevant to the **Policy** and is treated as part of the **Policy**.

Scheme: The **registered pension scheme** of which this **Policy** is an investment.

SIPP: An arrangement which forms part or all of a personal pension scheme, which gives a member of that scheme the power to direct how some or all of the contributions made by or on his behalf are invested.

Termination date: This is the date at the end of the **investment term**.

Trustee Investment Plan (Series A):

This is the pension product marketed by us for the purpose of providing an investment facility and pension and other related benefits for certain types of **registered pension scheme**.

Unit: This has a different meaning within different types of **fund**. In particular:

- › The value of each **investment-linked fund**, each **PruFund Fund** and each **PruFund Account** is divided into equal parts, and each part is called a unit.
- › A unit of the **With-Profits Fund** is a record of a payment made into that **fund** together with any element of reversionary bonus subsequently added to that payment.

With-Profits Fund: This is a pension sub-fund of the **Prudential With-Profits Fund** relevant to the **Trustee Investment Plan (Series A)** (see section 2.8.1).

Working day: In relation to setting the **quarter dates** and in relation to the operation of the smoothing process relevant to the **PruFund Funds** under section 2.9.5, working day means any day that the **FTSE** is open for dealings, and, where practicable, any day on which it would normally be open but for a temporary closure.

In all other cases, working day means any day that **Prudential** is open for business.

This excludes:

- › Saturdays;
- › Sundays;
- › bank holidays; and
- › any other public holiday and days that we, or any other organisation that performs any administrative or investment function on our behalf, are not open for business (for example, around public holidays).

The value of an investment may fluctuate and is therefore not guaranteed. Information in this document is based on Prudential's understanding of legislation as at November 2011. Legislation, particularly relating to taxation, may be subject to change in the future. Any tax reliefs referred to are those currently available and the value of tax reliefs depends on individual circumstances. If an investment is in the With-Profits Fund and plan benefits are cashed in early, a Market Value Reduction (MVR) may apply.



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