



## 2011 Bonus Rates

### Trustee Investment Plan (Series A)

#### What is the "With-Profits Fund"?

The With-Profits Fund is one of the fund options available for investment in the range of Prudential and Prudential International products, such as the Trustee Investment Plan.

Our With-Profits Fund aims to smooth the peaks and troughs of investment performance in order to provide a more stable return. We achieve this by holding back some of the investment returns in good years with the aim of using this to boost bonus rates in the years where investment return has not been so good. With-profits funds can only achieve this if they have a sensible with-profits approach and the resources and financial strength to commit over the long-term. Not every with-profits fund can do this.

Prudential's With-Profits Fund is one of the largest (£65.5bn as at 31 December 2010) and remains one of the financially strongest in the UK.

The With-Profits Fund invests in a wide range of assets, which includes shares, property and fixed interest investments.

The With-Profits Fund can only be selected if;

- the plan is member designated; and
- the member is under age 85.

#### What's happened to the With-Profits Fund in 2010?

The investment strategy followed by Portfolio Management Group (PMG) for our With-Profits Fund is designed to deliver strong performance over the medium to long term for the Prudential With-Profits Fund. Our With-Profits philosophy of investing in a wide range of assets coupled with the smoothing of investment returns, the expertise of the Portfolio Management Group (PMG) and the flexibility afforded by the size and strength of the Fund has enabled us to take advantage of opportunities as markets have changed. This resulted in a strong Fund performance for 2010.

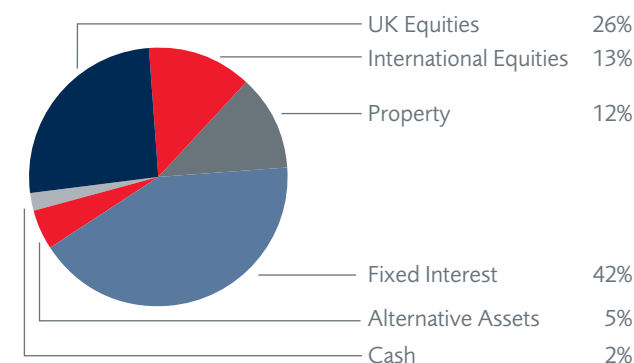
Gross PAC With-Profits Fund Performance		
1 year	5 years	10 years
12.7%	29.5%	82.1%

Source: Prudential. All figures to 31 December 2010, with-profits performance is gross of tax and before charges and the effects of smoothing. Past performance is not a reliable indicator of future performance.

**“ The Fund has consistently outperformed the market over the long-term and is providing our customers with good returns compared with many other investment options. ”**

*David Belsham, Chief Actuary.*

#### What are the underlying assets of Prudential's With-Profits Fund?



Source: Prudential 31 December 2010. Asset allocations are regularly reviewed and may vary from time to time.

The Fund remains extremely well diversified geographically, by asset type and within the underlying stock portfolios, which we believe is an attractive feature of our With-Profits proposition. A high level of diversification helps reduce risk by insulating the total Fund from potential weakness in any particular market or stock.

### What are the bonuses?

We allocate each policyholder's share of the profits of the fund by adding bonuses. There are currently two types of bonus:

**Regular** – which we can add throughout each year. We can change the rate of regular bonus at any time without telling policyholders beforehand, although once added these bonuses are guaranteed on death.

**Final** – which we may pay when policyholders take money out of their plan, although this is not guaranteed. The final bonus can be reduced or removed at any time, without warning.

### Bonus rates

From 1 April 2011 our regular bonus is 3.00% a year (see table below). A proportion of this will be added to the unit price on a daily basis. This means the price of each policyholder's units cannot go down.

Date Regular Bonus Applied	Regular Bonus
01/04/11 onwards	3.00%
01/04/10 – 31/03/11	3.00%
01/04/09 – 31/03/10	3.00%
01/04/08 – 31/03/09	3.50%
01/04/07 – 31/03/08	3.25%
01/04/06 – 31/03/07	3.25%
01/04/05 – 31/03/06	3.25%

Year of Unit Purchase	Final Bonus
2011	2.00%
2010	2.00%
2009	6.00%
2008	7.00%
2007	7.00%
2006	7.00%
2005	13.00%

### Market Value Reduction

If money invested in the With-Profits Fund is taken out, we may make an adjustment to the fund value if the value of the underlying assets is less than the value of the plan including all bonuses. This adjustment is known as a Market Value Reduction.

### MVR-Free Guarantee

We offer an MVR-free guarantee:

- on any regular withdrawals. Regular withdrawals can start from the first anniversary of the plan. The total maximum withdrawal per year that can be taken is 7.5% of the premium paid; or
- on death.

Plans set up before 7th November 2011 will have a Selected Investment Term (SIT). We guarantee not to apply an MVR when a plan is cashed in at the end of the SIT. For more information, please refer to our Key Features documents.

### What can be expected in future years?

Although our bonus system aims to smooth some of the short-term peaks and troughs in investment performance it cannot, over the longer term, pay out more than the Fund can prudently afford.

We believe that the continued financial strength of our With-Profits Fund will benefit our Trustee Investment Plan customers.

Past performance is not a reliable indicator of future performance and the rate of future bonuses cannot be guaranteed. Final bonus may vary and cannot be guaranteed.

[www.pruadviser.co.uk](http://www.pruadviser.co.uk)